

CITY OF FREEPORT,  
ILLINOIS

ANNUAL  
FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2014

# CITY OF FREEPORT, ILLINOIS

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

November 7, 2014

The Honorable Mayor  
Members of the City Council  
City of Freeport, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Freeport, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Freeport, Illinois, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Freeport, Illinois', financial statements as a whole. The combining and individual fund financial statements and schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lauterbach + Amen LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **CITY OF FREEPORT, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2014**

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Our discussion and analysis of the City of Freeport's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2014. Please read it in conjunction with the City's financial statements, which begin on page 4.

### **FINANCIAL HIGHLIGHTS**

- The City of Freeport's net position decreased as a result of this year's operations. Net position of the governmental activities increased by \$124,127 or 1.2 percent, while net position of business-type activities decreased by \$162,125, or less than one percent.
- During the year, government-wide revenues for the primary government totaled \$35,176,809 while expenses totaled \$35,214,807, resulting in a decrease to net position of \$37,998.
- The City's net position totaled \$40,274,768 on April 30, 2014, which includes \$40,288,262 net investment in capital assets, \$5,855,095 subject to external restrictions, and (\$5,868,589) unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$241,218 resulting in ending fund balance of \$5,539,396 a decrease of 4.2 percent.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 - 7) provide information about the activities of the City of Freeport as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

#### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the City of Freeport's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 4 - 7 of this report.

The Statement of Net Position reports information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, is needed to assess the overall health of the City.

## **CITY OF FREEPORT, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2014**

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#### **USING THIS ANNUAL REPORT – Continued**

#### **Government-Wide Financial Statements – Continued**

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

Both of the government-wide financial statements distinguish functions of the City of Freeport that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water, sewer, landfill closure and health and environment.

#### **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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

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

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

# **CITY OF FREEPORT, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2014**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

##### **Governmental Funds – Continued**

The City of Freeport maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 - 11 of this report.

##### **Proprietary Funds**

The City maintains one proprietary fund type: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes an enterprise fund to account for its water and sewer operations. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Department Fund, Sewer Department Fund, and Storm Sewer Department Fund, which are considered to be a major funds of the City. Data for the other two nonmajor proprietary funds combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 12 - 17 of this report.

##### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 18 - 19 of this report.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 62 of this report.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

#### USING THIS ANNUAL REPORT – Continued

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F., police and firefighter employee pension obligations, other post-employment benefit obligations and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 63 - 67 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 68 - 113 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City of Freeport, assets/deferred outflows exceeded liabilities/deferred inflows by \$40,274,768.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current/Other Assets	\$ 13,440,318	15,251,227	6,448,054	9,898,636	19,888,372	25,149,863
Capital Assets	16,046,234	15,018,536	60,683,450	56,382,196	76,729,684	71,400,732
Total Assets	29,486,552	30,269,763	67,131,504	66,280,832	96,618,056	96,550,595
Long-Term Debt	13,523,401	13,158,408	33,967,440	35,323,163	47,490,841	48,481,571
Other Liabilities/Deferred Inflows	5,242,451	5,069,814	3,609,996	4,151,314	8,852,447	9,221,128
Total Liabilities	18,765,852	18,228,222	37,577,436	39,474,477	56,343,288	57,702,699
Net Position						
Net Investment in Capital Assets	11,332,728	10,823,018	28,955,534	23,904,914	40,288,262	34,727,932
Restricted	2,326,369	1,932,709	3,528,726	2,443,857	5,855,095	4,376,566
Unrestricted (Deficit)	(2,938,397)	(714,186)	(2,930,192)	457,584	(5,868,589)	(256,602)
Total Net Position	10,720,700	12,041,541	29,554,068	26,806,355	40,274,768	38,847,896

A large portion of the City's net position, \$40,288,262, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$5,855,095, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$5,868,589), represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. At year-end, the City is able to report positive balances in all categories of net position for both the governmental and the business-type activities, and was able to do so in the prior fiscal year as well.

# CITY OF FREEPORT, ILLINOIS

## Management's Discussion and Analysis April 30, 2014

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 5,826,111	1,436,114	8,739,089	8,937,734	14,565,200	10,373,848
Operating Grants/Contrib.	1,010,064	2,405,873	-	-	1,010,064	2,405,873
Capital Grants/Contrib.	1,206,533	-	44,878	-	1,251,411	-
General Revenues						
Property Taxes	4,777,008	4,726,952	-	-	4,777,008	4,726,952
Retailers Occupation Tax	7,380,692	7,413,492	-	-	7,380,692	7,413,492
Income Taxes	2,448,388	2,245,802	-	-	2,448,388	2,245,802
State Sales and Use Taxes	441,796	407,316	-	-	441,796	407,316
Replacement Taxes	452,668	431,922	-	-	452,668	431,922
Other Taxes	2,473,092	3,910,074	-	-	2,473,092	3,910,074
Interest Income	9,494	11,341	271	360	9,765	11,701
Miscellaneous	332,216	866,648	34,509	20,300	366,725	886,948
Total Revenues	26,358,062	23,855,534	8,818,747	8,958,394	35,176,809	32,813,928
<b>Expenses</b>						
General Government	12,765,387	10,146,557	-	-	12,765,387	10,146,557
Public Safety	7,414,247	6,955,252	-	-	7,414,247	6,955,252
Public Works	4,338,691	5,182,830	-	-	4,338,691	5,182,830
Culture and Recreation	1,474,599	1,518,349	-	-	1,474,599	1,518,349
Interest on Long-Term Debt	241,011	167,307	-	-	241,011	167,307
Water Department	-	-	2,470,529	2,029,326	2,470,529	2,029,326
Sewer Department	-	-	4,042,219	4,035,107	4,042,219	4,035,107
Storm Sewer	-	-	587,926	676,131	587,926	676,131
Nonmajor	-	-	1,880,198	1,578,326	1,880,198	1,578,326
Total Expenses	26,233,935	23,970,295	8,980,872	8,318,890	35,214,807	32,289,185
Change in Net Position	124,127	(114,761)	(162,125)	639,504	(37,998)	524,743
Net Position - Beginning as Restated	10,596,573	12,156,302	29,716,193	26,166,851	40,312,766	38,323,153
Net Position - Ending	10,720,700	12,041,541	29,554,068	26,806,355	40,274,768	38,847,896

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the City of Freeport's governmental activities increased by 1.2 percent (\$10,720,700 in 2014 compared to a restated \$10,596,573 in 2013). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled (\$2,938,397) at April 30, 2014.

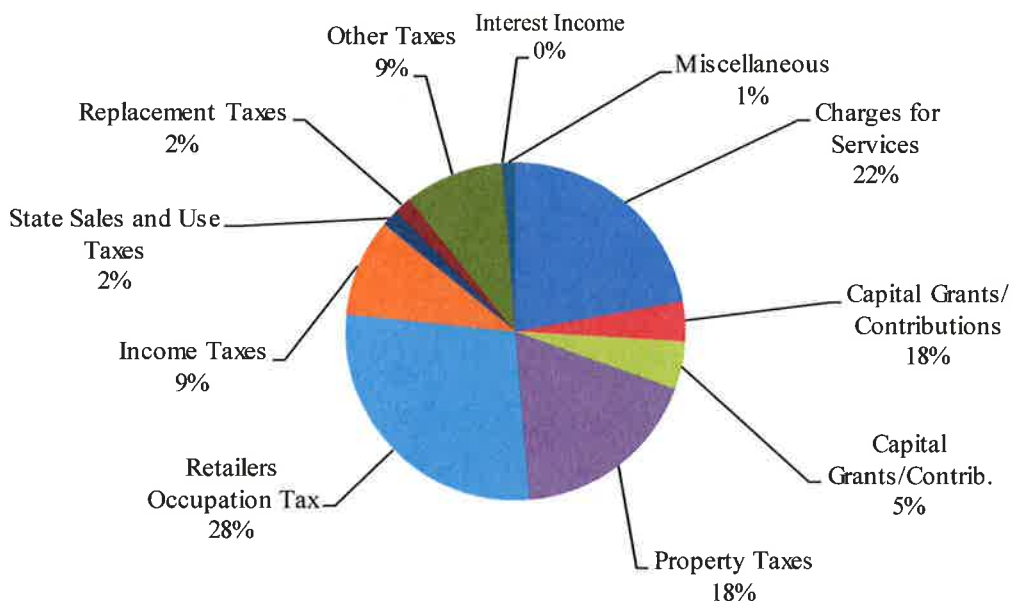
Net position of the business-type activities decreased by less than one percent (\$29,554,068 in 2014 compared to a restated \$29,716,193 in 2013).

#### Governmental Activities

Revenues for governmental activities totaled \$26,358,062, while the cost of all governmental functions totaled \$26,233,935. This results in a surplus of \$124,127. In 2013, revenues of \$23,855,534 fell short of expenses of \$23,970,295, resulting in a deficit of \$114,761.

The following table graphically depicts the major revenue sources of the City. It depicts very clearly the reliance of retailers occupation taxes, property taxes, and charges for services to fund governmental activities.

**Revenues by Source - Governmental Activities**



## CITY OF FREEPORT, ILLINOIS

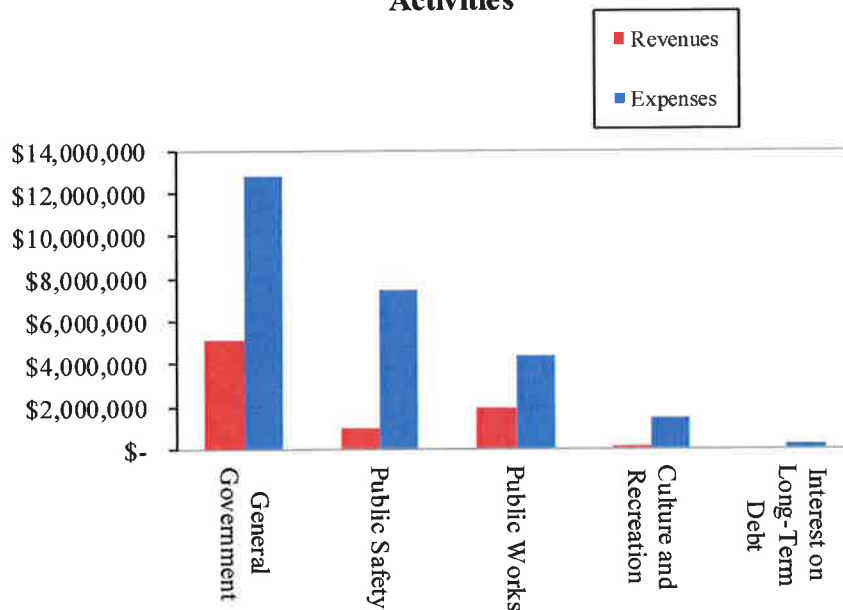
### Management's Discussion and Analysis April 30, 2014

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.

**Expenses and Program Revenues - Governmental  
Activities**



##### Business-Type Activities

Business-Type activities posted total revenues of \$8,818,747, while the cost of all business-type activities totaled \$8,980,872. This results in a deficit of \$162,125, primarily attributable to a decrease in charges for services. In 2013, revenues of \$8,958,394 exceed expenses of \$8,318,890, resulting in a surplus of \$639,504.

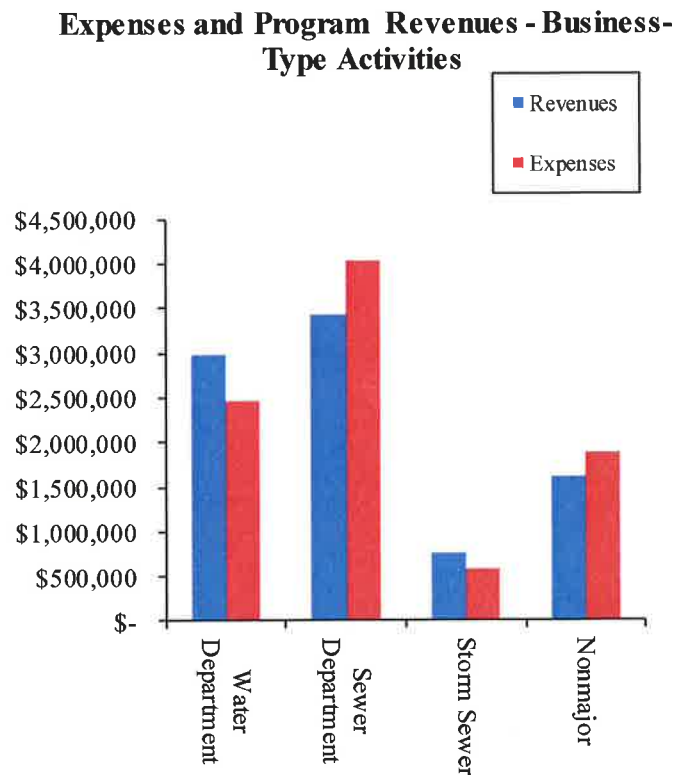
## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Business-Type Activities – Continued



The above graph compares program revenues to expenses for water and sewer operations.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

##### Governmental Funds

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

The City's governmental funds reported combining ending fund balances of \$8,905,238, which is \$1,225,904, or 12.1 percent lower than last year's total of \$10,131,142. Of the \$8,905,238 total, \$4,685,588, or approximately 53 percent, of the fund balance constitutes unassigned fund balance.

## **CITY OF FREEPORT, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2014**

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#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued**

##### **Governmental Funds – Continued**

The General Fund reported a negative change in fund balance for the year of \$241,218, a decrease of 4.2 percent. The decrease was primarily due to taxes decreasing \$3.1 million offset by increases in intergovernmental revenues of \$3.4 million and charges for services of \$3.7 million. The overall increase in revenue of \$4 million was offset by increases in general government expenditures of \$3.7 million and an increase in public safety of approximately \$500,000.

The General Fund is the chief operating fund of the City. At April 30, 2014, unassigned fund balance in the General Fund was \$4,685,588 which represents 84.5 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 21.9 percent of total General Fund expenditures.

##### **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City reports the Water Department Fund, Sewer Department Fund and Storm Sewer Fund as major proprietary funds. The Water Department Fund accounts for all of the operations of the municipal water and the Sewer Department Fund accounts for all of the operations of the sewer system. Water is sold to all municipal customers at a graduated rate of \$0.0014973 to \$0.001123 per gallon and a rate of \$0.0035157 per gallon for sewer. Monthly rates also include a meter fee along with additional debt service and capital improvement fees.

The net position in the Water Department Fund during the current fiscal year was \$19,288,029, while the previous fiscal year reported a net position of \$18,699,576. Unrestricted net position in the Water Department Fund totaled \$3,314,904 at April 30, 2014.

The net position in the Sewer Department Fund during the current fiscal year was \$12,520,552, while the previous fiscal year reported a net position of \$13,078,640. Unrestricted net position in the Sewer Department Fund totaled (\$2,950,854) at April 30, 2014.

The net position in the Storm Sewer Fund during the current fiscal year was \$583,078, while the previous fiscal year reported a net position of \$448,126. Unrestricted net position in the Sewer Department Fund totaled (\$516,651) at April 30, 2014.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

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#### GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made budget amendments to the General Fund at the end of the fiscal year. General Fund actual revenues for the year totaled \$21,205,228, compared to budgeted revenues of \$21,124,265, which is less than one percent higher than budgeted revenues. The variance is due primarily to the miscellaneous revenues coming in over budget by \$113,354.

The General Fund actual expenditures for the year were \$21,391,144, compared to budgeted expenditures of \$23,466,251, which is 8.8 percent lower than budgeted expenditures. The general government function's actual expenditures were lower than budgeted expenditures by \$75,107.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The City's investment in capital assets for its governmental and business type activities as of April 30, 2014 was \$76,729,654 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment, vehicles, and infrastructure.

Capital Assets - Net of Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2013	2012
Land	\$ -	-	53,809	53,809	53,809	53,809
Construction in Progress	-	-	15,191,255	9,537,254	15,191,255	9,537,254
Buildings	8,774,408	7,743,019	16,329,138	16,869,649	25,103,546	24,612,668
Equipment	332,109	188,580	2,460,102	2,512,270	2,792,211	2,700,850
Vehicles	1,823,375	1,789,235	-	-	1,823,375	1,789,235
Infrastructure	5,116,312	5,297,702	26,649,146	27,409,283	31,765,458	32,706,985
Total	16,046,204	15,018,536	60,683,450	56,382,265	76,729,654	71,400,801

This year's major additions included:

##### Governmental Activities

Buildings	\$ 1,265,569
Equipment	203,095
Vehicles	370,565
	<u>1,839,229</u>

##### Business-Type Activities

Construction in Progress	\$ 5,654,001
Equipment	56,292
	<u>5,710,293</u>

Additional information on the City of Freeport's capital assets can be found in note 3 on pages 35 - 36 of this report.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2014

#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Debt Administration

At year-end, the City of Freeport had total outstanding debt of \$36,647,012 as compared to \$33,060,744 the previous year, an increase of 10.8 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 3,163,000	3,270,000	21,122,000	21,955,000	24,285,000	25,225,000
Installment Notes Payable	1,278,264	1,678,125	205,590	236,679	1,483,854	1,914,804
Capital Leases Payable	272,242	359,472	-	-	272,242	359,472
IEPA Loans Payable	-	-	10,605,916	5,561,468	10,605,916	5,561,468
Total	4,713,506	5,307,597	31,933,506	27,753,147	36,647,012	33,060,744

Additional information on the City of Freeport's long-term debt can be found in Note 3 on pages 38 - 45 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City is faced with a multitude of challenges. The City's population continues to decline, which contributes to the declining property and income tax base. The City's unemployment rate is higher than the state and national rate. With economic challenges, the City has placed increased focus on expense management and organizational review resulting in increases in our efficiency and productivity from continued organizational structure changes..

Although challenges still exist, the City is cognizant of the need to continue investing in its infrastructure. The City is committed to improving roadways, water utility and investing in economic development programs that will provide the stimulus the City needs.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Freeport's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Office of the Finance Director. City of Freeport, 524 W. Stephenson Street, Freeport, Illinois 61032.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF FREEPORT, ILLINOIS**

**Statement of Net Position  
April 30, 2014**

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**See Following Page**

# CITY OF FREEPORT, ILLINOIS

## Statement of Net Position April 30, 2014

	Governmental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 6,621,926	1,337,918	7,959,844
Restricted Cash and Investments	-	3,528,726	3,528,726
Receivables - Net of Allowances			
Property Taxes	3,502,715	-	3,502,715
Accounts	789,544	-	789,544
Accrued Interest	-	1,195,590	1,195,590
Other	478,520	-	478,520
Due from Other Governments	1,401,190	227,486	1,628,676
Prepays/Inventories	646,423	158,334	804,757
Total Current Assets	13,440,318	6,448,054	19,888,372
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	15,245,064	15,245,064
Depreciable	31,565,318	71,805,340	103,370,658
Accumulated Depreciation	(15,519,084)	(26,366,954)	(41,886,038)
Total Noncurrent Assets	16,046,234	60,683,450	76,729,684
Total Assets	29,486,552	67,131,504	96,618,056

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

	Governmental Activities	Business- Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 697,445	1,667,808	2,365,253
Accrued Payroll	277,253	55,253	332,506
Deposits Payable	-	605,332	605,332
Accrued Interest	57,727	338,830	396,557
Other Payables	57,667	39,392	97,059
Current Portion of Long-Term Debt	649,644	903,381	1,553,025
Total Current Liabilities	1,739,736	3,609,996	5,349,732
Noncurrent Liabilities			
Compensated Absences Payable	320,844	109,705	430,549
Net Pension Obligation	4,768,532	-	4,768,532
Net Other Post-Employment Benefits Obligation Payable	4,289,952	-	4,289,952
General Obligation Bonds Payable	2,977,000	20,278,000	23,255,000
Installment Notes Payable	983,796	-	983,796
Capital Leases Payable	183,277	-	183,277
IEPA Loans Payable	-	10,605,916	10,605,916
Notes Payable	-	173,634	173,634
Landfill Closure Liability	-	2,800,185	2,800,185
Total Noncurrent Liabilities	13,523,401	33,967,440	47,490,841
Total Liabilities	15,263,137	37,577,436	52,840,573
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	3,502,715	-	3,502,715
Total Liabilities and Deferred Inflows of Resources	18,765,852	37,577,436	56,343,288
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,332,728	28,955,534	40,288,262
Restricted			
Property Taxes - Special Revenues	2,125,583	-	2,125,583
Capital Projects	200,786	-	200,786
Bond Ordinance	-	3,528,726	3,528,726
Unrestricted	(2,938,397)	(2,930,192)	(5,868,589)
Total Net Position	10,720,700	29,554,068	40,274,768

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

# CITY OF FREEPORT, ILLINOIS

## Statement of Activities

For the Fiscal Year Ended April 30, 2014

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 12,765,387	4,499,194	98,843	464,016
Public Safety	7,414,247	918,892	50,315	10,992
Public Works	4,338,691	389,078	806,028	731,525
Culture and Recreation	1,474,599	18,947	54,878	-
Interest on Long-Term Debt	241,011	-	-	-
Total Governmental Activities	26,233,935	5,826,111	1,010,064	1,206,533
Business-Type Activities				
Water Department	2,470,529	2,988,705	-	-
Sewer Department	4,042,219	3,419,669	-	-
Storm Sewer	587,926	717,981	-	44,878
Nonmajor	1,880,198	1,612,734	-	-
Total Business-Type Activities	8,980,872	8,739,089	-	44,878
Total Primary Government	35,214,807	14,565,200	1,010,064	1,251,411

### General Revenues

#### Taxes

Property

Retailers Occupation Tax

Other

Intergovernmental - Unrestricted

Income Taxes

State Sales and Use

Replacement Taxes

Interest

Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net Expense/Revenue		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(7,703,334)	-	(7,703,334)
(6,434,048)	-	(6,434,048)
(2,412,060)	-	(2,412,060)
(1,400,774)	-	(1,400,774)
(241,011)	-	(241,011)
(18,191,227)	-	(18,191,227)
-	518,176	518,176
-	(622,550)	(622,550)
-	174,933	174,933
-	(267,464)	(267,464)
-	(196,905)	(196,905)
(18,191,227)	(196,905)	(18,388,132)
4,777,008	-	4,777,008
7,380,692	-	7,380,692
2,473,092	-	2,473,092
2,448,388	-	2,448,388
441,796	-	441,796
452,668	-	452,668
9,494	271	9,765
332,216	34,509	366,725
18,315,354	34,780	18,350,134
124,127	(162,125)	(37,998)
10,596,573	29,716,193	40,312,766
10,720,700	29,554,068	40,274,768

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

**CITY OF FREEPORT, ILLINOIS****Balance Sheet - Governmental Funds  
April 30, 2014**

	General	Nonmajor	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 3,556,967	3,064,959	6,621,926
Receivables - Net of Allowances			
Property Taxes	2,244,078	1,258,637	3,502,715
Accounts	37,969	751,575	789,544
Other	478,520	-	478,520
Due from Other Governments	1,401,190	-	1,401,190
Due from Other Funds	254,933	-	254,933
Prepays	642,583	3,840	646,423
Total Assets	8,616,240	5,079,011	13,695,251
<b>LIABILITIES</b>			
Accounts Payable	515,462	181,983	697,445
Accrued Payroll	259,637	17,616	277,253
Due to Other Funds	-	254,933	254,933
Other Payables	57,667	-	57,667
Total Liabilities	832,766	454,532	1,287,298
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	2,244,078	1,258,637	3,502,715
Total Liabilities and Deferred Inflows of Resources	3,076,844	1,713,169	4,790,013
<b>FUND BALANCES</b>			
Nonspendable	642,583	3,840	646,423
Restricted	-	2,384,096	2,384,096
Committed	211,225	968,291	1,179,516
Assigned	-	9,615	9,615
Unassigned	4,685,588	-	4,685,588
Total Fund Balances	5,539,396	3,365,842	8,905,238
Total Liabilities, Deferred Inflows of Resources and Fund Balances	8,616,240	5,079,011	13,695,251

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

## CITY OF FREEPORT, ILLINOIS

### Reconciliation of Total Governmental Fund Balance to Net Position - Governmental Activities

April 30, 2014

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<b>Total Governmental Fund Balances</b>	<b>\$ 8,905,238</b>
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	16,046,234
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(401,055)
Net Pension Obligation Payable	(4,768,532)
Net Other Post-Employment Benefit Obligation	(4,289,952)
General Obligation Bonds Payable	(3,163,000)
Installment Notes Payable	(1,278,264)
Capital Leases Payable	(272,242)
Accrued Interest Payable	<u>(57,727)</u>
 <b>Net Position of Governmental Activities</b>	 <b><u>10,720,700</u></b>

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

# CITY OF FREEPORT, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2014

	General	Nonmajor	Totals
<b>Revenues</b>			
Taxes	\$ 12,176,876	2,453,916	14,630,792
Licenses, Permits and Fees	697,381	565,543	1,262,924
Intergovernmental	3,568,301	1,991,148	5,559,449
Charges for Services	4,238,272	-	4,238,272
Fines and Forfeits	324,915	-	324,915
Interest	6,129	3,365	9,494
Miscellaneous	193,354	138,862	332,216
Total Revenues	21,205,228	5,152,834	26,358,062
<b>Expenditures</b>			
Current			
General Government	11,668,489	568,790	12,237,279
Public Safety	7,476,891	24,973	7,501,864
Public Works	2,023,986	1,791,265	3,815,251
Culture and Recreation	221,778	1,106,961	1,328,739
Capital Outlay	-	1,899,581	1,899,581
Debt Service			
Principal Retirement	-	594,091	594,091
Interest and Fiscal Charges	-	207,161	207,161
Total Expenditures	21,391,144	6,192,822	27,583,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,916)	(1,039,988)	(1,225,904)
Other Financing Sources (Uses)			
Transfers In	223,512	541,833	765,345
Transfers Out	(278,814)	(486,531)	(765,345)
	(55,302)	55,302	-
Net Change in Fund Balances	(241,218)	(984,686)	(1,225,904)
Fund Balances - Beginning as Restated	5,780,614	4,350,528	10,131,142
Fund Balances - Ending	5,539,396	3,365,842	8,905,238

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

# CITY OF FREEPORT, ILLINOIS

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended April 30, 2014

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (1,225,904)</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	1,839,229
Depreciation Expense	(810,331)

The Net Effect of Various Transactions Involving Capital Assets  
is to Decrease Net Assets

Disposals - Cost	(78,323)
Disposals - Accumulated Depreciation	77,123

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Deductions to Compensated Absences Payable	44,434
Deductions to Net Pension Obligation Payable	273,993
Additions to Net Other Post-Employment Benefit Obligations	(556,335)
Retirement of Debt	594,091

Changes to accrued interest on long-term debt 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.

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(33,850)

**Changes in Net Position of Governmental Activities**

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124,127

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

**CITY OF FREEPORT, ILLINOIS**

**Statement of Net Position - Proprietary Funds**  
**April 30, 2014**

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**See Following Page**

**CITY OF FREEPORT, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
April 30, 2014**

	Water Department
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 1,206,619
Restricted Cash and Investments	1,927,842
Receivables - Net of Allowances	
Accounts	395,772
Due from Other Governments	227,486
Due from Other Funds	3,388,277
Prepays	6,740
Inventories	17,573
Total Current Assets	<u>7,170,309</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	8,705,058
Depreciable	19,316,653
Accumulated Depreciation	(7,321,834)
Total Noncurrent Assets	<u>20,699,877</u>
Total Assets	<u>27,870,186</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	944,508
Accrued Payroll	21,407
Deposits Payable	602,047
Accrued Interest	-
Due to Other Funds	303,444
Other Payables	-
Current Portion of Long-Term Debt	11,231
Total Current Liabilities	<u>1,882,637</u>
Noncurrent Liabilities	
Compensated Absences Payable	44,926
General Obligation Bonds Payable	-
IEPA Loans Payable	6,714,594
Notes Payable	-
Landfill Closure Liability	-
Total Noncurrent Liabilities	<u>6,759,520</u>
Total Liabilities	<u>8,642,157</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	13,985,283
Restricted - Bond Ordinance	1,927,842
Unrestricted	<u>3,314,904</u>
Total Net Position	<u>19,228,029</u>

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

Business-Type Activities - Enterprise			
Sewer Department	Storm Sewer	Nonmajor	Totals
3,415	10,770	117,114	1,337,918
830,664	770,220	-	3,528,726
668,803	131,015	-	1,195,590
-	-	-	227,486
-	-	303,444	3,691,721
360	-	-	7,100
133,661	-	-	151,234
1,636,903	912,005	420,558	10,139,775
6,535,187	4,819	-	15,245,064
42,487,696	10,000,991	-	71,805,340
(17,287,172)	(1,757,948)	-	(26,366,954)
31,735,711	8,247,862	-	60,683,450
33,372,614	9,159,867	420,558	70,823,225
570,318	-	152,982	1,667,808
32,528	1,318	-	55,253
3,285	-	-	605,332
235,858	102,972	-	338,830
2,838,277	550,000	-	3,691,721
-	-	39,392	39,392
593,987	266,207	31,956	903,381
4,274,253	920,497	224,330	7,301,717
61,462	3,317	-	109,705
12,625,025	7,652,975	-	20,278,000
3,891,322	-	-	10,605,916
-	-	173,634	173,634
-	-	2,800,185	2,800,185
16,577,809	7,656,292	2,973,819	33,967,440
20,852,062	8,576,789	3,198,149	41,269,157
14,640,742	329,509	-	28,955,534
830,664	770,220	-	3,528,726
(2,950,854)	(516,651)	(2,777,591)	(2,930,192)
12,520,552	583,078	(2,777,591)	29,554,068

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

# CITY OF FREEPORT, ILLINOIS

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended April 30, 2014

	<u>Water Department</u>
Operating Revenues	
Charges for Services	<u>\$ 2,981,007</u>
Operating Expenses	
Operations	1,986,535
Depreciation	318,182
Total Operating Expenses	<u>2,304,717</u>
Operating Income (Loss)	<u>676,290</u>
Nonoperating Revenues (Expenses)	
Interest Income	62
Connection Fees	7,698
Other Income	19,740
Grant	-
Interest Expense	(165,812)
	<u>(138,312)</u>
Income (Loss) Before Transfers	537,978
Transfers In	-
Transfers Out	<u>(9,525)</u>
Change in Net Position	528,453
Net Position - Beginning as Restated	<u>18,699,576</u>
Net Position - Ending	<u>19,228,029</u>

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

Business-Type Activities - Enterprise			
Sewer Department	Storm Sewer	Nonmajor	Totals
3,418,124	717,981	1,612,734	8,729,846
2,472,982	65,206	1,873,855	6,398,578
867,642	223,284	-	1,409,108
3,340,624	288,490	1,873,855	7,807,686
77,500	429,491	(261,121)	922,160
109	78	22	271
1,545	-	-	9,243
9,950	4,819	-	34,509
44,878	-	-	44,878
(701,595)	(299,436)	(6,343)	(1,173,186)
(645,113)	(294,539)	(6,321)	(1,084,285)
(567,613)	134,952	(267,442)	(162,125)
9,525	-	-	9,525
-	-	-	(9,525)
(558,088)	134,952	(267,442)	(162,125)
13,078,640	448,126	(2,510,149)	29,716,193
12,520,552	583,078	(2,777,591)	29,554,068

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

# CITY OF FREEPORT, ILLINOIS

## Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended April 30, 2014

	<u>Water Department</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 412,453
Payments to Suppliers	(535,040)
Payments to Employees	(656,228)
	<u>(778,815)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In (Out)	<u>(9,525)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(3,874,762)
Payment of Debt Principal	-
Proceeds of Debt Issuance	4,090,367
Interest and Fiscal Charges	(165,812)
	<u>49,793</u>
Cash Flows from Investing Activities	
Interest Received	<u>62</u>
Net Change in Cash and Cash Equivalents	(738,485)
Cash and Cash Equivalents - Beginning	<u>3,872,946</u>
Cash and Cash Equivalents - Ending	<u><u>3,134,461</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	676,290
Adjustments to Reconcile Operating Income	
Income to Net Cash Provided by	
(Used in) Operating Activities:	
Depreciation	318,182
Other Income	27,438
(Increase) Decrease in Current Assets	(2,595,992)
Increase (Decrease) in Current Liabilities	795,267
Net Cash Provided by Operating Activities	<u><u>(778,815)</u></u>

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

Business-Type Activities - Enterprise Funds			
Sewer Department	Storm Sewer	Nonmajor	Totals
4,097,977	2,666,721	1,681,566	8,858,717
(2,003,285)	(1,309,031)	(1,604,449)	(5,451,805)
-	-	-	(656,228)
2,094,692	1,357,690	77,117	2,750,684
9,525	-	-	-
(1,830,712)	(4,819)	-	(5,710,293)
(559,303)	(273,697)	(31,089)	(864,089)
954,081	-	-	5,044,448
(701,595)	(299,436)	(6,343)	(1,173,186)
(2,137,529)	(577,952)	(37,432)	(2,703,120)
109	78	22	271
(33,203)	779,816	39,707	47,835
867,282	1,174	77,407	4,818,809
834,079	780,990	117,114	4,866,644
77,500	429,491	(261,121)	922,160
867,642	223,284	-	1,409,108
56,373	4,819	-	88,630
623,480	1,943,921	68,832	40,241
469,697	(1,243,825)	269,406	290,545
2,094,692	1,357,690	77,117	2,750,684

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

**CITY OF FREEPORT, ILLINOIS****Trust and Agency Funds****Statement of Net Position - Fiduciary Funds  
April 30, 2014**

	Private Purpose Trust	Pension Trust	Agency
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 35,728	1,018,569	163,730
Investments			
U.S. Government and Agency Obligations	-	8,521,628	-
State and Local Obligations	-	929,846	-
Corporate Obligations	-	10,378,848	-
Common Stocks	-	3,507,849	-
Mutual Funds	-	30,815,112	-
Receivables - Net of Allowances			
Accrued Interest	-	154,277	-
Loans	-	-	291,024
Total Assets	35,728	55,326,129	454,754
<b>LIABILITIES</b>			
Accounts Payable	170	-	-
Due to Others	-	-	454,754
Total Liabilities	170	-	454,754
<b>NET POSITION</b>			
Held in Trust for Private Purposes and Pension Benefits	35,558	55,326,129	-

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

# CITY OF FREEPORT, ILLINOIS

## Trust Funds

### Statement of Changes in Net Position - Fiduciary Funds For the Fiscal Year Ended April 30, 2014

	Private Purpose Trust	Pension Trust
<b>Additions</b>		
Foreign Fire Insurance	\$ 27,938	-
Contributions - Employer	-	2,279,273
Contributions - Plan Members	-	549,227
<b>Total Contributions</b>	<b>27,938</b>	<b>2,828,500</b>
<b>Investment Income</b>		
Interest Earned	8	1,265,552
Net Change in Fair Value	-	4,450,685
	8	5,716,237
Less Investment Expenses	-	(150,475)
Net Investment Income	8	5,565,762
<b>Total Additions</b>	<b>27,946</b>	<b>8,394,262</b>
<b>Deductions</b>		
Administration	-	78,441
Benefits and Refunds	-	4,154,841
Other Charges and Services	32,255	-
<b>Total Deductions</b>	<b>32,255</b>	<b>4,233,282</b>
<b>Change in Net Position</b>	<b>(4,309)</b>	<b>4,160,980</b>
<b>Net Position - Beginning</b>	<b>39,867</b>	<b>51,165,149</b>
<b>Net Position - Ending</b>	<b>35,558</b>	<b>55,326,129</b>

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Freeport (City) is governed by an elected eight-member City Council. The City's major operations include public works, finance, police, fire, and culture and recreation.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City's accounting policies established in GAAP and used by the City are described below.

#### **REPORTING ENTITY**

The City's financial reporting entity comprises the following:

Primary Government:	City of Freeport
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In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the City. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **Police Pension Employees Retirement System**

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City's contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary City because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a pension trust fund.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **REPORTING ENTITY – Continued**

###### **Firefighters' Pension Employees Retirement System**

The City's sworn full-time firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the City's President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the City's contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn full-time firefighters. The FPERS is reported as a pension trust fund.

##### **BASIS OF PRESENTATION**

###### **Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The City's water department, sewer department, storm sewer, landfill closure and health and environment activities are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, public works, culture and recreation, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes 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 that are restricted to meeting the operational or capital requirements of a particular function or segment.

# **CITY OF FREEPORT, ILLINOIS**

## **Notes to the Financial Statements April 30, 2014**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Government-Wide Statements – Continued**

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

##### **Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

**General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains thirteen nonmajor special revenue funds.

**Debt service fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a nonmajor fund.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains two nonmajor capital projects funds.

##### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

**Enterprise funds** are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains five enterprise funds. The Water Department Fund, a major fund, is used to account for the costs related to the operation of the City's water system. Funding is provided by user fees. The Sewer Department Fund, also a major fund, is used to account for the costs related to the operation of the City's sewer system. Funding is provided by user fees. The Storm Sewer System Fund, also treated as major, is used to account for the costs related to the operation of the City's storm sewer system. Funding is provided by user fees.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **BASIS OF PRESENTATION – Continued**

##### **Fund Financial Statements – Continued**

##### **Proprietary Funds – Continued**

##### **Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity by the City for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

**Private purpose trust funds** are used to account for assets held in a trustee capacity by the City for foreign fire insurance. The Foreign Fire Fund is used to account for the activities of the foreign fire insurance amounts held by the City to be spent for qualified fire activities.

**Pension trust funds** are used to account for assets held in a trustee capacity by the City for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

**Agency funds** are used to account for assets held by the City in a purely custodial capacity. The Revolving Loan Fund is used to account for the activities of the revolving loan amounts held by the City to be spent for qualified economic development loans.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose trust and pension trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

# **CITY OF FREEPORT, ILLINOIS**

## **Notes to the Financial Statements April 30, 2014**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

##### **Measurement Focus – Continued**

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary, private purpose trust and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary, private purpose trust and pension trust fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

###### **Basis of Accounting – Continued**

All proprietary, private purpose trust and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

##### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

###### **Cash and Investments**

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

###### **Restricted Cash and Investments**

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

###### **Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, utility taxes and grants. Business-type activities report utility charges as their major receivables.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### **Prepays/Inventories**

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

##### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$15,000 to \$100,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, stormsewers and bridges are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

# **CITY OF FREEPORT, ILLINOIS**

## **Notes to the Financial Statements April 30, 2014**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Capital Assets – Continued**

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	50 Years
Equipment	5 – 20 Years
Vehicles	5 – 15 Years
Infrastructure	50 Years

##### **Compensated Absences**

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported expenses at the time of issuance.

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with the modified accrual basis of accounting.

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 City Council. 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 even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods of services (i.e. purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

##### BUDGETARY INFORMATION – Continued

The term ‘budget’ used throughout the financial statements represents the estimated revenues and appropriations as set forth in the City’s annual appropriation ordinance adopted for the fiscal year ended April 30, 2014. Budgets are adopted on a basis consistent with generally accepted accounting principles.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- At least 15 days prior to the enactment of the budget, the committee on Finance Procurement submits to the City Council a proposed means of financing expenditure appropriations for the fiscal year commencing the following April 1.
- Normally on the last Wednesday in April, but no later than April 30, the budget is legally enacted through passage of the appropriation ordinance.
- Budgeted amounts are as originally reported or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.
- Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at budgetary line item levels.
- The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

#### EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
Drug Forfeiture	\$ 11,633
Landfill Closure	57,193

#### DEFICIT FUND BALANCE/NET POSITION

The following fund had deficit fund balance/net position for the fiscal year:

<u>Fund</u>	<u>Deficit</u>
Landfill Closure	\$ 3,036,867

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS**

##### **DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds. The City's investment policy authorizes the City to invest in all investments allowed by Illinois Compiles Statutes.

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, credit union shares, repurchase agreements and commercial paper rated within the three highest classifications by at least two standard rating services.

The deposits and investments of the Pension Fund are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

##### **City Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$7,702,950 and the bank balances totaled \$8,056,927. Additionally, the City has \$3,785,620 invested in the Illinois Funds at year end, with average maturities of less than one year.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no specific investment policy on interest rate risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit risk.

*Custodial Credit Risk.* 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's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

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. The City's investment policy does not address custodial credit risk for investments. At year-end, the City's investments in U.S. Government Agencies are all insured or registered with the City or its agent in the City's name.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. 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. At year-end, the Village has over 5 percent of the total cash and investment portfolio invested in the Illinois Funds.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$453,850 and the bank balances totaled \$462,830.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U. S. Treasuries	\$ 1,982,541	524,869	1,060,817	258,376	138,479
U. S. Agencies	831,557	-	-	-	831,557
State and Local Obligations	354,985	-	53,826	142,242	158,917
Corporate Obligations	4,062,718	299,796	2,672,605	911,074	179,243
	<u>7,231,801</u>	<u>824,665</u>	<u>3,787,248</u>	<u>1,311,692</u>	<u>1,308,196</u>

*Interest Rate Risk.* The Fund's has no specific investment policy on interest rate risk.

*Credit Risk.* The Fund's investment policy does not address the management of credit risk other than to limit investments to those allowed by state statutes.

*Custodial Credit Risk.* The Fund's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, the Fund's investment policy does not address custodial credit risk.

*Concentration Risk.* The Fund's investment policy does not address concentration risk. At April 30, 2014, the Fund's investment in Alliance Bernstein Real IV (\$1,090,597), Dodge & Cox (\$3,492,540), Vanguard Mc Growth Index (\$1,843,655) and Vanguard 500 Index (\$3,689,239) exceeded 5% of the Fund's total investments. In addition to the securities and fair values listed above, the Fund also has \$12,030,284 invested in mutual funds and \$1,863,763 invested in common stock.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$564,719 and the bank balances totaled \$576,228.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U. S. Treasuries	\$ 2,650,139	374,925	1,560,287	674,782	40,145
U. S. Agencies	3,057,391	177,691	1,114,000	133,896	1,631,804
State and Local Obligations	574,861	-	86,121	255,344	233,396
Corporate Obligations	6,316,130	490,700	4,097,526	1,452,945	274,959
	<u>12,598,521</u>	<u>1,043,316</u>	<u>6,857,934</u>	<u>2,516,967</u>	<u>2,180,304</u>

*Interest Rate Risk.* The Fund's has no specific investment policy on interest rate risk.

*Credit Risk.* The Fund's investment policy does not address the management of credit risk other than to limit investments to those allowed by state statutes.

*Custodial Credit Risk.* The Fund's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, the Fund's investment policy does not address custodial credit risk.

*Concentration Risk.* The Fund's investment policy does not address concentration risk. At April 30, 2014, the Fund's investment in William Blair International Growth CII (\$2,679,937), Harbor International Fund #11 (\$2,780,114), Royce Total Return FD Institutional (\$1,717,699), Vanguard Mc Growth Index (\$2,636,168), Vanguard Total Stock Market Index Signal (\$5,957,636) and Pimco All Asset Fund Institution (\$1,687,159) exceeded 5% of the Fund's total investments. In addition to the securities and fair values listed above, the Fund also has \$18,784,828 invested in mutual funds and \$1,644,086 invested in common stock.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### PROPERTY TAXES

Property taxes for 2013 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Buildings	\$ 12,272,835	1,265,569	-	13,538,404
Equipment	1,741,341	203,095	-	1,944,436
Vehicles	6,720,741	370,565	78,323	7,012,983
Infrastructure	9,069,495	-	-	9,069,495
	<u>29,804,412</u>	<u>1,839,229</u>	<u>78,323</u>	<u>31,565,318</u>
Less Accumulated Depreciation				
Buildings	4,529,816	234,150	-	4,763,966
Equipment	1,552,761	59,566	-	1,612,327
Vehicles	4,931,506	335,225	77,123	5,189,608
Infrastructure	3,771,793	181,390	-	3,953,183
	<u>14,785,876</u>	<u>810,331</u>	<u>77,123</u>	<u>15,519,084</u>
Total Net Capital Assets	<u>15,018,536</u>	<u>1,028,898</u>	<u>1,200</u>	<u>16,046,234</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 16,207
Public Safety	186,376
Public Works	461,888
Culture and Recreation	<u>145,860</u>
	<u>810,331</u>

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS – Continued

##### Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	53,809	-	-	53,809
Construction in Progress	\$ 9,537,254	5,654,001	-	15,191,255
	<u>9,591,063</u>	<u>5,654,001</u>	<u>-</u>	<u>15,245,064</u>
<b>Depreciable Capital Assets</b>				
Buildings	25,170,917	-	-	25,170,917
Equipment	5,662,789	56,292	-	5,719,081
Infrastructure	40,915,342	-	-	40,915,342
	<u>71,749,048</u>	<u>56,292</u>	<u>-</u>	<u>71,805,340</u>
<b>Less Accumulated Depreciation</b>				
Buildings	8,301,268	540,511	-	8,841,779
Equipment	3,150,519	108,460	-	3,258,979
Infrastructure	13,506,059	760,137	-	14,266,196
	<u>24,957,846</u>	<u>1,409,108</u>	<u>-</u>	<u>26,366,954</u>
<b>Total Net Depreciable Capital Assets</b>	<u>46,791,202</u>	<u>(1,352,816)</u>	<u>-</u>	<u>45,438,386</u>
<b>Total Net Capital Assets</b>	<u>56,382,265</u>	<u>4,301,185</u>	<u>-</u>	<u>60,683,450</u>

Depreciation expense was charged to business-type activities as follows:

Water Department	\$ 318,182
Sewer Department	867,642
Storm Sewer	<u>223,284</u>
	<u>1,409,108</u>

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

##### Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 254,933
Water Department	Sewer Department	2,838,277
Water Department	Storm Sewer	550,000
Nonmajor Business-Type	Water Department	303,444
		<u>3,946,654</u>

Interfund balances are advances in anticipation of receipts.

##### Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ 223,512
Nonmajor Governmental	General	278,814
Nonmajor Governmental	Nonmajor Governmental	263,019
Sewer Department	Water Department	9,525
		<u>774,870</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT

##### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$8,665,000 General Obligation Refunding Bonds of 2004, due in annual installments of \$60,000 to \$800,000 plus interest at 2.50% to 4.375% through December 1, 2024.	Sewer Department	\$ 7,710,000	-	510,000	7,200,000
\$5,735,000 General Obligation Refunding Bonds of 2005, due in annual installments of \$25,000 to \$1,095,000 plus interest at 2.25% to 4.70% through December 1, 2029.	Sewer Department	5,475,000	-	30,000	5,445,000
\$10,000,000 General Obligation Refunding Bonds of 2006, due in annual installments of \$35,000 to \$645,000 plus interest at 3.75% to 4.20% through January 1, 2034.	Downtown T.I.F. Library Sewer Department Storm Sewer	317,000 1,534,000 517,751 7,341,249	- - - -	5,000 12,000 2,503 35,497	312,000 1,522,000 515,248 7,305,752
\$1,310,000 General Obligation Refunding Bonds of 2013, due in annual installments of \$270,000 to \$345,000 plus interest at 2.00% through January 1, 2017.	Downtown T.I.F. Library Sewer Department Storm Sewer	110,000 289,000 60,199 850,801	- - - -	25,000 65,000 16,800 238,200	85,000 224,000 43,399 612,601
\$1,020,000 General Obligation Bonds of 2013A, due in annual installments of \$65,000 to \$85,000 plus interest at 1.00% to 3.15% through January 1, 2028.	Fire Capital Improvements	1,020,000	-	-	1,020,000
		25,225,000	-	940,000	24,285,000

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Installment Notes Payable

The City enters into installment notes payable to provide funds for acquisition of capital assets and landfill costs. Installment notes payable have been issued for the governmental activities. Installment notes payable are direct obligations and pledge the full faith and credit of the City. Installment notes payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$135,000 Installment Note Payable of 2001, due in monthly installments of \$951 including interest at 5.71% through March 31, 2022.	Debt Service	\$ 76,746	-	7,217	69,529
\$73,850 Installment Note Payable of 2002, due in a monthly installments of \$506 including interest at 5.37% through January 31, 2022.	Debt Service	41,411	-	3,944	37,467
\$450,000 Installment Note Payable of 2009, due in annual installments of \$103,508 to \$x121,544 plus interest at 5.60% through July 23, 2013.	Debt Service	121,544	-	121,544	-
\$325,000 Installment Note Payable of 2010, due in semi-annual installments of \$14,215 to \$18,460 plus interest at 2.77% through April 28, 2020.	Landfill Closure	236,679	-	31,089	205,590

**CITY OF FREEPORT, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Installment Notes Payable – Continued**

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
\$425,000 Installment Note Payable of 2010, due in semi-annual installments of \$17,379 to \$25,625 plus interest at 4.13% through April 28, 2020.	Debt Service	\$ 315,194	-	39,698	275,496
\$879,571 Installment Note Payable of 2012, due in semi-annual installments of \$60,747 including interest at 6.00% through January 15, 2017.	Lamm Road TIF	401,962	-	98,836	303,126
\$1,230,724 Installment Note Payable of 2012, due in semi-annual installments of \$84,999 including interest at 6.00% through January 15, 2018.	Lamm Road TIF	721,268	-	128,622	592,646
		<u>1,914,804</u>	<u>-</u>	<u>430,950</u>	<u>1,483,854</u>

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### LONG-TERM DEBT – Continued

###### Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of a fire truck. Capital assets of \$445,000 have been added to vehicles in the governmental activities as a result of this capital lease. This lease agreement qualifies as capital leases for accounting purposes and; therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease has been recorded as a liability of the Debt Service Fund.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Total Lease Payment</u>
2015	\$ 93,686
2016	93,686
2017	93,686
	<u>281,058</u>
Interest Portion	<u>(8,816)</u>
Principal Balance	<u><u>272,242</u></u>

###### IEPA Loans Payable

On November 15, 2011, the City entered into two separate agreements with the Illinois Environmental Protection Agency (IEPA). One agreement was for a loan up to \$9,873,218 where the proceeds would be expended on upgrades to the public water supply loan. The other agreement was for a loan up to \$9,059,782 where the proceeds would be expended on upgrades to the wastewater treatment plant. The City will request reimbursements over the construction period which ends October 17, 2013 for the public water loan and August 18, 2013 for the wastewater treatment loan. If all of the requirements are met for the project, 25% of the loans will be forgiven by the IEPA. The remaining loans will then be repaid in semi-annual payment over 20 years beginning February 18, 2014 and ending August 18, 2033 for the public water loan and December 17, 2013 and ending June 17, 2033 for the wastewater treatment loan. Both loans will be repaid with an interest rate of 1.25%. As of April 30, 2014, the City had borrowed \$6,714,594 against the public water loan and \$3,891,322 against the wastewater treatment loan. There were no final repayment schedules available at the time of this report.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT – Continued**

##### **Solid Waste Landfill Closure and Post-Closure Care Costs**

The City owns and operated a landfill site that was closed in 2003. State and federal laws require the City to close the landfill and to monitor and maintain the site for thirty subsequent years. The City recognized a portion of the closure and post-closure care costs in each operating period even though actual payouts will occur as the landfill is capped and monitored. As of April 30, 2014, the City has incurred a liability of \$2,800,185 which represents the estimated costs of capping and monitoring the landfill. The estimated costs of closure and post-closure care are subject to changes such as the effects on inflation, revision of laws and other variables.

The City has established an enterprise fund to accumulate assets needed for the actual payout of closure and post-closure care costs. As of April 30, 2014, assets reported on the combined balance sheet which total \$47,153 are held for this purpose.

The City was required by state and federal laws and regulations to make annual contributions to finance the closure and post-closure care costs while the landfill was in operation. The City complied with these requirements until the landfill was closed in 2003. The City expects that future inflation costs will be paid from interest earnings on these annual contributions and transfer station rents with the difference being funded by general fund contributions. The amount of future general fund contributions cannot be determined at this time. The amount will depend on the amount of actual interest earnings and the timing of monitoring costs over the thirty year monitoring period.

##### **Legal Debt Margin**

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

#### Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 445,489	44,434	88,868	401,055	80,211
Net Pension Obligation	5,042,525	-	273,993	4,768,532	-
Net Other Post-Employment Benefits Obligation	3,733,617	556,335	-	4,289,952	-
General Obligation Bonds	3,270,000	-	107,000	3,163,000	186,000
Installment Notes Payable	1,678,125	-	399,861	1,278,264	535,780
Capital Leases Payable	359,472	-	87,230	272,242	88,965
	<u>14,529,228</u>	<u>600,769</u>	<u>956,952</u>	<u>14,173,045</u>	<u>890,956</u>
<b>Business-Type Activities</b>					
Compensated Absences	130,763	12,734	6,367	137,130	27,425
General Obligation Bonds	21,955,000	-	833,000	21,122,000	844,000
Installment Notes Payable	236,679	-	31,089	205,590	31,956
IEPA Loans Payable	5,561,468	5,044,448	-	10,605,916	-
Landfill Closure Liability	2,521,135	279,050	-	2,800,185	-
	<u>30,405,045</u>	<u>5,336,232</u>	<u>870,456</u>	<u>34,870,821</u>	<u>903,381</u>

For governmental-type activities, payments on the compensated absences, the net pension obligation and the net other post-employment benefits obligation are made by the General Fund. The Downtown T.I.F., the Library, and the Fire Capital Improvement Funds make payments on the general obligation bonds. The installment notes payable are being liquidated by the Debt Service and the Lamm Road T.I.F. District Funds. The Debt Service Fund is making payments on the capital leases payable.

For the business-type activities, payments on compensated absences are made by the Water Department, Sewer Department and Storm Sewer Funds. Payments on the general obligation bonds are made by the Sewer Department and Storm Sewer Funds. The IEPA loans payable is being liquidated by the Water Department and Sewer Department Funds. The installment notes payable and landfill closure liability is being paid by the Landfill Closure Fund.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

#### Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation Bonds Payable		Installment Notes Payable		General Obligation Bonds Payable		Installment Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 186,000	102,889	294,468	66,818	844,000	879,334	31,956	5,476
2016	182,000	99,458	311,566	49,720	883,000	847,826	32,848	4,584
2017	190,000	96,127	298,681	31,616	905,000	817,416	33,764	3,668
2018	205,000	92,385	218,544	16,155	955,000	784,739	34,705	2,727
2019	213,000	86,155	63,011	6,277	992,000	747,090	35,673	1,759
2020	218,000	79,179	66,305	3,487	1,032,000	707,654	36,644	764
2021	221,000	72,006	16,466	1,017	1,079,000	666,622	-	-
2022	231,000	64,287	9,223	161	1,114,000	622,688	-	-
2023	244,000	56,166	-	-	1,171,000	576,578	-	-
2024	245,000	47,306	-	-	1,210,000	527,732	-	-
2025	207,000	38,406	-	-	1,273,000	476,880	-	-
2026	216,000	31,086	-	-	1,354,000	422,776	-	-
2027	223,000	23,126	-	-	1,417,000	364,040	-	-
2028	232,000	14,929	-	-	1,478,000	302,560	-	-
2029	150,000	6,187	-	-	1,540,000	236,592	-	-
2030	-	-	-	-	1,605,000	167,842	-	-
2031	-	-	-	-	535,000	95,342	-	-
2032	-	-	-	-	555,000	72,870	-	-
2033	-	-	-	-	575,000	49,560	-	-
2034	-	-	-	-	605,000	25,412	-	-
Total	3,163,000	909,692	1,278,264	175,251	21,122,000	9,391,553	205,590	18,978

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### LONG-TERM DEBT – Continued

###### Conduit Debt

Governmental entities may enter into arrangements whereby a non-governmental entity is able to finance the acquisition of facilities by issuing conduit debt obligations. Conduit debt obligations are therefore certain limited obligation revenue bonds issued by a state or local governmental entity for a specific third party that is not a part of the issuer's financial reporting entity.

The City entered into an agreement described above with Freeport Regional Health Care Foundation on June 16, 2008. \$8,000,000 of Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation Project) of 2008 were issued in the City's name. At the same time a mortgage agreement was signed between the City and Freeport Regional Health Care. Freeport Regional Health Care used the proceeds to build a new hospital facility. The mortgage agreement is set up to cover the payments of the mortgage revenue bonds. At April 30, 2014, there was \$6,170,000 of Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation Project) of 2008 outstanding.

#### NET POSITION/FUND BALANCES

##### Net Position/Fund Balance Restatements

Beginning net position/fund balance was restated to reflect a correction of prior year excise tax, capital assets and long-term debt. The following is a summary of the net position/fund balance as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	Increase/ (Decrease)
General	\$ 5,906,221	5,780,614	(125,607)
Water Department	16,231,271	18,699,576	2,468,305
Sewer Department	12,236,529	13,078,640	842,111
Storm Sewer	848,704	448,126	(400,578)
Governmental Activities	12,041,541	10,596,573	(1,444,968)
Business-Type Activities	26,806,355	29,716,193	2,909,838

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCES – Continued

##### Net Position Classifications

Net investment in capital assets, was comprised of the following as of April 30, 2014:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 16,046,234
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2006	(1,834,000)
General Obligation Refunding Bonds of 2013	(309,000)
General Obligation Bonds of 2013A	(1,020,000)
Installment Note Payable of 2001	(69,529)
Installment Note Payable of 2002	(37,467)
Installment Note Payable of 2010	(275,496)
Installment Note Payable of 2012	(303,126)
Installment Note Payable of 2012	(592,646)
Capital Leases Payable	<u>(272,242)</u>
Net Investment in Capital Assets	<u>11,332,728</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	60,683,450
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2004	(7,200,000)
General Obligation Refunding Bonds of 2005	(5,445,000)
General Obligation Refunding Bonds of 2006	(7,821,000)
General Obligation Refunding Bonds of 2013	(656,000)
IEPA Loans Payable	<u>(10,605,916)</u>
Net Investment in Capital Assets	<u>28,955,534</u>

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCES – Continued

##### Fund Balance Classifications

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Nonmajor	Totals
Fund Balances			
Nonspendable			
Prepays	\$ 642,583	3,840	646,423
Restricted			
IMRF	-	161,873	161,873
Streets	-	434,176	434,176
Cemetery Care	-	110,592	110,592
Tourism Promotion	-	118,666	118,666
Grants	-	148,500	148,500
Drug Forfeiture	-	24,414	24,414
Downtown T.I.F. District	-	333,284	333,284
Lamm Road T.I.F. District	-	308,497	308,497
West Ave. T.I.F. District	-	38,405	38,405
Burchard Hills T.I.F. District	-	6,645	6,645
Public Library	-	498,258	498,258
Street and Police Equipment	-	200,786	200,786
	-	2,384,096	2,384,096
Committed			
Future Capital Improvements	211,225	-	211,225
Parking Lot Repairs	-	67,002	67,002
Debt Service	-	161,785	161,785
Fire Department Equipment	-	739,504	739,504
	211,225	968,291	1,179,516
Assigned			
Fire Related Safety Programs	-	9,615	9,615
Unassigned	4,685,588	-	4,685,588
Total Fund Balances	5,539,396	3,365,842	8,905,238

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **NET POSITION/FUND BALANCES – Continued**

##### **Fund Balance Classifications – Continued**

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

**Committed Fund Balance.** The City reports committed fund balances in the General Fund, a major fund, and in the Motor Vehicle, Debt Service, and Fire Capital Improvements, all nonmajor funds. The City Council commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. City Council approval is required to establish, modify or rescind a fund balance commitment. 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 contractual requirements. These funds have been committed for future capital projects, capital equipment and debt service payments.

**Assigned Fund Balance.** The City reports assigned fund balance in the Fire Public Safety fund, a nonmajor fund. The City's Finance Director and/or City Council (by authorization in the fund balance policy) has assigned the funds to future fire related safety programs based on approved management expenditures as determined through the annual budget process.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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#### NOTE 4 – OTHER INFORMATION

##### RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health; natural disasters; and injuries to the City's employees. These risks are covered by commercial insurance purchased from independent third parties. The deductible in effect through these policies as of April 30, 2014 was \$500 for "normal" claims and \$25,000 for catastrophes. Settled claims from these risks have not exceeded commercial insurance coverage for the past five fiscal years.

The City is exposed to various risks of loss related to illness of employees. The City is self-insured for health insurance risks and has established a risk financing fund, Health Care, for these risks. It is accounted for in the General Fund where assets are set aside for claims settlements. Under this program, the Fund provides coverage up to a maximum of \$90,000 for each health claim. The City purchases commercial insurance to claims in excess of the coverages provided by the Fund. During fiscal year 2014, five of the City's claims exceeded its stop loss limits and it received \$727,430 in reinsurance settlements. Settled claims in each of the prior three fiscal years did not exceed commercial coverage.

All funds of the City participate and make payments to the Health Care Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. Liabilities of the General Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlements trends including frequency and amount of payouts, and other economic and societal factors.

Changes in the balances of claims liabilities during the fiscal year are as follows:

Claims Payable - April 30, 2012	\$ 152,500
Incurred Claims	3,432,963
Claims Paid	<u>(3,470,463)</u>
Claims Payable - April 30, 2013	115,000
Incurred Claims	4,385,170
Claims Paid	<u>(4,265,970)</u>
Claims Payable - April 30, 2014	<u><u>234,200</u></u>

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **CONTINGENT LIABILITIES**

###### **Litigation**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

###### **Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS**

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. A separate report is issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the City of Freeport, 524 W. Stephenson Street, Freeport, Illinois 61032. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

#### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

##### **Plan Descriptions, Provisions and Funding Policies**

##### **Illinois Municipal Retirement System**

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer annual required contribution rate for calendar year 2013 was 11.33 percent.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Plan Descriptions, Provisions and Funding Policies – Continued

###### Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At April 30, 2013, the date of the most recent valuation, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	55
Current Employees	
Vested	30
Nonvested	<u>22</u>
	<u>107</u>

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or  $\frac{1}{2}$  of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Plan Descriptions, Provisions and Funding Policies – Continued

##### Police Pension Plan – Continued

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

##### Firefighters' Pension Fund

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At April 30, 2013, the date of the most recent valuation, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	60
Current Employees	
Vested	31
Nonvested	<u>15</u>
	<u>106</u>

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank at the date of retirement.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2014**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

###### **Plan Descriptions, Provisions and Funding Policies – Continued**

###### **Firefighters' Pension Plan – Continued**

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by  $\frac{1}{12}$  of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or  $\frac{1}{2}$  of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

###### **Summary of Significant Accounting Policies and Plan Asset Matters**

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

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Summary of Significant Accounting Policies and Plan Asset Matters – Continued

##### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### Significant Investments

At April 30, 2014, the Police Pension Fund's investments in Alliance Bernstein Real IV (\$1,090,597), Dodge & Cox (\$3,492,540), Vanguard Mc Growth Index (\$1,843,655) and Vanguard 500 Index (\$3,689,239) and the Firefighters Pension Fund's investments in William Blair International Growth CII (\$2,679,937), Harbor International Fund #11 (\$2,780,114), Royce Total Return FD Institutional (\$1,717,699), Vanguard Mc Growth Index (\$2,636,168), Vanguard Total Stock Market Index Signal (\$5,957,636) and Pimco All Asset Fund Institution (\$1,687,159) exceeded 5% of the Fund's total investments. Information for IMRF is not available.

##### Related Party Transactions

There are no securities of the employer or any other related parties included in net position.

##### Annual Pension Cost and Net Pension Obligation

The net pension obligation for each plan as of April 30, 2014 is as follows:

	IMRF	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 505,611	1,287,282	801,877	2,594,770
Interest on Net Pension Obligation	19,610	212,901	121,773	354,284
Adjustment to Annual Required Contribution	(14,017)	(269,818)	(154,328)	(438,163)
Annual Pension Cost	511,204	1,230,365	769,322	2,510,891
Actual Contribution	505,611	1,496,649	782,624	2,784,884
Increase (Decrease) in the NPO	5,593	(266,284)	(13,302)	(273,993)
NPO - Beginning	261,465	3,041,441	1,739,619	5,042,525
NPO - Ending	267,058	2,775,157	1,726,317	4,768,532

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	IMRF	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2012	\$ 499,873	\$ 1,541,612	\$ 1,009,860
	2013	538,570	1,251,328	742,890
	2014	511,204	1,230,365	769,322
Actual Contributions	2012	394,254	1,175,463	1,211,245
	2013	456,674	1,343,476	1,095,584
	2014	505,611	1,496,649	782,624
Percentage of APC Contributed	2012	78.87%	76.25%	119.94%
	2013	84.79%	107.36%	147.48%
	2014	98.91%	121.64%	101.73%
Net Pension Obligation	2012	179,569	3,133,589	2,092,313
	2013	261,465	3,041,441	1,739,619
	2014	267,058	2,775,157	1,726,317

**CITY OF FREEPORT, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Annual Pension Cost and Net Pension Obligation – Continued**

The City's actuarial assumptions and related information for each plan is as follows:

	IMRF	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	11.33%	41.19%	26.920%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2013	4/30/2013	4/30/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	23 Years	23 Years
Asset Valuation Method	5-Year Smoothed Market	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.00%	4.00%
Inflation Rate Included	4.00%	2.00%	2.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Funded Status and Funding Progress

The City's funded status for the current year and related information for each plan is as follows:

	IMRF	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2013	4/30/2013	4/30/2013
Percent Funded	82.46%	56.22%	84.42%
Actuarial Accrued Liability for Benefits	\$13,064,445	\$36,437,331	\$36,687,670
Actuarial Value of Assets	\$10,773,196	\$20,483,634	\$30,973,489
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$2,291,249)	(\$15,953,697)	(\$5,714,181)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$4,448,329	\$2,809,406	\$2,864,256
Ratio of UAAL to Covered Payroll	51.51%	567.87%	199.50%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS

##### Plan Descriptions, Provisions and Funding Policies

In addition to providing the pension benefits described, the City provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental and business-type activities.

The City provides pre and post Medicare post-employment health insurance to retirees, their spouses and dependents who were enrolled in one of the City's healthcare plans at the time of the employees' retirement. To be eligible for benefits, the employee must qualify for retirement under one of the City's three retirement plans.

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2014, retirees contributed \$187,805.

At April 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	107
Active Employees	<u>187</u>
Total	<u>294</u>
Participating Employers	1

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2014

### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2014, was calculated as follows:

Annual Required Contribution	\$ 993,950
Interest on the NPO	149,345
Adjustment to the ARC	<u>(124,454)</u>
Annual OPEB Cost	1,018,841
Actual Contribution	<u>462,506</u>
Increase in the NPO	556,335
NOPEBO - Beginning	<u>3,733,617</u>
NOPEBO - Ending	<u><u>4,289,952</u></u>

##### Trend Information

The City's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 629,646	\$ 316,173	50.21%	\$ 3,439,962
2013	594,375	300,720	50.59%	3,733,617
2014	1,018,841	462,506	45.40%	4,289,952

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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#### NOTE 4 – OTHER INFORMATION – Continued

##### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of April 30, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 14,793,816
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 14,793,816
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 10,359,107
UAAL as a Percentage of Covered Payroll	142.81%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### Actuarial Methods and Assumptions

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

In the April 30, 2013 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate or return and an initial healthcare trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%, a 3.0% price inflation assumption, a 4.0% wage inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014, was 30 years.

# **CITY OF FREEPORT, ILLINOIS**

## **Notes to the Financial Statements April 30, 2014**

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### **NOTE 4 – OTHER INFORMATION – Continued**

#### **OTHER POST-EMPLOYMENT BENEFITS – Continued**

##### **SUBSEQUENT EVENT**

On September 25, 2014, the City issued \$6,760,000 of General Obligation Refunding Bonds of 2014A. The bonds bear interest at a rate of 2.00% to 3.00% and are due in annual installments of \$610,000 to \$765,000 through December 1, 2024.

On November 4, 2014, the City issued \$5,520,000 of General Obligation Refunding Bonds of 2014B. The bonds bear interest at a rate of 2.00% to 4.00% and are due in annual installments of \$40,000 to \$1,065,000 through December 1, 2029.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
  - Illinois Municipal Retirement Fund (IMRF)
  - Police Pension Fund
  - Firefighters' Pension Fund
  - Other Post-Employment Benefit Plan
- Budgetary Comparison Schedule
  - General Fund

### **Notes to the Required Supplementary Information**

**Budgetary Information** – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**CITY OF FREEPORT, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2014**

**Funding Progress**

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 11,382,992	\$ 13,185,371	86.33%	\$ 1,802,379	\$ 4,409,034	40.88%
2009	11,024,256	13,195,289	83.55%	2,171,033	4,519,000	48.04%
2010	9,943,325	12,763,902	77.90%	2,820,577	4,395,129	64.18%
2011	10,500,214	13,654,023	76.90%	3,153,809	4,483,167	70.35%
2012	10,110,237	13,073,349	77.33%	2,963,112	4,433,733	66.83%
2013	10,773,196	13,064,445	82.46%	2,291,249	4,448,329	51.51%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 314,805	\$ 314,805	100.00%
2009	317,234	317,234	100.00%
2010	374,025	474,234	78.87%
2011	419,624	499,873	83.95%
2012	456,674	534,265	85.48%
2013	505,611	505,611	100.00%

**CITY OF FREEPORT, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2014**

**Funding Progress**

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 15,278,332	\$ 30,000,084	50.93%	\$ 14,721,752	\$ 3,042,379	483.89%
2009	14,443,123	29,922,428	48.27%	15,479,305	2,970,165	521.16%
2010	15,843,333	34,227,967	46.29%	18,384,634	2,897,030	634.60%
2011	17,482,448	35,254,806	49.59%	17,772,358	2,983,941	595.60%
2012	18,263,052	34,865,833	52.38%	16,602,781	2,877,230	577.04%
2013	20,483,634	36,437,331	56.22%	15,953,697	2,809,406	567.87%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 937,954	\$ 1,171,590	80.06%
2009	1,025,810	1,341,939	76.44%
2010	1,108,745	1,382,197	80.22%
2011	1,175,463	1,585,367	74.14%
2012	1,343,476	1,305,191	102.93%
2013	1,496,649	1,287,282	116.26%

**CITY OF FREEPORT, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Schedule of Funding Progress and Employer Contributions**

**April 30, 2014**

**Funding Progress**

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 26,223,233	\$ 32,705,508	80.18%	\$ 6,482,275	\$ 2,735,484	236.97%
2009	22,139,703	34,110,453	64.91%	11,970,750	2,846,313	420.57%
2010	25,430,308	35,359,086	71.92%	9,928,778	2,779,506	357.21%
2011	28,424,068	36,419,859	78.05%	7,995,791	2,862,891	279.29%
2012	29,709,123	35,357,237	84.03%	5,648,114	2,919,494	193.46%
2013	30,973,489	36,687,670	84.42%	5,714,181	2,864,256	199.50%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 708,590	\$ 1,207,258	58.69%
2010	716,721	1,097,607	65.30%
2011	906,155	1,130,535	80.15%
2012	1,211,245	1,046,125	115.78%
2013	1,095,584	778,855	140.67%
2014	782,624	801,877	97.60%

# CITY OF FREEPORT, ILLINOIS

## Other Post-Employment Benefits Plan

### Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2014

#### Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	8,919,997	0.00%	8,919,997	10,126,575	88.09%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	14,793,816	0.00%	14,793,816	10,359,107	142.81%
2014	N/A	N/A	N/A	N/A	N/A	N/A

#### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2009	\$ N/A	\$ N/A	N/A
2010	N/A	N/A	N/A
2011	300,720	629,646	47.76%
2012	304,595	618,068	49.28%
2013	300,720	571,442	52.62%
2014	462,506	993,950	46.53%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2011. Information for prior years is not available. The City is required to have the actuarial valuation performed biennially.

N/A - Not Available

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 12,144,095	12,144,095	12,176,876
Licenses, Permits and Fees	633,265	633,265	697,381
Intergovernmental	3,536,750	3,536,750	3,568,301
Charges for Services	4,399,850	4,399,850	4,238,272
Fines and Forfeits	325,100	325,100	324,915
Interest	5,205	5,205	6,129
Miscellaneous	80,000	80,000	193,354
Total Revenues	<u>21,124,265</u>	<u>21,124,265</u>	<u>21,205,228</u>
Expenditures			
General Government	12,307,431	12,306,431	11,668,489
Public Safety	8,190,761	8,259,761	7,476,891
Public Works	2,642,572	2,642,572	2,023,986
Culture and Recreation	257,487	257,487	221,778
Total Expenditures	<u>23,398,251</u>	<u>23,466,251</u>	<u>21,391,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,273,986)</u>	<u>(2,341,986)</u>	<u>(185,916)</u>
Other Financing Sources (Uses)			
Transfers In	390,000	390,000	223,512
Transfers Out	<u>(580,910)</u>	<u>(580,910)</u>	<u>(278,814)</u>
	<u>(190,910)</u>	<u>(190,910)</u>	<u>(55,302)</u>
Net Change in Fund Balance	<u>(2,464,896)</u>	<u>(2,532,896)</u>	<u>(241,218)</u>
Fund Balance - Beginning as Restated			<u>5,780,614</u>
Fund Balance - Ending			<u>5,539,396</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Nonmajor Business-Type Funds
- Budgetary Comparison Schedules – Nonmajor Business-Type Funds
- Budgetary Comparison Schedule – Private Purpose Trust Fund
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds
- Statement of Changes in Assets and Liabilities – Agency Fund

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

*Client  
to  
update  
fund  
descript-  
ions*

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## GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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## SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

### Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund (IMRF) Fund is used to account for IMRF expenditures and the property taxes specifically levied to fund these expenditures.

### Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the improvements to streets and infrastructure and for the maintenance of streets and infrastructure. Financing is provided by the government's share of state gasoline taxes and any interest earnings. State law requires these gasoline taxes be used to maintain streets and associated infrastructure.

### Cemetery Care Fund

The Cemetery Care Fund is used to account for

### Tourism Promotion Fund

The Tourism Promotion Fund is used to account for

### Grant Fund

The Grant Fund is used to account for

### Motor Vehicle Fund

The Motor Vehicle Fund is used to account for

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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## SPECIAL REVENUE FUNDS – Continued

### Drug Forfeiture Fund

The Drug Forfeiture Fund is used to account for

### Fire Public Safety Fund

The Fire Public Safety Fund is used to account for

### Downtown T.I.F. District Fund

The Downtown T.I.F. District Fund is used to account for

### Lamm T.I.F. District Fund

The Lamm T.I.F. District Fund is used to account for

### West Ave. T.I.F. District Fund

The West Ave. T.I.F. District Fund is used to account for

### Burchard Hills T.I.F. District Fund

The Burchard Hills T.I.F. District Fund is used to account for

### Public Library Fund

The Public Library Fund is used to account for

*Client to update fund description*

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## DEBT SERVICE FUND

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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## CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

### Fire Capital Improvements Fund

The Fire Capital Improvements Fund is used to account for

### Equipment Capital Projects Fund

The Equipment Capital Projects Fund is used to account for

*Client to  
update  
fund  
descriptions*

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## ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

### Water Department Fund

The Water Department Fund is used to account for the costs related to the operation of the City's water system. Funding is provided by user fees.

### Sewer Department Fund

The Sewer Department Fund is used to account for the costs related to the operation of the City's sewer system. Funding is provided by user fees.

### Storm Sewer Fund

The Storm Sewer System Fund is used to account for the costs related to the operation of the City's storm sewer system. Funding is provided by user fees.

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **ENTERPRISE FUNDS (Continued)**

### **Landfill Closure Fund**

The Landfill Closure Fund is used to account for

### **Health and Environmental Fund**

The Health and Environmental Fund is used to account for

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## **TRUST AND AGENCY FUNDS**

### **PRIVATE PURPOSE TRUST FUNDS**

#### **Foreign Fire Insurance Fund**

The Foreign Fire Fund is used to account for the activities of the foreign fire insurance amounts held by the City to be spent for qualified fire activities.

## **PENSION TRUST FUNDS**

### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village's sworn police personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn police personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

### **Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village's sworn firefighter/paramedic personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn firefighter/paramedic personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **TRUST AND AGENCY FUNDS (Continued)**

### **AGENCY FUNDS**

#### **Revolving Loan Fund**

The Revolving Loan Fund is used to account for the activities of the revolving loan amounts held by the City to be spent for qualified economic development loans.

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 2,359,095	2,359,095	2,373,388
Property Transfer Taxes	100,000	100,000	103,782
Retailer Occupation Taxes	7,450,000	7,450,000	7,380,692
Food and Beverage Tax	590,000	590,000	594,730
Video Gaming Tax	100,000	100,000	140,310
Telecommunications Tax	775,000	775,000	739,848
Utility Tax	450,000	450,000	464,329
Natural Gas Utility Tax	320,000	320,000	379,797
<b>Total Taxes</b>	<b>12,144,095</b>	<b>12,144,095</b>	<b>12,176,876</b>
<b>Licenses, Permits and Fees</b>			
Building Permit Fees	140,000	140,000	151,644
Liquor Licenses	75,000	75,000	101,070
Business Licenses and Permits	20,000	20,000	27,177
Landlord Registration Fees	-	-	15,245
Cable TV Franchise Fees	330,000	330,000	333,985
911 Dispatching Fees	68,265	68,265	68,260
<b>Total Licenses, Permits and Fees</b>	<b>633,265</b>	<b>633,265</b>	<b>697,381</b>
<b>Intergovernmental</b>			
State Income Tax	2,550,000	2,550,000	2,448,388
Special Use Tax	425,000	425,000	441,796
Replacement Taxes	429,750	429,750	452,668
Grant - Administration Reimbursements	34,000	34,000	98,843
Grant - SLANT Officer	40,000	40,000	27,327
School Resource Officer Reimbursements	-	-	41,031
IDOT Reimbursement	58,000	58,000	58,248
<b>Total Intergovernmental</b>	<b>3,536,750</b>	<b>3,536,750</b>	<b>3,568,301</b>

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Charges for Services			
Water and Sewer Service Charge	\$ 135,000	135,000	135,000
Airport Hanger Rent	100,000	100,000	98,305
Fuel Sales	132,000	132,000	132,729
Interfund Services	4,007,850	4,007,850	3,860,842
Other Charges for Services	25,000	25,000	11,396
Total Charges for Services	4,399,850	4,399,850	4,238,272
Fines and Forfeitures			
Fines - Circuit Court	325,100	325,100	324,915
Interest	5,205	5,205	6,129
Miscellaneous			
Reimbursement - Fire Training	10,000	10,000	2,085
Reimbursement - Police Training	10,000	10,000	468
Reimbursement - Traffic Signal Maintenance	10,000	10,000	6,297
Miscellaneous Local Sources	50,000	50,000	184,504
Total Miscellaneous	80,000	80,000	193,354
Total Revenues	21,124,265	21,124,265	21,205,228

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
General Government			
City Council			
Personal Services	\$ 30,400	30,400	32,426
Contractual Services	14,000	12,500	10,410
Equipment, Furniture and Fixtures	4,000	2,000	1,883
	<u>48,400</u>	<u>42,900</u>	<u>44,719</u>
Commissions			
Personal Services	4,325	4,325	3,849
Contractual Services	15,500	19,000	16,436
Commodities	500	500	375
	<u>20,325</u>	<u>23,825</u>	<u>20,660</u>
City Clerk			
Personal Services	57,487	57,487	59,281
Contractual Services	11,100	11,100	4,267
Commodities	2,400	2,400	1,321
Equipment, Furniture and Fixtures	2,350	2,350	2,416
	<u>73,337</u>	<u>73,337</u>	<u>67,285</u>
Mayor			
Personal Services	132,205	134,605	136,816
Contractual Services	16,100	13,700	5,920
Commodities	6,200	6,200	2,662
Equipment, Furniture and Fixtures	3,000	3,000	2,239
	<u>157,505</u>	<u>157,505</u>	<u>147,637</u>
Office of Management and Budget			
Personal Services	115,276	115,276	91,284
Contractual Services	12,750	12,750	937
Commodities	1,950	1,950	1,137
Equipment, Furniture and Fixtures	3,000	3,000	-
	<u>132,976</u>	<u>132,976</u>	<u>93,358</u>

**CITY OF FREEPORT, ILLINOIS****General Fund****Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
General Government - Continued			
Treasurer			
Personal Services	\$ 56,153	56,153	57,906
Contractual Services	2,375	2,375	1,609
Commodities	1,175	1,175	771
Equipment, Furniture and Fixtures	1,500	1,500	-
	61,203	61,203	60,286
 Hearing Administration			
Contractual Services	3,800	4,800	4,096
 General Government Building			
Contractual Services	185,000	185,000	178,596
Commodities	11,250	11,250	4,524
	196,250	196,250	183,120
 Management Information Systems			
Contractual Services	13,500	13,500	3,729
Commodities	5,500	5,500	13,184
Equipment, Furniture and Fixtures	15,000	15,000	-
	34,000	34,000	16,913
 Community Development			
Personal Services	155,068	161,068	152,460
Contractual Services	95,600	89,600	68,036
Commodities	3,200	3,200	1,594
Equipment, Furniture and Fixtures	3,300	3,300	2,958
	257,168	257,168	225,048

**CITY OF FREEPORT, ILLINOIS****General Fund****Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
General Government - Continued			
Human Resources			
Personal Services	\$ 57,381	60,381	58,625
Contractual Services	49,200	46,200	20,140
Commodities	2,600	2,600	2,008
Equipment, Furniture and Fixtures	1,500	1,500	-
	<u>110,681</u>	<u>110,681</u>	<u>80,773</u>
Interdepartmental Expenditures			
Personal Services	6,371,631	6,371,631	6,065,970
Contractual Services	454,500	454,500	452,524
Commodities	146,500	146,500	126,926
	<u>6,972,631</u>	<u>6,972,631</u>	<u>6,645,420</u>
Health Care			
Personal Services	3,933,000	3,933,000	3,804,000
Contractual Services	75,000	75,000	74,849
	<u>4,008,000</u>	<u>4,008,000</u>	<u>3,878,849</u>
Judiciary and Legal			
Personal Services	148,755	148,755	143,526
Contractual Services	74,100	74,100	49,234
Commodities	6,800	6,800	6,379
Equipment, Furniture and Fixtures	1,500	1,500	1,186
	<u>231,155</u>	<u>231,155</u>	<u>200,325</u>
Total General Government	<u>12,307,431</u>	<u>12,306,431</u>	<u>11,668,489</u>

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Public Safety			
Buildings			
Personal Services	\$ 74,091	74,091	45,368
Contractual Services	148,920	147,920	124,614
Commodities	3,500	3,500	2,931
Equipment, Furniture and Fixtures	8,300	8,300	2,996
	234,811	233,811	175,909
Police Department			
Personal Services	4,196,896	4,196,896	3,808,724
Contractual Services	243,890	243,890	142,745
Commodities	166,000	166,000	136,727
Equipment, Furniture and Fixtures	22,000	57,000	21,219
	4,628,786	4,663,786	4,109,415
Fire Department			
Personal Services	3,142,464	3,142,464	3,021,571
Contractual Services	84,625	84,625	81,042
Commodities	96,575	96,575	87,744
Equipment, Furniture and Fixtures	3,500	38,500	1,210
	3,327,164	3,362,164	3,191,567
Total Public Safety	8,190,761	8,259,761	7,476,891
Public Works			
Department of Public Works			
Personal Services	50,774	50,774	49,271
Contractual Services	54,500	54,000	30,820
Commodities	1,050	1,550	1,048
Equipment, Furniture and Fixtures	1,500	1,500	-
	107,824	107,824	81,139
Street Department			
Personal Services	766,248	742,248	729,827
Contractual Services	185,800	125,800	178,660
Commodities	442,700	526,700	553,267
Equipment, Furniture and Fixtures	2,500	2,500	-
	1,397,248	1,397,248	1,461,754

**CITY OF FREEPORT, ILLINOIS****General Fund****Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Traffic Engineering			
Contractual Services	\$ 18,500	18,500	16,286
Commodities	7,500	7,500	1,053
	<u>26,000</u>	<u>26,000</u>	<u>17,339</u>
Street Lights			
Contractual Services	7,500	12,500	10,392
Commodities	242,000	237,000	240,528
	<u>249,500</u>	<u>249,500</u>	<u>250,920</u>
Airport Authority			
Contractual Services	116,050	116,050	90,565
Commodities	30,950	30,950	30,672
Other Charges	-	-	31,034
	<u>147,000</u>	<u>147,000</u>	<u>152,271</u>
Capital Improvements			
Bike Trails			
Contractual Services	700,000	700,000	50,721
Sidewalk Program			
Contractual Services	15,000	15,000	9,842
	<u>715,000</u>	<u>715,000</u>	<u>60,563</u>
Total Public Works	<u>2,642,572</u>	<u>2,642,572</u>	<u>2,023,986</u>
Culture and Recreation			
Social Services			
Personal Services	49,666	49,666	45,239
Contractual Services	10,000	10,000	5,549
Commodities	4,950	4,950	1,240
Equipment, Furniture and Fixtures	300	300	-
	<u>64,916</u>	<u>64,916</u>	<u>52,028</u>

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
City Cemetery			
Personal Services	\$ 55,831	54,831	46,401
Contractual Services	4,000	5,000	6,179
Commodities	3,000	3,000	1,807
Equipment, Furniture and Fixtures	3,500	3,500	338
	66,331	66,331	54,725
Forestry			
Personal Services	101,190	101,190	97,277
Contractual Services	19,550	19,550	15,373
Commodities	4,500	4,500	2,375
Equipment, Furniture and Fixtures	1,000	1,000	-
	126,240	126,240	115,025
Total Culture and Recreation	257,487	257,487	221,778
Total Expenditures	23,398,251	23,466,251	21,391,144

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental Funds****Combining Balance Sheet****April 30, 2014**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 2,118,702	161,785	784,472	3,064,959
Receivables - Net of Allowances				
Property Taxes	1,258,637	-	-	1,258,637
Accounts	586,617	-	164,958	751,575
Prepays	-	-	3,840	3,840
Total Assets	3,963,956	161,785	953,270	5,079,011
<b>LIABILITIES</b>				
Accounts Payable	172,843	-	9,140	181,983
Accrued Payroll	17,616	-	-	17,616
Due to Other Funds	254,933	-	-	254,933
Total Liabilities	445,392	-	9,140	454,532
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	1,258,637	-	-	1,258,637
Total Liabilities and Deferred Inflows of Resources	1,704,029	-	9,140	1,713,169
<b>FUND BALANCES</b>				
Nonspendable	-	-	3,840	3,840
Restricted	2,183,310	-	200,786	2,384,096
Committed	67,002	161,785	739,504	968,291
Assigned	9,615	-	-	9,615
Total Fund Balances	2,259,927	161,785	944,130	3,365,842
Total Liabilities and Fund Balances	3,963,956	161,785	953,270	5,079,011

**CITY OF FREEPORT, ILLINOIS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2014**

	Special Revenue	Debt Service	Capital Projects	Totals
<b>Revenues</b>				
Taxes	\$ 2,453,916	-	-	2,453,916
Licenses, Permits and Fees	27,792	-	537,751	565,543
Intergovernmental	1,755,915	-	235,233	1,991,148
Interest	2,007	29	1,329	3,365
Miscellaneous	138,842	-	20	138,862
Total Revenues	4,378,472	29	774,333	5,152,834
<b>Expenditures</b>				
General Government	568,790	-	-	568,790
Public Safety	24,973	-	-	24,973
Public Works	1,791,265	-	-	1,791,265
Culture and Recreation	1,106,961	-	-	1,106,961
Capital Outlay	8,658	-	1,890,923	1,899,581
Debt Service				
Principal Retirement	227,460	366,631	-	594,091
Interest and Fiscal Charges	64,032	143,129	-	207,161
Total Expenditures	3,792,139	509,760	1,890,923	6,192,822
Excess (Deficiency) of Revenues Over (Under) Expenditures	586,333	(509,731)	(1,116,590)	(1,039,988)
<b>Other Financing Sources (Uses)</b>				
Transfers In	72,854	468,979	-	541,833
Transfers Out	(89,484)	-	(397,047)	(486,531)
	(16,630)	468,979	(397,047)	55,302
Net Change in Fund Balances	569,703	(40,752)	(1,513,637)	(984,686)
Fund Balances - Beginning	1,690,224	202,537	2,457,767	4,350,528
Fund Balances - Ending	2,259,927	161,785	944,130	3,365,842

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental - Special Revenue Funds****Combining Balance Sheet****April 30, 2014**

	Illinois Municipal Retirement	Motor Fuel Tax	Cemetery Care	Tourism Promotion	Grant Funds
<b>ASSETS</b>					
Cash and Investments	\$ 161,873	386,911	110,592	118,666	-
Receivables - Net of Allowances					
Property Taxes	254,432	-	-	-	-
Accounts	-	47,265	-	-	531,052
Total Assets	416,305	434,176	110,592	118,666	531,052
<b>LIABILITIES</b>					
Accounts Payable	-	-	-	-	127,619
Accrued Payroll	-	-	-	-	-
Due to Other Funds	-	-	-	-	254,933
Total Liabilities	-	-	-	-	382,552
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	254,432	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	254,432	-	-	-	382,552
<b>FUND BALANCES</b>					
Restricted	161,873	434,176	110,592	118,666	148,500
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	161,873	434,176	110,592	118,666	148,500
Total Liabilities and Fund Balances	416,305	434,176	110,592	118,666	531,052

Motor Vehicle	Drug Forfeiture	Fire Public Safety	Downtown T.I.F. District	Lamm Road T.I.F. District	West Ave. T.I.F. District	Burchard Hills T.I.F. District	Public Library	Totals
67,002	24,414	9,615	333,284	308,497	42,540	6,645	548,663	2,118,702
-	-	-	-	-	-	-	1,004,205	1,258,637
-	-	-	-	-	-	-	8,300	586,617
67,002	24,414	9,615	333,284	308,497	42,540	6,645	1,561,168	3,963,956
-	-	-	-	-	4,135	-	41,089	172,843
-	-	-	-	-	-	-	17,616	17,616
-	-	-	-	-	-	-	-	254,933
-	-	-	-	-	4,135	-	58,705	445,392
-	-	-	-	-	-	-	1,004,205	1,258,637
-	-	-	-	-	4,135	-	1,062,910	1,704,029
-	24,414	-	333,284	308,497	38,405	6,645	498,258	2,183,310
67,002	-	-	-	-	-	-	-	67,002
-	-	9,615	-	-	-	-	-	9,615
-	-	-	-	-	-	-	-	-
67,002	24,414	9,615	333,284	308,497	38,405	6,645	498,258	2,259,927
67,002	24,414	9,615	333,284	308,497	42,540	6,645	1,561,168	3,963,956

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Governmental - Special Revenue Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2014

	Illinois Municipal Retirement	Motor Fuel Tax	Cemetery Care	Tourism Promotion	Grant Fund
<b>Revenues</b>					
Taxes	\$ 288,137	-	-	165,339	-
Licenses, Permits and Fees	-	-	2,445	-	-
Intergovernmental	-	747,780	-	-	971,300
Interest	54	78	15	230	-
Miscellaneous	-	119,419	-	-	-
Total Revenues	288,191	867,277	2,460	165,569	971,300
<b>Expenditures</b>					
Current					
General Government	333,158	-	-	155,600	80,032
Public Safety	-	-	-	-	12,497
Public Works	-	784,541	-	-	731,525
Culture and Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	333,158	784,541	-	155,600	824,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,967)	82,736	2,460	9,969	147,246
Other Financing Sources (Uses)					
Transfers In	71,600	-	-	-	1,254
Transfers Out	-	-	-	-	-
	71,600	-	-	-	1,254
Net Change in Fund Balances	26,633	82,736	2,460	9,969	148,500
Fund Balances - Beginning	135,240	351,440	108,132	108,697	-
Fund Balances - Ending	161,873	434,176	110,592	118,666	148,500

Motor Vehicle	Drug Forfeiture	Fire Public Safety	Downtown T.I.F. District	Lamm Road T.I.F. District	West Ave. T.I.F. District	Burchard Hills T.I.F. District	Public Library	Totals
-	-	-	248,811	591,117	40,219	2,376	1,117,917	2,453,916
6,400	-	-	-	-	-	-	18,947	27,792
-	22,988	-	-	-	-	-	13,847	1,755,915
12	-	2	79	113	12	2	1,410	2,007
-	-	3,225	-	-	-	-	16,198	138,842
6,412	22,988	3,227	248,890	591,230	40,231	2,378	1,168,319	4,378,472
-	-	-	-	-	-	-	-	568,790
-	11,633	843	-	-	-	-	-	24,973
-	-	-	65,655	174,170	34,680	694	-	1,791,265
-	-	-	-	-	-	-	1,106,961	1,106,961
-	-	-	-	-	-	-	8,658	8,658
-	-	-	-	227,460	-	-	-	227,460
-	-	-	-	64,032	-	-	-	64,032
-	11,633	843	65,655	465,662	34,680	694	1,115,619	3,792,139
6,412	11,355	2,384	183,235	125,568	5,551	1,684	52,700	586,333
-	-	-	-	-	-	-	-	72,854
-	-	-	(64,484)	-	-	-	(25,000)	(89,484)
-	-	-	(64,484)	-	-	-	(25,000)	(16,630)
6,412	11,355	2,384	118,751	125,568	5,551	1,684	27,700	569,703
60,590	13,059	7,231	214,533	182,929	32,854	4,961	470,558	1,690,224
67,002	24,414	9,615	333,284	308,497	38,405	6,645	498,258	2,259,927

**CITY OF FREEPORT, ILLINOIS**

**Illinois Municipal Retirement - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 286,400	286,400	288,137
Interest	250	250	54
Total Revenues	286,650	286,650	288,191
Expenditures			
General Government	395,000	395,000	333,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,350)	(108,350)	(44,967)
Other Financing Sources			
Transfers In	71,600	71,600	71,600
Net Change in Fund Balance	(36,750)	(36,750)	26,633
Fund Balance - Beginning			135,240
Fund Balance - Ending			161,873

## CITY OF FREEPORT, ILLINOIS

### Motor Fuel Tax - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 600,000	600,000	747,780
Interest	575	575	78
Miscellaneous	1,436,100	1,436,100	119,419
Total Revenues	2,036,675	2,036,675	867,277
Expenditures			
Public Works	2,080,000	2,080,000	784,541
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,325)	(43,325)	82,736
Other Financing (Uses)			
Transfers Out	(100,000)	(100,000)	-
Net Change in Fund Balance	(143,325)	(143,325)	82,736
Fund Balance - Beginning			351,440
Fund Balance - Ending			434,176

**CITY OF FREEPORT, ILLINOIS**

**Cemetery Care - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 5,000	5,000	2,445
Interest	-	-	15
Total Revenues	5,000	5,000	2,460
Expenditures			
General Government	-	-	-
Net Change in Fund Balance	5,000	5,000	2,460
Fund Balance - Beginning			108,132
Fund Balance - Ending			110,592

**CITY OF FREEPORT, ILLINOIS**

**Tourism Promotion - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 190,000	190,000	165,339
Interest	250	250	230
Total Revenues	190,250	190,250	165,569
Expenditures			
General Government	250,600	250,600	155,600
Net Change in Fund Balance	(60,350)	(60,350)	9,969
Fund Balance - Beginning			108,697
Fund Balance - Ending			118,666

**CITY OF FREEPORT, ILLINOIS**

**Grant Fund - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 8,438,753	9,000,753	971,300
Expenditures			
General Government	5,265,003	5,827,003	80,032
Public Safety	220,000	220,000	12,497
Public Works	3,000,000	3,000,000	731,525
Total Expenditures	8,485,003	9,047,003	824,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,250)	(46,250)	147,246
Other Financing Sources (Uses)			
Transfers In	46,250	46,250	1,254
Net Change in Fund Balance	-	-	148,500
Fund Balance - Beginning			-
Fund Balance - Ending			148,500

**CITY OF FREEPORT, ILLINOIS**

**Motor Vehicles - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 6,000	6,000	6,400
Interest	50	50	12
Total Revenues	6,050	6,050	6,412
Expenditures			
Public Works	-	-	-
Net Change in Fund Balance	6,050	6,050	6,412
Fund Balance - Beginning			60,590
Fund Balance - Ending			67,002

**CITY OF FREEPORT, ILLINOIS**

**Drug Forfeiture - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 50,000	50,000	22,988
Interest	500	500	-
Miscellaneous	15,000	15,000	-
Total Revenues	65,500	65,500	22,988
Expenditures			
Public Safety	-	-	11,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,500	65,500	11,355
Other Financing (Uses)			
Transfers Out	(65,000)	(65,000)	-
Net Change in Fund Balance	500	500	11,355
Fund Balance - Beginning			13,059
Fund Balance - Ending			24,414

**CITY OF FREEPORT, ILLINOIS**

**Fire Public Safety - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 25	25	2
Miscellaneous	500	500	3,225
Total Revenues	525	525	3,227
Expenditures			
Public Safety			
Contractual Services	2,000	2,000	843
Net Change in Fund Balance	(1,475)	(1,475)	2,384
Fund Balance - Beginning			7,231
Fund Balance - Ending			9,615

**CITY OF FREEPORT, ILLINOIS**

**Downtown T.I.F. District - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 275,000	275,000	248,811
Interest	500	500	79
Total Revenues	275,500	275,500	248,890
Expenditures			
Public Works			
Contractual Services	425,000	425,000	65,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,500)	(149,500)	183,235
Other Financing (Uses)			
Transfers Out	(67,600)	(67,600)	(64,484)
Net Change in Fund Balance	(217,100)	(217,100)	118,751
Fund Balance - Beginning			214,533
Fund Balance - Ending			333,284

**CITY OF FREEPORT, ILLINOIS****Lamm T.I.F. District - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 611,000	611,000	591,117
Interest	500	500	113
Total Revenues	611,500	611,500	591,230
Expenditures			
Public Works			
Contractual Services	790,000	790,000	174,170
Debt Service			
Principal Retirement	-	-	227,460
Interest and Fiscal Charges	-	-	64,032
Total Expenditures	790,000	790,000	465,662
Net Change in Fund Balance	(178,500)	(178,500)	125,568
Fund Balance - Beginning			182,929
Fund Balance - Ending			308,497

**CITY OF FREEPORT, ILLINOIS**

**West Ave. T.I.F. District - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 45,000	45,000	40,219
Interest	100	100	12
Total Revenues	45,100	45,100	40,231
Expenditures			
Public Works			
Contractual Services	78,000	78,000	34,680
Net Change in Fund Balance	(32,900)	(32,900)	5,551
Fund Balance - Beginning			32,854
Fund Balance - Ending			38,405

**CITY OF FREEPORT, ILLINOIS**

**Burchard Hills T.I.F. District - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 24,500	24,500	2,376
Interest	50	50	2
Total Revenues	24,550	24,550	2,378
Expenditures			
Public Works			
Contractual Services	29,500	29,500	694
Net Change in Fund Balance	(4,950)	(4,950)	1,684
Fund Balance - Beginning			4,961
Fund Balance - Ending			6,645

# CITY OF FREEPORT, ILLINOIS

## Public Library - Special Revenue Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,061,098	1,061,098	1,067,621
Personal Property Replacement Taxes	47,750	47,750	50,296
Licenses, Permits and Fees	20,000	20,000	18,947
Intergovernmental	54,000	54,000	13,847
Interest	1,250	1,250	1,410
Miscellaneous	36,000	36,000	16,198
Total Revenues	1,220,098	1,220,098	1,168,319
Expenditures			
Culture and Recreation			
Personnel	733,850	733,850	710,725
Contractual Services	232,350	232,350	208,802
Commodities	263,450	263,450	187,434
Capital Outlay	48,000	48,000	8,658
Total Expenditures	1,277,650	1,277,650	1,115,619
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,552)	(57,552)	52,700
Other Financing (Uses)			
Transfers Out	(25,000)	(25,000)	(25,000)
Net Change in Fund Balance	(82,552)	(82,552)	27,700
Fund Balance - Beginning			470,558
Fund Balance - Ending			498,258

# CITY OF FREEPORT, ILLINOIS

## Debt Service Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2014

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ 150,000	150,000	-
Interest	175	175	29
Total Revenues	150,175	150,175	29
Expenditures			
Debt Service			
Principal Retirement	451,633	451,633	366,631
Interest and Fiscal Charges	144,077	144,077	143,129
Total Expenditures	595,710	595,710	509,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	(445,535)	(445,535)	(509,731)
Other Financing Sources			
Transfers In	555,310	555,310	468,979
Net Change in Fund Balance	109,775	109,775	(40,752)
Fund Balance - Beginning			202,537
Fund Balance - Ending			161,785

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet  
April 30, 2014**

	Fire Capital Improvements	Equipment Capital Projects	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 604,046	180,426	784,472
Receivables - Net of Allowances			
Accounts	143,550	21,408	164,958
Prepays	3,840	-	3,840
Total Assets	751,436	201,834	953,270
<b>LIABILITIES</b>			
Accounts Payable	8,092	1,048	9,140
<b>FUND BALANCES</b>			
Nonspendable	3,840	-	3,840
Restricted	-	200,786	200,786
Committed	739,504	-	739,504
Total Fund Balances	743,344	200,786	944,130
Total Liabilities and Fund Balances	751,436	201,834	953,270

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Governmental - Capital Projects Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2014

	Fire Capital Improvements	Equipment Capital Projects	Totals
Revenues			
Licenses, Permits and Fees	\$ 525,717	12,034	537,751
Intergovernmental	-	235,233	235,233
Interest	1,288	41	1,329
Miscellaneous	20	-	20
Total Revenues	527,025	247,308	774,333
Expenditures			
Capital Outlay	1,534,095	356,828	1,890,923
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,007,070)	(109,520)	(1,116,590)
Other Financing (Uses)			
Transfers Out	(397,047)	-	(397,047)
Net Change in Fund Balances	(1,404,117)	(109,520)	(1,513,637)
Fund Balances - Beginning	2,147,461	310,306	2,457,767
Fund Balances - Ending	743,344	200,786	944,130

**CITY OF FREEPORT, ILLINOIS**

**Fire Capital Improvements - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 490,000	490,000	525,717
Interest	1,000	1,000	1,288
Miscellaneous	-	-	20
Total Revenues	491,000	491,000	527,025
Expenditures			
Capital Outlay			
Contractual Services	55,375	55,375	42,013
Buildings	1,535,000	1,535,000	1,251,516
Machinery and Equipment	-	-	59,030
Vehicles	-	-	181,536
Total Expenditures	1,590,375	1,590,375	1,534,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,099,375)	(1,099,375)	(1,007,070)
Other Financing (Uses)			
Transfers Out	(423,900)	(423,900)	(397,047)
Net Change in Fund Balance	(1,523,275)	(1,523,275)	(1,404,117)
Fund Balance - Beginning			2,147,461
Fund Balance - Ending			743,344

**CITY OF FREEPORT, ILLINOIS****Equipment Capital Projects - Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 10,000	10,000	12,034
Intergovernmental	250,000	250,000	235,233
Interest	500	500	41
Total Revenues	260,500	260,500	247,308
Expenditures			
Capital Outlay	730,000	730,000	356,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	(469,500)	(469,500)	(109,520)
Other Financing Sources (Uses)			
Debt Issuance	375,000	375,000	-
Transfers Out	(85,000)	(85,000)	-
	290,000	290,000	-
Net Change in Fund Balance	(179,500)	(179,500)	(109,520)
Fund Balance - Beginning			310,306
Fund Balance - Ending			200,786

**CITY OF FREEPORT, ILLINOIS****Water Department - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 3,359,500	3,359,500	2,981,007
Operating Expenses			
Operations			
Personnel	1,118,420	1,118,420	972,000
Contractual Services	328,450	328,450	419,724
Commodities	599,600	599,600	284,209
Miscellaneous	34,000	34,000	310,602
Capital Outlay	1,385,000	1,385,000	-
Depreciation	-	-	318,182
Total Operating Expenses	3,465,470	3,465,470	2,304,717
Operating Income (Loss)	(105,970)	(105,970)	676,290
Nonoperating Revenues (Expenses)			
Interest Income	250	250	62
Connection Fees	-	-	7,698
Other Income	-	-	19,740
Interest Expense	-	-	(165,812)
	250	250	(138,312)
Income (Loss) Before Transfers	(105,720)	(105,720)	537,978
Transfers Out	-	-	(9,525)
Change in Net Position	(105,720)	(105,720)	528,453
Net Position - Beginning as Restated			18,699,576
Net Position - Ending			19,228,029

**CITY OF FREEPORT, ILLINOIS****Sewer Department - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 3,351,995	3,351,995	3,418,124
Operating Expenses			
Operations			
Personnel	1,427,900	1,427,900	1,326,739
Contractual Services	403,000	403,000	721,693
Commodities	838,250	838,250	254,660
Miscellaneous	687,450	687,450	169,890
Capital Outlay	1,390,000	1,390,000	-
Depreciation	-	-	867,642
Total Operating Expenses	4,746,600	4,746,600	3,340,624
Operating Income (Loss)	(1,394,605)	(1,394,605)	77,500
Nonoperating Revenues (Expenses)			
Interest Income	250	250	109
Connection Fees	-	-	1,545
Other Income	15,750	15,750	9,950
Grant	1,390,000	1,390,000	44,878
Interest Expense	(554,900)	(554,900)	(701,595)
	851,100	851,100	(645,113)
Income (Loss) Before Transfers	(543,505)	(543,505)	(567,613)
Transfers In	-	-	9,525
Change in Net Position	(543,505)	(543,505)	(558,088)
Net Position - Beginning as Restated			13,078,640
Net Position - Ending			12,520,552

**CITY OF FREEPORT, ILLINOIS****Storm Sewer - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 630,000	630,000	717,981
Operating Expenses			
Operations			
Personnel	49,120	52,120	50,705
Contractual Services	3,500	11,000	2,527
Commodities	41,250	30,750	11,474
Miscellaneous	346,700	346,700	500
Capital Outlay	15,000	15,000	-
Depreciation	-	-	223,284
Total Operating Expenses	455,570	455,570	288,490
Operating Income (Loss)	174,430	174,430	429,491
Nonoperating Revenues (Expenses)			
Interest Income	250	250	78
Other Income	-	-	4,819
Interest Expense	(248,250)	(248,250)	(299,436)
	(248,000)	(248,000)	(294,539)
Change in Net Position	(73,570)	(73,570)	134,952
Net Position - Beginning as Restated			448,126
Net Position - Ending			583,078

**CITY OF FREEPORT, ILLINOIS****Nonmajor Business-Type Funds****Combining Statement of Net Position - Enterprise Funds****April 30, 2014**

	Landfill Closure	Health and Environment	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 47,153	69,961	117,114
Due from Other Funds	-	303,444	303,444
Total Assets	47,153	373,405	420,558
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	38,853	114,129	152,982
Other Payables	39,392	-	39,392
Current Portion of Long-Term Debt	31,956	-	31,956
Total Current Liabilities	110,201	114,129	224,330
Noncurrent Liabilities			
Notes Payable	173,634	-	173,634
Landfill Closure Liability	2,800,185	-	2,800,185
Total Noncurrent Liabilities	2,973,819	-	2,973,819
Total Liabilities	3,084,020	114,129	3,198,149
<b>NET POSITION</b>			
Unrestricted	(3,036,867)	259,276	(2,777,591)

**CITY OF FREEPORT, ILLINOIS****Nonmajor Business-Type Funds****Combining Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds  
For the Fiscal Year Ended April 30, 2014**

	Landfill Closure	Health and Environment	Totals
Operating Revenues			
Charges for Services	\$ 268,299	1,344,435	1,612,734
Operating Expenses			
Contractual Services	488,193	1,385,662	1,873,855
Operating Income (Loss)	(219,894)	(41,227)	(261,121)
Nonoperating Revenues (Expenses)			
Interest Income	14	8	22
Interest Expense	(6,343)	-	(6,343)
	(6,329)	8	(6,321)
Change in Net Position	(226,223)	(41,219)	(267,442)
Net Position - Beginning	(2,810,644)	300,495	(2,510,149)
Net Position - Ending	(3,036,867)	259,276	(2,777,591)

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Business-Type Funds

### Combining Statement of Cash Flows - Enterprise Funds For the Fiscal Year Ended April 30, 2014

	Landfill Closure	Health and Environment	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 268,299	1,413,267	1,681,566
Payments to Suppliers	(261,135)	(1,343,314)	(1,604,449)
	7,164	69,953	77,117
Cash Flows from Capital and Related Financing Activities			
Payment of Principal	(31,089)	-	(31,089)
Interest Expense	(6,343)	-	(6,343)
	(37,432)	-	(37,432)
Cash Flows from Investing Activities			
Interest Received	14	8	22
Net Change in Cash and Cash Equivalents	(30,254)	69,961	39,707
Cash and Cash Equivalents - Beginning of Year	77,407	-	77,407
Cash and Cash Equivalents - End of Year	47,153	69,961	117,114
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities.			
Operating Income (Loss)	(219,894)	(41,227)	(261,121)
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used in) Operating Activities.			
(Increase) Decrease in Current Assets	-	68,832	68,832
Increase (Decrease) in Current Liabilities	227,058	42,348	269,406
Net Cash Provided by Operating Activities	7,164	69,953	77,117

**CITY OF FREEPORT, ILLINOIS**

**Landfill Closure - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 420,000	420,000	268,299
Operating Expenses			
Operations			
Contractual Services	431,000	431,000	488,193
Operating Income (Loss)	(11,000)	(11,000)	(219,894)
Nonoperating Revenues (Expenses)			
Interest Income	-	-	14
Interest Expense	-	-	(6,343)
	-	-	(6,329)
Change in Net Position	(11,000)	(11,000)	(226,223)
Net Position - Beginning			(2,810,644)
Net Position - Ending			(3,036,867)

**CITY OF FREEPORT, ILLINOIS**

**Health and Environmental - Enterprise Fund**

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,550,000	1,550,000	1,344,435
Operating Expenses			
Operations			
Contractual Services	1,553,000	1,553,000	1,385,662
Operating Income (Loss)	(3,000)	(3,000)	(41,227)
Nonoperating Revenues			
Interest Income	50	50	8
Change in Net Position	<u>(2,950)</u>	<u>(2,950)</u>	(41,219)
Net Position - Beginning			<u>300,495</u>
Net Position - Ending			<u>259,276</u>

**CITY OF FREEPORT, ILLINOIS****Foreign Fire Insurance - Private Purpose Trust Fund****Schedule of Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Additions			
Foreign Fire Insurance	\$ 26,900	35,900	27,938
Investment Income			
Interest Earned	-	-	8
Net Change in Fair Value	-	-	-
	-	-	8
Less Investment Expenses	-	-	-
Net Investment Income	-	-	8
Total Additions	26,900	35,900	27,946
Deductions			
Other Charges and Services			
Contractual Services	3,000	4,500	4,442
Supplies	14,000	12,500	9,524
Capital Outlay	9,900	18,900	18,289
Total Deductions	26,900	35,900	32,255
Change in Net Position	-	-	(4,309)
Net Position - Beginning			39,867
Net Position - Ending			35,558

**CITY OF FREEPORT, ILLINOIS****Pension Trust Funds****Combining Statement of Net Position****April 30, 2014**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 453,850	564,719	1,018,569
Investments			
U.S. Government and Agency Obligations	2,814,098	5,707,530	8,521,628
State and Local Obligations	354,985	574,861	929,846
Corporate Obligations	4,062,718	6,316,130	10,378,848
Common Stock	1,863,763	1,644,086	3,507,849
Mutual Funds	12,030,284	18,784,828	30,815,112
Receivables - Net of Allowances			
Accrued Interest	54,478	99,799	154,277
<b>NET POSITION</b>			
Held in Trust for Pension Benefits	21,634,176	33,691,953	55,326,129

# CITY OF FREEPORT, ILLINOIS

## Pension Trust Funds

### Combining Statement of Changes in Net Position For the Fiscal Year Ended April 30, 2014

	Police Pension	Firefighters' Pension	Totals
<b>Additions</b>			
Contributions - Employer	\$ 1,496,649	782,624	2,279,273
Contributions - Plan Members	278,412	270,815	549,227
Total Contributions	1,775,061	1,053,439	2,828,500
<b>Investment Income</b>			
Interest Earned	504,534	761,018	1,265,552
Net Change in Fair Value	1,756,703	2,693,982	4,450,685
	2,261,237	3,455,000	5,716,237
Less Investment Expenses	(68,956)	(81,519)	(150,475)
Net Investment Income	2,192,281	3,373,481	5,565,762
Total Additions	3,967,342	4,426,920	8,394,262
<b>Deductions</b>			
Administration	28,419	50,022	78,441
Benefits and Refunds	1,947,257	2,207,584	4,154,841
Total Deductions	1,975,676	2,257,606	4,233,282
Change in Net Position	1,991,666	2,169,314	4,160,980
Net Position - Beginning	19,642,510	31,522,639	51,165,149
Net Position - Ending	21,634,176	33,691,953	55,326,129

**CITY OF FREEPORT, ILLINOIS****Police Pension - Pension Trust Fund****Schedule of Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,489,426	1,489,426	1,496,649
Contributions - Plan Members	310,000	310,000	278,412
Total Contributions	1,799,426	1,799,426	1,775,061
Investment Income			
Interest Earned	570,000	570,000	504,534
Net Change in Fair Value	-	-	1,756,703
	570,000	570,000	2,261,237
Less Investment Expenses	-	-	(68,956)
Net Investment Income	570,000	570,000	2,192,281
Total Additions	2,369,426	2,369,426	3,967,342
Deductions			
Administration	127,350	127,350	28,419
Benefits and Refunds	2,286,500	2,286,500	1,947,257
Total Deductions	2,413,850	2,413,850	1,975,676
Change in Net Position	(44,424)	(44,424)	1,991,666
Net Position - Beginning			19,642,510
Net Position - Ending			21,634,176

**CITY OF FREEPORT, ILLINOIS****Firefighters' Pension - Pension Trust Fund****Schedule of Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 778,855	778,855	782,624
Contributions - Plan Members	280,000	280,000	270,815
Total Contributions	1,058,855	1,058,855	1,053,439
Investment Income			
Interest Earned	900,000	900,000	761,018
Net Change in Fair Value	-	-	2,693,982
	900,000	900,000	3,455,000
Less Investment Expenses	-	-	(81,519)
Net Investment Income	900,000	900,000	3,373,481
Total Additions	1,958,855	1,958,855	4,426,920
Deductions			
Administration	149,100	150,100	50,022
Benefits and Refunds	2,455,000	2,454,000	2,207,584
Total Deductions	2,604,100	2,604,100	2,257,606
Change in Net Position	(645,245)	(645,245)	2,169,314
Net Position - Beginning			31,522,639
Net Position - Ending			33,691,953

**CITY OF FREEPORT, ILLINOIS**

**Revolving Loan - Agency Fund**

**Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2014**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash and Investments	\$ 78,959	84,771	-	163,730
Receivables - Net of Allowances				
Loans	361,767	-	70,743	291,024
Total Assets	440,726	84,771	70,743	454,754
<b>LIABILITIES</b>				
Due to Others	440,726	14,028	-	454,754

## **SUPPLEMENTAL SCHEDULES**

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2004

April 30, 2014

Date of Issue	December 15, 2004
Date of Maturity	December 1, 2024
Authorized Issue	\$8,665,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% to 4.375%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank National Association

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2015	\$ 530,000	299,842	829,842	2014	149,921	2014	149,921
2016	555,000	275,992	830,992	2015	137,996	2015	137,996
2017	575,000	253,792	828,792	2016	126,896	2016	126,896
2018	600,000	230,792	830,792	2017	115,396	2017	115,396
2019	625,000	206,792	831,792	2018	103,396	2018	103,396
2020	645,000	181,792	826,792	2019	90,896	2019	90,896
2021	675,000	155,992	830,992	2020	77,996	2020	77,996
2022	700,000	128,318	828,318	2021	64,159	2021	64,159
2023	735,000	98,918	833,918	2022	49,459	2022	49,459
2024	760,000	67,680	827,680	2023	33,840	2023	33,840
2025	800,000	35,000	835,000	2024	17,500	2024	17,500
	<u>7,200,000</u>	<u>1,934,910</u>	<u>9,134,910</u>		<u>967,455</u>		<u>967,455</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2005

April 30, 2014

Date of Issue	January 15, 2005
Date of Maturity	December 1, 2029
Authorized Issue	\$5,735,000
Denomination of Bonds	\$5,000
Interest Rates	2.25% to 4.70%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank National Association

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2015	\$ 30,000	248,786	278,786	2014	124,393	2014	124,393
2016	35,000	247,646	282,646	2015	123,823	2015	123,823
2017	35,000	246,158	281,158	2016	123,079	2016	123,079
2018	35,000	244,672	279,672	2017	122,336	2017	122,336
2019	35,000	243,184	278,184	2018	121,592	2018	121,592
2020	40,000	241,696	281,696	2019	120,848	2019	120,848
2021	40,000	239,996	279,996	2020	119,998	2020	119,998
2022	40,000	238,296	278,296	2021	119,148	2021	119,148
2023	45,000	236,546	281,546	2022	118,273	2022	118,273
2024	45,000	234,578	279,578	2023	117,289	2023	117,289
2025	50,000	232,608	282,608	2024	116,304	2024	116,304
2026	915,000	230,422	1,145,422	2025	115,211	2025	115,211
2027	960,000	189,246	1,149,246	2026	94,623	2026	94,623
2028	1,000,000	146,046	1,146,046	2027	73,023	2027	73,023
2029	1,045,000	99,796	1,144,796	2028	49,898	2028	49,898
2030	1,095,000	51,466	1,146,466	2029	25,733	2029	25,733
	<u>5,445,000</u>	<u>3,371,142</u>	<u>8,816,142</u>		<u>1,685,571</u>		<u>1,685,571</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2006

April 30, 2014

Date of Issue	December 21, 2006
Date of Maturity	January 1, 2034
Authorized Issue	\$10,000,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% to 4.20%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2015	\$ 60,000	390,700	450,700	2014	195,350	2015	195,350
2016	60,000	388,300	448,300	2015	194,150	2016	194,150
2017	150,000	385,900	535,900	2016	192,950	2017	192,950
2018	460,000	380,275	840,275	2017	190,138	2018	190,137
2019	475,000	362,795	837,795	2018	181,398	2019	181,397
2020	495,000	344,270	839,270	2019	172,135	2020	172,135
2021	515,000	324,965	839,965	2020	162,483	2021	162,482
2022	535,000	304,365	839,365	2021	152,183	2022	152,182
2023	560,000	282,965	842,965	2022	141,483	2023	141,482
2024	575,000	260,565	835,565	2023	130,283	2024	130,282
2025	550,000	237,565	787,565	2024	118,783	2025	118,782
2026	575,000	215,565	790,565	2025	107,783	2026	107,782
2027	595,000	192,565	787,565	2026	96,283	2027	96,282
2028	625,000	168,765	793,765	2027	84,383	2028	84,382
2029	645,000	142,984	787,984	2028	71,492	2029	71,492
2030	510,000	116,378	626,378	2029	58,189	2030	58,189
2031	535,000	95,340	630,340	2030	47,670	2031	47,670
2032	555,000	72,870	627,870	2031	36,435	2032	36,435
2033	575,000	49,560	624,560	2032	24,780	2033	24,780
2034	605,000	25,410	630,410	2033	12,705	2034	12,705
	<u>9,655,000</u>	<u>4,742,102</u>	<u>14,397,102</u>		<u>2,371,056</u>		<u>2,371,046</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2013

April 30, 2014

Date of Issue	April 23, 2013
Date of Maturity	January 1, 2017
Authorized Issue	\$1,310,000
Denomination of Bonds	\$5,000
Interest Rate	2.00%
Interest Dates	July 1 and December 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Dec. 1	Amount
2015	\$ 345,000	19,300	364,300	2014	9,650	2015	9,650
2016	350,000	12,400	362,400	2015	6,200	2016	6,200
2017	270,000	5,400	275,400	2016	2,700	2017	2,700
	<u>965,000</u>	<u>37,100</u>	<u>1,002,100</u>		<u>18,550</u>		<u>18,550</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Bonds of 2013A

April 30, 2014

Date of Issue	April 23, 2013
Date of Maturity	January 1, 2028
Authorized Issue	\$1,020,000
Denomination of Bonds	\$5,000
Interest Rates	1.00% to 3.15%
Interest Dates	July 1 and December 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2015	\$ 65,000	23,595	88,595	2014	11,798	2015	11,797
2016	65,000	22,945	87,945	2015	11,473	2016	11,472
2017	65,000	22,293	87,293	2016	11,147	2017	11,146
2018	65,000	21,385	86,385	2017	10,693	2018	10,692
2019	70,000	20,475	90,475	2018	10,238	2019	10,237
2020	70,000	19,075	89,075	2019	9,538	2020	9,537
2021	70,000	17,675	87,675	2020	8,838	2021	8,837
2022	70,000	15,995	85,995	2021	7,998	2022	7,997
2023	75,000	14,315	89,315	2022	7,158	2023	7,157
2024	75,000	12,215	87,215	2023	6,108	2024	6,107
2025	80,000	10,115	90,115	2024	5,058	2025	5,057
2026	80,000	7,875	87,875	2025	3,938	2026	3,937
2027	85,000	5,355	90,355	2026	2,678	2027	2,677
2028	85,000	2,678	87,678	2027	1,339	2028	1,339
	<u>1,020,000</u>	<u>215,991</u>	<u>1,235,991</u>		<u>108,002</u>		<u>107,989</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### Installment Note Payable of 2001

April 30, 2014

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Date of Issue	November 6, 2001
Date of Maturity	March 31, 2022
Authorized Issue	\$135,000
Interest Rate	5.71%
Interest Dates	Monthly
Principal Maturity Date	Monthly
Payable at	U.S. Bank

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2015	\$ 7,640	3,772	11,412
2016	8,088	3,324	11,412
2017	8,562	2,850	11,412
2018	9,064	2,348	11,412
2019	9,595	1,817	11,412
2020	10,158	1,254	11,412
2021	10,753	659	11,412
2022	5,669	96	5,765
	69,529	16,120	85,649

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2002

April 30, 2014

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Date of Issue	January 28, 2002
Date of Maturity	January 31, 2022
Authorized Issue	\$73,850
Interest Rate	5.37%
Interest Dates	Monthly
Principal Maturity Date	Monthly
Payable at	U.S. Bank

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2015	\$ 4,161	1,911	6,072
2016	4,390	1,682	6,072
2017	4,632	1,440	6,072
2018	4,887	1,185	6,072
2019	4,715	851	5,566
2020	5,415	656	6,071
2021	5,713	358	6,071
2022	3,554	65	3,619
	37,467	8,148	45,615

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### Installment Note Payable of 2010

April 30, 2014

Date of Issue	April 28, 2010
Date of Maturity	April 28, 2020
Authorized Issue	\$325,000
Interest Rate	2.77%
Interest Dates	April 28 and October 28
Principal Maturity Date	April 28
Payable at	U.S. Bank

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Oct. 28	Amount	Apr. 28	Amount
2015	\$ 31,956	5,476	37,432	2014	2,848	2015	2,628
2016	32,848	4,584	37,432	2015	2,405	2016	2,179
2017	33,764	3,668	37,432	2016	1,950	2017	1,718
2018	34,705	2,727	37,432	2017	1,483	2018	1,244
2019	35,673	1,759	37,432	2018	1,002	2019	757
2020	36,644	764	37,408	2019	508	2020	256
	205,590	18,978	224,568		10,196		8,782

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### Installment Note Payable of 2010

April 30, 2014

Date of Issue	April 28, 2010
Date of Maturity	April 28, 2020
Authorized Issue	\$425,000
Interest Rate	4.13%
Interest Dates	April 28 and October 28
Principal Maturity Date	April 28
Payable at	U.S. Bank

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Oct. 28	Amount	Apr. 28	Amount
2015	\$ 41,355	10,955	52,310	2014	5,689	2015	5,266
2016	43,080	9,230	52,310	2015	4,835	2016	4,395
2017	44,878	7,432	52,310	2016	3,945	2017	3,487
2018	46,750	5,560	52,310	2017	3,019	2018	2,541
2019	48,701	3,609	52,310	2018	2,053	2019	1,556
2020	50,732	1,577	52,309	2019	1,048	2020	529
	<u>275,496</u>	<u>38,363</u>	<u>313,859</u>		<u>20,589</u>		<u>17,774</u>

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2012

April 30, 2014

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Date of Issue	January 11, 2012
Date of Maturity	January 15, 2017
Authorized Issue	\$879,571
Interest Rate	6.00%
Interest Dates	Semi-Annually
Principal Maturity Date	Semi-Annually
Payable at	Walmart

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2015	\$ 104,856	16,638	121,494
2016	111,242	10,252	121,494
2017	87,028	3,478	90,506
	303,126	30,368	333,494

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2012

April 30, 2014

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Date of Issue	January 11, 2012
Date of Maturity	January 15, 2018
Authorized Issue	\$1,230,724
Interest Rate	6.00%
Interest Dates	Semi-Annually
Principal Maturity Date	Semi-Annually
Payable at	Menards

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2015	\$ 136,456	33,542	169,998
2016	144,766	25,232	169,998
2017	153,581	16,416	169,997
2018	157,843	7,062	164,905
	592,646	82,252	674,898