

# CITY OF FREEPORT, ILLINOIS

---

## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2016

# CITY OF FREEPORT, ILLINOIS

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

October 4, 2016

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

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

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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', basic financial statements. 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 October 4, 2016, 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

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

## **CITY OF FREEPORT, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2016**

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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, 2016. 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 and the implementation of GASB Statement No. 68. Net position of the governmental activities decreased by \$3,273,743 or 17.8 percent and net position of business-type activities decreased by \$2,259,346, or 5.6 percent.
- During the year, government-wide revenues for the primary government totaled \$35,081,998 while expenses totaled \$38,355,741, resulting in a decrease to net position of \$3,273,743.
- The City's net position totaled \$15,157,591 on April 30, 2016, which includes \$42,686,079 net investment in capital assets, \$5,975,358 subject to external restrictions, and (\$35,503,846) unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$388,167 resulting in ending fund balance of \$6,398,977 an increase of 6.5 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, 2016**

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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, 2016**

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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 - 71 of this report.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2016

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#### 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 72 - 81 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 82 - 125 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 \$15,157,591.

|                                  | Net Position  |             |               |             |              |              |
|----------------------------------|---------------|-------------|---------------|-------------|--------------|--------------|
|                                  | Governmental  |             | Business-type |             | Total        |              |
|                                  | Activities    |             | Activities    |             |              |              |
|                                  | 2016          | 2015        | 2016          | 2015        | 2016         | 2015         |
| Current/Other Assets             | \$ 14,455,116 | 14,990,662  | 8,276,560     | 6,836,949   | 22,731,676   | 21,827,611   |
| Capital Assets                   | 17,186,704    | 15,899,260  | 64,304,405    | 64,278,096  | 81,491,109   | 80,177,356   |
| Deferred Outflows                | 5,906,156     | -           | 800,753       | -           | 6,706,909    | -            |
| Total Assets/Deferred Outflows   | 37,547,976    | 30,889,922  | 73,381,718    | 71,115,045  | 110,929,694  | 102,004,967  |
| Long-Term Debt                   | 44,702,767    | 15,261,909  | 40,367,541    | 38,896,748  | 85,070,308   | 54,158,657   |
| Other Liabilities                | 2,353,995     | 2,511,291   | 4,577,942     | 3,942,078   | 6,931,937    | 6,453,369    |
| Deferred Inflows                 | 3,769,858     | 3,377,549   | -             | -           | 3,769,858    | 3,377,549    |
| Total Liabilities                | 50,826,620    | 21,150,749  | 44,945,483    | 42,838,826  | 95,772,103   | 63,989,575   |
| Net Position                     |               |             |               |             |              |              |
| Net Investment in Capital Assets | 13,538,093    | 11,266,570  | 29,147,986    | 30,269,944  | 42,686,079   | 41,536,514   |
| Restricted                       | 2,370,143     | 2,993,214   | 3,605,215     | 4,033,827   | 5,975,358    | 7,027,041    |
| Unrestricted (Deficit)           | (29,186,880)  | (4,520,611) | (4,316,966)   | (6,027,552) | (33,503,846) | (10,548,163) |
| Total Net Position               | (13,278,644)  | 9,739,173   | 28,436,235    | 28,276,219  | 15,157,591   | 38,015,392   |

A large portion of the City's net position, \$42,686,079, 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.

# CITY OF FREEPORT, ILLINOIS

## Management's Discussion and Analysis April 30, 2016

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$5,975,358, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$33,503,846), 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.

|   | Change in Net Position     |            |                             |             |             |             |
|---|----------------------------|------------|-----------------------------|-------------|-------------|-------------|
|   | Governmental<br>Activities |            | Business-Type<br>Activities |             | Total       |             |
|   | 2016                       | 2015       | 2016                        | 2015        | 2016        | 2015        |
| <b>Revenues</b>                             |                            |            |                             |             |             |             |
| Program Revenues                            |                            |            |                             |             |             |             |
| Charges for Services                        | \$ 3,424,463               | 5,863,102  | 9,113,530                   | 8,940,399   | 12,537,993  | 14,803,501  |
| Operating Grants/Contrib.                   | 2,224,161                  | 2,300,027  | -                           | -           | 2,224,161   | 2,300,027   |
| Capital Grants/Contrib.                     | 423,847                    | 411,756    | 532,814                     | 676,451     | 956,661     | 1,088,207   |
| General Revenues                            |                            |            |                             |             |             |             |
| Property Taxes                              | 4,463,922                  | 4,626,682  | -                           | -           | 4,463,922   | 4,626,682   |
| Retailers Occupation Tax                    | 7,533,554                  | 7,545,933  | -                           | -           | 7,533,554   | 7,545,933   |
| Income Taxes                                | 2,622,429                  | 2,582,919  | -                           | -           | 2,622,429   | 2,582,919   |
| State Sales and Use Taxes                   | 588,308                    | 509,427    | -                           | -           | 588,308     | 509,427     |
| Replacement Taxes                           | 380,679                    | 473,790    | -                           | -           | 380,679     | 473,790     |
| Other Taxes                                 | 2,496,347                  | 2,575,938  | -                           | -           | 2,496,347   | 2,575,938   |
| Interest Income                             | 15,012                     | 9,917      | 3,235                       | 4,389       | 18,247      | 14,306      |
| Miscellaneous                               | 916,984                    | 1,533,864  | 342,713                     | 337,458     | 1,259,697   | 1,871,322   |
| Total Revenues                              | 25,089,706                 | 28,433,355 | 9,992,292                   | 9,958,697   | 35,081,998  | 38,392,052  |
| <b>Expenses</b>                             |                            |            |                             |             |             |             |
| General Government                          | 11,204,465                 | 13,268,696 | -                           | -           | 11,204,465  | 13,268,696  |
| Public Safety                               | 12,526,550                 | 8,870,014  | -                           | -           | 12,526,550  | 8,870,014   |
| Public Works                                | 4,383,911                  | 5,363,295  | -                           | -           | 4,383,911   | 5,363,295   |
| Culture and Recreation                      | 1,444,113                  | 1,462,049  | -                           | -           | 1,444,113   | 1,462,049   |
| Interest on Long-Term Debt                  | 126,691                    | 168,758    | -                           | -           | 126,691     | 168,758     |
| Water Department                            | -                          | -          | 2,544,737                   | 2,208,000   | 2,544,737   | 2,208,000   |
| Sewer Department                            | -                          | -          | 4,159,456                   | 3,850,625   | 4,159,456   | 3,850,625   |
| Storm Sewer                                 | -                          | -          | 591,893                     | 601,144     | 591,893     | 601,144     |
| Nonmajor                                    | -                          | -          | 1,373,925                   | 4,858,817   | 1,373,925   | 4,858,817   |
| Total Expenses                              | 29,685,730                 | 29,132,812 | 8,670,011                   | 11,518,586  | 38,355,741  | 40,651,398  |
| <b>Change in Net Position</b>               |                            |            |                             |             |             |             |
| Before Transfers                            | (4,596,024)                | (699,457)  | 1,322,281                   | (1,559,889) | (3,273,743) | (2,259,346) |
| <b>Transfers</b>                            | 980,038                    | (282,070)  | (980,038)                   | 282,070     | -           | -           |
| <b>Change in Net Position</b>               | (3,615,986)                | (981,527)  | 342,243                     | (1,277,819) | (3,273,743) | (2,259,346) |
| <b>Net Position - Beginning as Restated</b> | (9,662,658)                | 10,720,700 | 28,093,992                  | 29,554,038  | 18,431,334  | 40,274,738  |
| <b>Net Position - Ending</b>                | (13,278,644)               | 9,739,173  | 28,436,235                  | 28,276,219  | 15,157,591  | 38,015,392  |

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2016

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the City of Freeport's governmental activities decreased by 37.4 percent ((\$9,662,658) restated balance in 2015 compared to (\$13,278,644) in 2016). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled (\$29,186,880) at April 30, 2016.

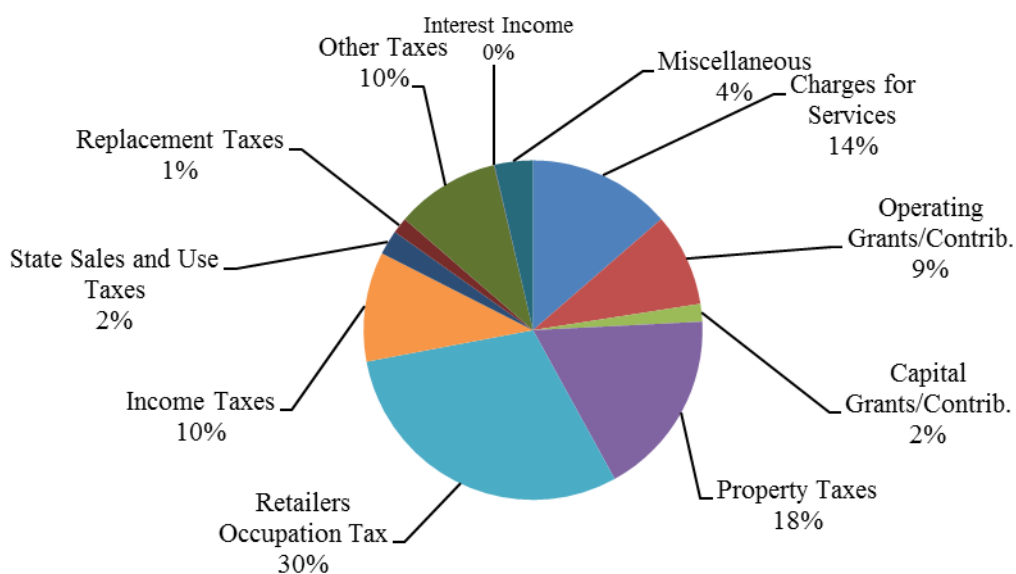
Net position of the business-type activities decreased by 1.2 percent (\$28,093,992 restated in 2015 compared to \$28,436,235 in 2016).

#### Governmental Activities

Revenues for governmental activities totaled \$25,089,706, while the cost of all governmental functions totaled \$29,685,730. This results in a deficit of \$4,596,024 prior to transfers in of \$980,038. In 2015, revenues of \$28,433,355 fell short of expenses of \$29,132,812, resulting in a deficit of \$699,457, prior to transfers out of \$282,070.

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

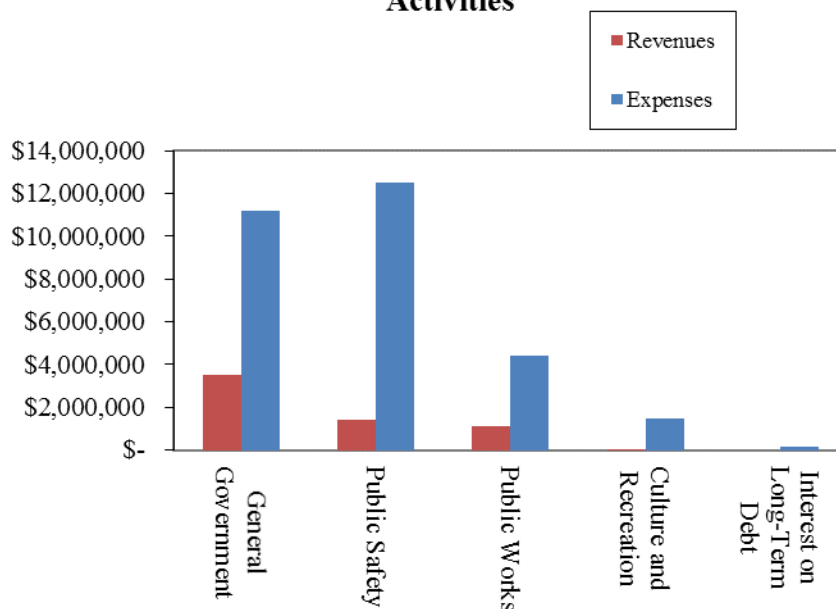
## Management's Discussion and Analysis April 30, 2016

### 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 \$9,992,292, while the cost of all business-type activities totaled \$8,670,011. This results in a surplus of \$1,322,281, prior to transfers out of \$980,038. In 2015, revenues of \$9,958,697 were lower than expenses of \$11,518,586, resulting in a deficit of \$1,559,889, prior to transfers in of \$282,070.

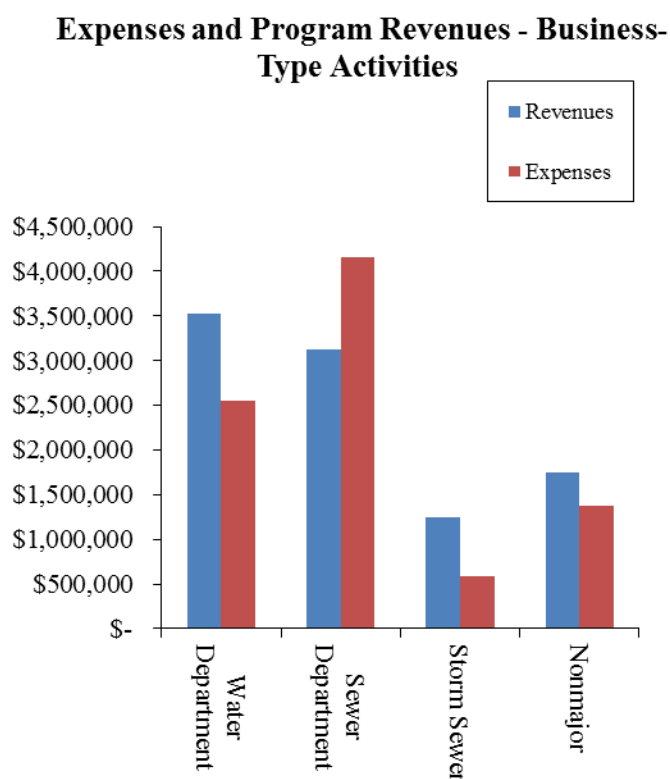
## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2016

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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 \$9,443,750, which is \$482,436, or 4.9 percent lower than last year's total of \$9,926,186. Of the \$9,443,750 total, \$5,729,382, or approximately 60.7 percent, of the fund balance constitutes unassigned fund balance.

## **CITY OF FREEPORT, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2016**

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

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

The General Fund reported a positive change in fund balance for the year of \$388,167, an increase of 6.5 percent. The increase was primarily due to lower expenditures in the current year, a decrease of \$2,371,187 compared to prior year. The overall decrease in revenue of \$2.3 million was offset by decreases in total expenditures of \$2.4 million.

The General Fund is the chief operating fund of the City. At April 30, 2016, unassigned fund balance in the General Fund was \$5,767,842 which represents 90.1 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 30.7 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, Storm Sewer Fund, and Landfill Closure 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 \$21,307,315, while the previous fiscal year reported a net position of \$20,419,327. Unrestricted net position in the Water Department Fund totaled \$5,619,177 at April 30, 2016.

The net position in the Sewer Department Fund during the current fiscal year was \$11,317,936, while the previous fiscal year reported a net position of \$12,779,769. Unrestricted net position in the Sewer Department Fund totaled (\$4,354,735) at April 30, 2016.

The net position in the Storm Sewer Fund during the current fiscal year was \$1,279,401, while the previous fiscal year reported a net position of \$734,586. Unrestricted net position in the Sewer Department Fund totaled (\$112,991) at April 30, 2016.

The net position in the Landfill Closure Fund during the current fiscal year was (\$5,950,600), while the previous fiscal year reported a net position of (\$6,255,435). Unrestricted net position in the Landfill Closure Fund totaled (\$5,950,600) at April 30, 2016.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2016

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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 \$19,317,854, compared to budgeted revenues of \$22,392,146, which is 13.7 percent lower than budgeted revenues. The variance is due primarily to the charges for services revenues coming in under budget by \$2,906,182.

The General Fund actual expenditures for the year were \$18,793,886, compared to budgeted expenditures of \$24,989,862, which is 24.8 percent lower than budgeted expenditures. The general government function's actual expenditures were lower than budgeted expenditures by \$5,859,686.

#### 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, 2016 was \$81,491,109 (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<br>Activities           |            | Business-type<br>Activities |            | Total      |            |
|                          | 2016                                 | 2015       | 2016                        | 2015       | 2016       | 2015       |
| Land                     | \$ -                                 | -          | 53,809                      | 53,809     | 53,809     | 53,809     |
| Construction in Progress | 661,668.00                           | -          | 2,802,289                   | 20,236,796 | 3,463,957  | 20,236,796 |
| Buildings                | 8,214,135                            | 8,541,537  | 12,244,180                  | 12,375,238 | 20,458,315 | 20,916,775 |
| Equipment                | 600,414                              | 338,384    | 8,469,725                   | 2,744,807  | 9,070,139  | 3,083,191  |
| Vehicles                 | 1,996,518                            | 2,084,417  | -                           | -          | 1,996,518  | 2,084,417  |
| Infrastructure           | 5,713,969                            | 4,934,922  | 40,734,402                  | 28,867,446 | 46,448,371 | 33,802,368 |
| Total                    | 17,186,704                           | 15,899,260 | 64,304,405                  | 64,278,096 | 81,491,109 | 80,177,356 |

This year's major additions included:

| Governmental Activities  |                  | Business-Type Activities |                     |
|--------------------------|------------------|--------------------------|---------------------|
| Construction in Progress | \$ 661,668       | Construction in Progress | <u>\$ 3,699,264</u> |
| Equipment                | 322,351          |                          |                     |
| Vehicles                 | <u>363,272</u>   |                          |                     |
|                          | <u>1,347,291</u> |                          |                     |

Additional information on the City of Freeport's capital assets can be found in note 3 on pages 37 - 38 of this report.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2016

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#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Debt Administration

At year-end, the City of Freeport had total outstanding debt of \$38,945,816 as compared to \$38,814,476 the previous year, an increase of 0.3 percent. The following is a comparative statement of outstanding debt:

|                           | Long-Term Debt Outstanding |           |               |            |            |            |
|---------------------------|----------------------------|-----------|---------------|------------|------------|------------|
|                           | Governmental               |           | Business-type |            | Total      |            |
|                           | Activities                 |           | Activities    |            |            |            |
|                           | 2016                       | 2015      | 2016          | 2015       | 2016       | 2015       |
| General Obligation Bonds  | \$ 2,783,909               | 2,977,000 | 19,221,091    | 20,273,000 | 22,005,000 | 23,250,000 |
| Installment Notes Payable | 864,702                    | 1,472,413 | 140,786       | 173,634    | 1,005,488  | 1,646,047  |
| Capital Leases Payable    | -                          | 183,277   | -             | -          | -          | 183,277    |
| IEPA Loans Payable        | -                          | -         | 15,935,328    | 13,735,152 | 15,935,328 | 13,735,152 |
| Total                     | 3,648,611                  | 4,632,690 | 35,297,205    | 34,181,786 | 38,945,816 | 38,814,476 |

Additional information on the City of Freeport's long-term debt can be found in Note 3 on pages 40 - 47 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 GASB. 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, 2016**

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**See Following Page**

**CITY OF FREEPORT, ILLINOIS**

**Statement of Net Position**

**April 30, 2016**

|  | Governmental<br>Activities | Business-<br>Type<br>Activities | Totals       |
|--|----------------------------|---------------------------------|--------------|
| <b>ASSETS</b>                                      |                            |                                 |              |
| Current Assets                                     |                            |                                 |              |
| Cash and Cash Equivalents                          | \$ 7,685,268               | 1,461,435                       | 9,146,703    |
| Restricted Cash and Investments                    | -                          | 3,605,215                       | 3,605,215    |
| Receivables - Net of Allowances                    |                            |                                 |              |
| Property Taxes                                     | 3,346,188                  | -                               | 3,346,188    |
| Accounts   | 907,022                    | -                               | 907,022      |
| Accrued Interest                                   | -                          | 2,402,110                       | 2,402,110    |
| Other  | 552,139                    | -                               | 552,139      |
| Due from Other Governments                         | 1,540,109                  | 436,449                         | 1,976,558    |
| Internal Balances                                  | (214,337)                  | 214,337                         | -            |
| Prepays/Inventories                                | 638,727                    | 157,014                         | 795,741      |
| Total Current Assets                               | 14,455,116                 | 8,276,560                       | 22,731,676   |
| Noncurrent Assets                                  |                            |                                 |              |
| Capital Assets                                     |                            |                                 |              |
| Nondepreciable                                     | 661,668                    | 2,856,098                       | 3,517,766    |
| Depreciable  | 31,959,597                 | 90,444,530                      | 122,404,127  |
| Accumulated Depreciation                           | (15,434,561)               | (28,996,223)                    | (44,430,784) |
| Total Noncurrent Assets                            | 17,186,704                 | 64,304,405                      | 81,491,109   |
| Total Assets                                       | 31,641,820                 | 72,580,965                      | 104,222,785  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |                                 |              |
| Deferred Items - IMRF                              | 1,627,962                  | 800,753                         | 2,428,715    |
| Deferred Items - Police Pension                    | 2,024,377                  | -                               | 2,024,377    |
| Deferred Items - Firefighters' Pension             | 2,253,817                  | -                               | 2,253,817    |
| Total Deferred Outflows of Resources               | 5,906,156                  | 800,753                         | 6,706,909    |
| Total Assets and Deferred<br>Outflows of Resources | 37,547,976                 | 73,381,718                      | 110,929,694  |

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



|   | Governmental<br>Activities | Business-<br>Type<br>Activities | Totals       |
|---|----------------------------|---------------------------------|--------------|
| <b>LIABILITIES</b>                                  |                            |                                 |              |
| Current Liabilities                                 |                            |                                 |              |
| Accounts Payable                                    | \$ 1,248,532               | 2,074,326                       | 3,322,858    |
| Accrued Payroll                                     | 350,527                    | 70,937                          | 421,464      |
| Deposits Payable                                    | -                          | 232,885                         | 232,885      |
| Accrued Interest                                    | 35,268                     | 274,670                         | 309,938      |
| Other Payables                                      | 66,119                     | 40,541                          | 106,660      |
| Current Portion of Long-Term Debt                   | 653,549                    | 1,884,583                       | 2,538,132    |
| Total Current Liabilities                           | 2,353,995                  | 4,577,942                       | 6,931,937    |
| Noncurrent Liabilities                              |                            |                                 |              |
| Compensated Absences Payable                        | 349,942                    | 103,529                         | 453,471      |
| Net Pension Liability - IMRF                        | 2,107,475                  | 1,036,613                       | 3,144,088    |
| Net Pension Liability - Police Pension              | 22,182,880                 | -                               | 22,182,880   |
| Net Pension Liability - Firefighters' Pension       | 11,371,243                 | -                               | 11,371,243   |
| Net Other Post-Employment                           |                            |                                 |              |
| Benefits Obligation Payable                         | 5,608,680                  | -                               | 5,608,680    |
| General Obligation Bonds Payable                    | 2,578,727                  | 18,256,273                      | 20,835,000   |
| Installment Notes Payable                           | 503,820                    | -                               | 503,820      |
| IEPA Loans Payable                                  | -                          | 15,289,724                      | 15,289,724   |
| Notes Payable                                       | -                          | 107,022                         | 107,022      |
| Landfill Closure Liability                          | -                          | 5,574,380                       | 5,574,380    |
| Total Noncurrent Liabilities                        | 44,702,767                 | 40,367,541                      | 85,070,308   |
| Total Liabilities                                   | 47,056,762                 | 44,945,483                      | 92,002,245   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                            |                                 |              |
| Property Taxes                                      | 3,346,188                  | -                               | 3,346,188    |
| Deferred Items - Firefighters' Pension              | 423,670                    | -                               | 423,670      |
| Total Deferred Inflows of Resources                 | 3,769,858                  | -                               | 3,769,858    |
| Total Liabilities and Deferred Inflows of Resources | 50,826,620                 | 44,945,483                      | 95,772,103   |
| <b>NET POSITION</b>                                 |                            |                                 |              |
| Net Investment in Capital Assets                    | 13,538,093                 | 29,147,986                      | 42,686,079   |
| Restricted  |                            |                                 |              |
| Property Taxes - Special Revenues                   | 1,879,123                  | -                               | 1,879,123    |
| Capital Projects                                    | 370,145                    | -                               | 370,145      |
| Cemetery Care                                       | 120,875                    | -                               | 120,875      |
| Bond Ordinance                                      | -                          | 3,605,215                       | 3,605,215    |
| Unrestricted (Deficit)                              | (29,186,880)               | (4,316,966)                     | (33,503,846) |
| Total Net Position                                  | (13,278,644)               | 28,436,235                      | 15,157,591   |

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, 2016

|                                | Expenses      | Program Revenues           |                                       |                                     |
|--------------------------------|---------------|----------------------------|---------------------------------------|-------------------------------------|
|                                |               | Charges<br>for<br>Services | Operating<br>Grants/<br>Contributions | Capital<br>Grants/<br>Contributions |
| Governmental Activities        |               |                            |                                       |                                     |
| General Government             | \$ 11,204,465 | 2,050,382                  | 1,189,661                             | 252,404                             |
| Public Safety                  | 12,526,550    | 1,115,604                  | 285,227                               | -                                   |
| Public Works                   | 4,383,911     | 239,743                    | 714,297                               | 171,443                             |
| Culture and Recreation         | 1,444,113     | 18,734                     | 34,976                                | -                                   |
| Interest on Long-Term Debt     | 126,691       | -                          | -                                     | -                                   |
| Total Governmental Activities  | 29,685,730    | 3,424,463                  | 2,224,161                             | 423,847                             |
| Business-Type Activities       |               |                            |                                       |                                     |
| Water Department               | 2,544,737     | 3,526,212                  | -                                     | -                                   |
| Sewer Department               | 4,148,885     | 3,126,700                  | -                                     | -                                   |
| Storm Sewer                    | 442,104       | 715,768                    | -                                     | 532,814                             |
| Landfill Closure               | (21,304)      | 283,405                    | -                                     | -                                   |
| Health and Environment         | 1,395,229     | 1,461,445                  | -                                     | -                                   |
| Total Business-Type Activities | 8,509,651     | 9,113,530                  | -                                     | 532,814                             |
| Total Primary Government       | 38,195,381    | 12,537,993                 | 2,224,161                             | 956,661                             |

## General Revenues

### Taxes

Property

Retailers Occupation Tax

Other

Intergovernmental - Unrestricted

Income Taxes

State Sales and Use

Replacement Taxes

Interest

Miscellaneous

Transfers - Internal Balances

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 (Expenses)/Revenues    |                             |              |
|----------------------------|-----------------------------|--------------|
| Primary Government         |                             |              |
| Governmental<br>Activities | Business-Type<br>Activities | Totals       |
| (7,712,018)                | -                           | (7,712,018)  |
| (11,125,719)               | -                           | (11,125,719) |
| (3,258,428)                | -                           | (3,258,428)  |
| (1,390,403)                | -                           | (1,390,403)  |
| (126,691)                  | -                           | (126,691)    |
| (23,613,259)               | -                           | (23,613,259) |
| -                          | 981,475                     | 981,475      |
| -                          | (1,022,185)                 | (1,022,185)  |
| -                          | 806,478                     | 806,478      |
| -                          | 304,709                     | 304,709      |
| -                          | 66,216                      | 66,216       |
| -                          | 1,136,693                   | 1,136,693    |
| (23,613,259)               | 1,136,693                   | (22,476,566) |
| 4,463,922                  | -                           | 4,463,922    |
| 7,533,554                  | -                           | 7,533,554    |
| 2,496,347                  | -                           | 2,496,347    |
| 2,622,429                  | -                           | 2,622,429    |
| 588,308                    | -                           | 588,308      |
| 380,679                    | -                           | 380,679      |
| 15,012                     | 3,235                       | 18,247       |
| 916,984                    | 182,353                     | 1,099,337    |
| 980,038                    | (980,038)                   | -            |
| 19,997,273                 | (794,450)                   | 19,202,823   |
| (3,615,986)                | 342,243                     | (3,273,743)  |
| (9,662,658)                | 28,093,992                  | 18,431,334   |
| (13,278,644)               | 28,436,235                  | 15,157,591   |

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

**CITY OF FREEPORT, ILLINOIS**

**Balance Sheet - Governmental Funds  
April 30, 2016**

|   | General      | Nonmajor  | Totals     |
|---|--------------|-----------|------------|
| <b>ASSETS</b>   |              |           |            |
| Cash and Investments  | \$ 4,753,784 | 2,931,484 | 7,685,268  |
| Receivables - Net of Allowances                                       |              |           |            |
| Property Taxes  | 2,211,451    | 1,134,737 | 3,346,188  |
| Accounts  | 236,940      | 670,082   | 907,022    |
| Other   | 552,139      | -         | 552,139    |
| Due from Other Governments  | 1,540,109    | -         | 1,540,109  |
| Due from Other Funds  | 25,857       | 184,338   | 210,195    |
| Prepays   | 631,135      | 7,592     | 638,727    |
| Total Assets  | 9,951,415    | 4,928,233 | 14,879,648 |
| <b>LIABILITIES</b>  |              |           |            |
| Accounts Payable  | 787,919      | 442,423   | 1,230,342  |
| Accrued Payroll   | 315,710      | 34,817    | 350,527    |
| Due to Other Funds  | 181,835      | 260,887   | 442,722    |
| Other Payables  | 55,523       | 10,596    | 66,119     |
| Total Liabilities   | 1,340,987    | 748,723   | 2,089,710  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |              |           |            |
| Property Taxes  | 2,211,451    | 1,134,737 | 3,346,188  |
| Total Liabilities and Deferred Inflows<br>of Resources                | 3,552,438    | 1,883,460 | 5,435,898  |
| <b>FUND BALANCES</b>  |              |           |            |
| Nonspendable  | 631,135      | 7,592     | 638,727    |
| Restricted  | -            | 2,370,143 | 2,370,143  |
| Committed   | -            | 699,812   | 699,812    |
| Assigned  | -            | 5,686     | 5,686      |
| Unassigned  | 5,767,842    | (38,460)  | 5,729,382  |
| Total Fund Balances   | 6,398,977    | 3,044,773 | 9,443,750  |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | 9,951,415    | 4,928,233 | 14,879,648 |

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, 2016

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|   |                     |
|---|---------------------|
| <b>Total Governmental Fund Balances</b> | <b>\$ 9,443,750</b> |
|---|---------------------|

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

|   |            |
|---|------------|
| Capital assets used in governmental activities are not financial<br>resources and therefore, are not reported in the funds. | 17,186,704 |
|---|------------|

Deferred outflows (inflows) of resources related to the pensions not  
reported in the funds.

|  |           |
|--|-----------|
| Deferred Items - IMRF                  | 1,627,962 |
| Deferred Items - Police Pension        | 2,024,377 |
| Deferred Items - Firefighters' Pension | 1,830,147 |

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

|   |                 |
|---|-----------------|
| Compensated Absences Payable                  | (437,427)       |
| Net Pension Liability - IMRF                  | (2,107,475)     |
| Net Pension Liability - Police Pension        | (22,182,880)    |
| Net Pension Liability - Firefighters' Pension | (11,371,243)    |
| Net Other Post-Employment Benefit Obligation  | (5,608,680)     |
| General Obligation Bonds Payable              | (2,783,909)     |
| Installment Notes Payable                     | (864,702)       |
| Accrued Interest Payable                      | <u>(35,268)</u> |

|  |                                   |
|--|-----------------------------------|
| <b>Net Position of Governmental Activities</b> | <b><u><u>(13,278,644)</u></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, 2016**

|  | General       | Nonmajor    | Totals      |
|--|---------------|-------------|-------------|
| Revenues   |               |             |             |
| Taxes  | \$ 12,302,001 | 2,191,822   | 14,493,823  |
| Licenses, Permits and Fees                                   | 754,505       | 823,386     | 1,577,891   |
| Intergovernmental  | 3,738,313     | 2,501,111   | 6,239,424   |
| Charges for Services   | 1,581,484     | -           | 1,581,484   |
| Fines and Forfeits   | 265,088       | -           | 265,088     |
| Interest   | 5,830         | 9,182       | 15,012      |
| Miscellaneous  | 670,633       | 246,351     | 916,984     |
| Total Revenues   | 19,317,854    | 5,771,852   | 25,089,706  |
| Expenditures   |               |             |             |
| Current  |               |             |             |
| General Government   | 8,607,186     | 1,793,410   | 10,400,596  |
| Public Safety  | 7,426,875     | 228,836     | 7,655,711   |
| Public Works   | 2,521,924     | 1,995,077   | 4,517,001   |
| Culture and Recreation                                       | 237,901       | 1,019,033   | 1,256,934   |
| Capital Outlay   | -             | 622,967     | 622,967     |
| Debt Service   |               |             |             |
| Principal Retirement   | -             | 994,826     | 994,826     |
| Interest and Fiscal Charges                                  | -             | 125,607     | 125,607     |
| Total Expenditures   | 18,793,886    | 6,779,756   | 25,573,642  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 523,968       | (1,007,904) | (483,936)   |
| Other Financing Sources (Uses)                               |               |             |             |
| Disposal of Capital Assets                                   | 1,500         | -           | 1,500       |
| Debt Issuance  | -             | 1,809,747   | 1,809,747   |
| Premium on Debt Issuance                                     | -             | 37,591      | 37,591      |
| Payment to Escrow Agent                                      | -             | (1,847,338) | (1,847,338) |
| Transfers In   | 291,935       | 927,576     | 1,219,511   |
| Transfers Out  | (429,236)     | (790,275)   | (1,219,511) |
|  | (135,801)     | 137,301     | 1,500       |
| Net Change in Fund Balances                                  | 388,167       | (870,603)   | (482,436)   |
| Fund Balances - Beginning                                    | 6,010,810     | 3,915,376   | 9,926,186   |
| Fund Balances - Ending                                       | 6,398,977     | 3,044,773   | 9,443,750   |

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, 2016

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|   |                     |
|---|---------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b> | <b>\$ (482,436)</b> |
|---|---------------------|

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                      | 1,347,291   |
| Depreciation Expense                 | (1,039,885) |
| Disposals - Cost                     | (1,714,580) |
| Disposals - Accumulated Depreciation | 1,714,580   |

The net effect of deferred outflows (inflows) of resources related to the pensions  
not reported in the funds.

|  |           |
|--|-----------|
| Change in Deferred Items - IMRF                  | 2,257,423 |
| Change in Deferred Items - Police Pension        | 82,907    |
| Change in Deferred Items - Firefighters' Pension | 681,808   |

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                 | 8,494       |
| Additions to Net Pension Liability - IMRF                  | (1,386,424) |
| Additions to Net Pension Liability - Police Pension        | (2,625,760) |
| Additions to Net Pension Liability - Firefighters' Pension | (2,770,620) |
| Additions to Net Other Post-Employment Benefit Obligations | (682,526)   |
| Retirement of Debt   | 2,793,826   |
| Debt Issuance  | (1,809,747) |

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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9,663

**Changes in Net Position of Governmental Activities**

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**(3,615,986)**

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, 2016**

|  |    | Water<br>Department      |
|--|----|--------------------------|
| <b>ASSETS</b>                                |    |                          |
| Current Assets                               |    |                          |
| Cash and Investments                         | \$ | 1,174,588                |
| Restricted Cash and Investments              |    | 1,408,661                |
| Receivables - Net of Allowances              |    |                          |
| Accounts                                     |    | 1,719,435                |
| Due from Other Governments                   |    | -                        |
| Due from Other Funds                         |    | 5,375,411                |
| Prepays                                      |    | 6,740                    |
| Inventories                                  |    | 16,253                   |
| Total Current Assets                         |    | <u>9,701,088</u>         |
| Noncurrent Assets                            |    |                          |
| Capital Assets                               |    |                          |
| Nondepreciable                               |    | 2,818,837                |
| Depreciable                                  |    | 28,893,269               |
| Accumulated Depreciation                     |    | (8,160,766)              |
| Total Noncurrent Assets                      |    | <u>23,551,340</u>        |
| Total Assets                                 |    | <u>33,252,428</u>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |    |                          |
| Deferred Items - IMRF                        |    | 333,399                  |
| Total Assets/ Deferred Outflows of Resources |    | <u>33,585,827</u>        |
| <b>LIABILITIES</b>                           |    |                          |
| Current Liabilities                          |    |                          |
| Accounts Payable                             |    | 1,861,239                |
| Accrued Payroll                              |    | 28,421                   |
| Deposits Payable                             |    | 229,600                  |
| Accrued Interest                             |    | 24,375                   |
| Due to Other Funds                           |    | 378,723                  |
| Other Payables                               |    | -                        |
| Current Portion of Long-Term Debt            |    | 333,874                  |
| Total Current Liabilities                    |    | <u>2,856,232</u>         |
| Noncurrent Liabilities                       |    |                          |
| Compensated Absences Payable                 |    | 42,152                   |
| Net Pension Liability - IMRF                 |    | 431,601                  |
| General Obligation Bonds Payable             |    | -                        |
| IEPA Loans Payable                           |    | 8,948,527                |
| Notes Payable                                |    | -                        |
| Landfill Closure Liability                   |    | -                        |
| Total Noncurrent Liabilities                 |    | <u>9,422,280</u>         |
| Total Liabilities                            |    | <u>12,278,512</u>        |
| <b>NET POSITION</b>                          |    |                          |
| Net Investment in Capital Assets             |    | 14,279,477               |
| Restricted - Bond Ordinance                  |    | 1,408,661                |
| Unrestricted (Deficit)                       |    | 5,619,177                |
| Total Net Position                           |    | <u><u>21,307,315</u></u> |

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



| Business-Type Activities - Enterprise |                |                     |                                       |              |
|---------------------------------------|----------------|---------------------|---------------------------------------|--------------|
| Sewer<br>Department                   | Storm<br>Sewer | Landfill<br>Closure | Nonmajor<br>Health and<br>Environment | Totals       |
| -                                     | -              | 70,089              | 216,758                               | 1,461,435    |
| 1,559,281                             | 637,273        | -                   | -                                     | 3,605,215    |
| 469,626                               | 213,049        | -                   | -                                     | 2,402,110    |
| 436,449                               | -              | -                   | -                                     | 436,449      |
| -                                     | 214,337        | -                   | 378,723                               | 5,968,471    |
| 360                                   | -              | -                   | -                                     | 7,100        |
| 133,661                               | -              | -                   | -                                     | 149,914      |
| 2,599,377                             | 1,064,659      | 70,089              | 595,481                               | 14,030,694   |
| 37,261                                | -              | -                   | -                                     | 2,856,098    |
| 51,304,624                            | 10,246,637     | -                   | -                                     | 90,444,530   |
| (18,621,014)                          | (2,214,443)    | -                   | -                                     | (28,996,223) |
| 32,720,871                            | 8,032,194      | -                   | -                                     | 64,304,405   |
| 35,320,248                            | 9,096,853      | 70,089              | 595,481                               | 78,335,099   |
| 458,725                               | 8,629          | -                   | -                                     | 800,753      |
| 35,778,973                            | 9,105,482      | 70,089              | 595,481                               | 79,135,852   |
| 49,322                                | -              | 50,467              | 113,298                               | 2,074,326    |
| 40,350                                | 2,166          | -                   | -                                     | 70,937       |
| 3,285                                 | -              | -                   | -                                     | 232,885      |
| 168,960                               | 81,335         | -                   | -                                     | 274,670      |
| 4,924,521                             | 450,890        | -                   | -                                     | 5,754,134    |
| -                                     | -              | 40,541              | -                                     | 40,541       |
| 1,012,790                             | 289,640        | 248,279             | -                                     | 1,884,583    |
| 6,199,228                             | 824,031        | 339,287             | 113,298                               | 10,332,076   |
| 58,622                                | 2,755          | -                   | -                                     | 103,529      |
| 593,841                               | 11,171         | -                   | -                                     | 1,036,613    |
| 11,268,149                            | 6,988,124      | -                   | -                                     | 18,256,273   |
| 6,341,197                             | -              | -                   | -                                     | 15,289,724   |
| -                                     | -              | 107,022             | -                                     | 107,022      |
| -                                     | -              | 5,574,380           | -                                     | 5,574,380    |
| 18,261,809                            | 7,002,050      | 5,681,402           | -                                     | 40,367,541   |
| 24,461,037                            | 7,826,081      | 6,020,689           | 113,298                               | 50,699,617   |
| 14,113,390                            | 755,119        | -                   | -                                     | 29,147,986   |
| 1,559,281                             | 637,273        | -                   | -                                     | 3,605,215    |
| (4,354,735)                           | (112,991)      | (5,950,600)         | 482,183                               | (4,316,966)  |
| 11,317,936                            | 1,279,401      | (5,950,600)         | 482,183                               | 28,436,235   |

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, 2016**

|  | <u>Water<br/>Department</u> |
|--|-----------------------------|
| Operating Revenues                               |                             |
| Charges for Services                             | <u>\$ 3,518,605</u>         |
| Operating Expenses                               |                             |
| Operations                                       | 1,817,154                   |
| Depreciation                                     | <u>636,141</u>              |
| Total Operating Expenses                         | <u>2,453,295</u>            |
| Operating Income (Loss)                          | <u>1,065,310</u>            |
| Nonoperating Revenues (Expenses)                 |                             |
| Interest Income                                  | 203                         |
| Connection Fees                                  | 7,607                       |
| Other Income                                     | 147,137                     |
| Disposal of Capital Assets                       | (5,531)                     |
| Interest Expense                                 | <u>(85,911)</u>             |
|  | <u>63,505</u>               |
| Income (Loss) Before Contributions and Transfers | 1,128,815                   |
| Capital Grant                                    | -                           |
| Transfers In                                     | -                           |
| Transfers Out                                    | <u>(240,827)</u>            |
| Change in Net Position                           | 887,988                     |
| Net Position - Beginning as Restated             | <u>20,419,327</u>           |
| Net Position - Ending                            | <u><u>21,307,315</u></u>    |

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

| Business-Type Activities - Enterprise |                |                     |                                       |             |
|---------------------------------------|----------------|---------------------|---------------------------------------|-------------|
| Sewer<br>Department                   | Storm<br>Sewer | Landfill<br>Closure | Nonmajor<br>Health and<br>Environment | Totals      |
| 3,120,999                             | 715,768        | 283,405             | 1,461,445                             | 9,100,222   |
| 2,461,804                             | 58,015         | (25,888)            | 1,395,229                             | 5,706,314   |
| 1,054,132                             | 231,593        | -                   | -                                     | 1,921,866   |
| 3,515,936                             | 289,608        | (25,888)            | 1,395,229                             | 7,628,180   |
| (394,937)                             | 426,160        | 309,293             | 66,216                                | 1,472,042   |
| 2,595                                 | 89             | 126                 | 222                                   | 3,235       |
| 5,701                                 | -              | -                   | -                                     | 13,308      |
| 4,981                                 | 30,235         | -                   | -                                     | 182,353     |
| (173,175)                             | -              | -                   | -                                     | (178,706)   |
| (459,774)                             | (152,496)      | (4,584)             | -                                     | (702,765)   |
| (619,672)                             | (122,172)      | (4,458)             | 222                                   | (682,575)   |
| (1,014,609)                           | 303,988        | 304,835             | 66,438                                | 789,467     |
| 532,814                               | -              | -                   | -                                     | 532,814     |
| -                                     | 240,827        | -                   | -                                     | 240,827     |
| (980,038)                             | -              | -                   | -                                     | (1,220,865) |
| (1,461,833)                           | 544,815        | 304,835             | 66,438                                | 342,243     |
| 12,779,769                            | 734,586        | (6,255,435)         | 415,745                               | 28,093,992  |
| 11,317,936                            | 1,279,401      | (5,950,600)         | 482,183                               | 28,436,235  |

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, 2016

|  | Water<br>Department     |
|--|-------------------------|
| Cash Flows from Operating Activities                     |                         |
| Receipts from Customers and Users                        | \$ 1,308,582            |
| Payments to Suppliers                                    | (2,342)                 |
| Payments to Employees                                    | (669,836)               |
|  | <u>636,404</u>          |
| Cash Flows from Capital and Related Financing Activities |                         |
| Purchase of Capital Assets                               | (2,993,171)             |
| Disposal of Capital Assets                               | 125,539                 |
| Payment of Debt Principal                                | (315,650)               |
| Capital Grants   | -                       |
| Proceeds of Debt Issuance                                | 2,587,238               |
| Interest and Fiscal Charges                              | (85,911)                |
|  | <u>(681,955)</u>        |
| Cash Flows from Noncapital Financing Activities          |                         |
| Transfers In   | -                       |
| Transfers Out  | (240,827)               |
|  | <u>(240,827)</u>        |
| Cash Flows from Investing Activities                     |                         |
| Interest Received  | 203                     |
|  | <u>203</u>              |
| Net Change in Cash and Cash Equivalents                  | (286,175)               |
| Cash and Cash Equivalents - Beginning                    | <u>2,869,424</u>        |
| Cash and Cash Equivalents - Ending                       | <u><u>2,583,249</u></u> |
| Reconciliation of Operating Income to Net Cash           |                         |
| Provided (Used) by Operating Activities                  |                         |
| Operating Income (Loss)                                  | 1,065,310               |
| Adjustments to Reconcile Operating Income                |                         |
| Income to Net Cash Provided by                           |                         |
| (Used in) Operating Activities:                          |                         |
| Depreciation   | 636,141                 |
| Other Income   | 154,744                 |
| Other Expenses   | 22,331                  |
| (Increase) Decrease in Current Assets                    | (2,364,767)             |
| Increase (Decrease) in Current Liabilities               | 1,122,645               |
|  | <u>636,404</u>          |
| Net Cash Provided by Operating Activities                | <u><u>636,404</u></u>   |

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

| Business-Type Activities - Enterprise Funds |                |                     |                                       |             |
|---|----------------|---------------------|---------------------------------------|-------------|
| Sewer<br>Department                         | Storm<br>Sewer | Landfill<br>Closure | Nonmajor<br>Health and<br>Environment | Totals      |
| 2,980,050                                   | 512,372        | 283,405             | 1,455,444                             | 6,539,853   |
| (1,037,024)                                 | (92,656)       | 59,709              | (1,397,344)                           | (2,469,657) |
| (926,098)                                   | (48,981)       | -                   | -                                     | (1,644,915) |
| 1,016,928                                   | 370,735        | 343,114             | 58,100                                | 2,425,281   |
| 660,588                                     | (240,827)      | -                   | -                                     | (2,573,410) |
| 320,990                                     | -              | -                   | -                                     | 446,529     |
| (1,472,393)                                 | (7,587,251)    | (278,463)           | -                                     | (9,653,757) |
| 532,814                                     | -              | -                   | -                                     | 532,814     |
| 724,972                                     | 7,211,351      | -                   | -                                     | 10,523,561  |
| (459,774)                                   | (152,496)      | (4,584)             | -                                     | (702,765)   |
| 307,197                                     | (769,223)      | (283,047)           | -                                     | (1,427,028) |
| -   | 240,827        | -                   | -                                     | 240,827     |
| (980,038)                                   | -              | -                   | -                                     | (1,220,865) |
| (980,038)                                   | 240,827        | -                   | -                                     | (980,038)   |
| 2,595                                       | 89             | 126                 | 222                                   | 3,235       |
| 346,682                                     | (157,572)      | 60,193              | 58,322                                | 21,450      |
| 1,212,599                                   | 794,845        | 9,896               | 158,436                               | 5,045,200   |
| 1,559,281                                   | 637,273        | 70,089              | 216,758                               | 5,066,650   |
| (394,937)                                   | 426,160        | 309,293             | 66,216                                | 1,472,042   |
| 1,054,132                                   | 231,593        | -                   | -                                     | 1,921,866   |
| 10,682                                      | 30,235         | -                   | -                                     | 195,661     |
| 30,725                                      | 578            | -                   | -                                     | 53,634      |
| (151,631)                                   | (233,631)      | -                   | (6,001)                               | (2,756,030) |
| 467,957                                     | (84,200)       | 33,821              | (2,115)                               | 1,538,108   |
| 1,016,928                                   | 370,735        | 343,114             | 58,100                                | 2,425,281   |

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

**CITY OF FREEPORT, ILLINOIS****Trust and Agency Funds****Statement of Fiduciary Net Position  
April 30, 2016**

|  | Private<br>Purpose<br>Trust | Pension<br>Trust | Agency  |
|--|-----------------------------|------------------|---------|
| <b>ASSETS</b>                          |                             |                  |         |
| Cash and Cash Equivalents              | \$ 51,048                   | 626,585          | 277,761 |
| Investments                            |                             |                  |         |
| U.S. Government and Agency Obligations | -                           | 7,985,283        | -       |
| State and Local Obligations            | -                           | 817,142          | -       |
| Corporate Obligations                  | -                           | 9,731,072        | -       |
| Common Stocks                          | -                           | 4,660,969        | -       |
| Mutual Funds                           | -                           | 29,436,520       | -       |
| Receivables - Net of Allowances        |                             |                  |         |
| Accrued Interest                       | -                           | 156,804          | -       |
| Loans                                  | -                           | -                | 189,072 |
| Due from Other Funds                   | -                           | 18,190           | -       |
| Total Assets                           | 51,048                      | 53,432,565       | 466,833 |
| <b>LIABILITIES</b>                     |                             |                  |         |
| Accounts Payable                       | 10,201                      | -                | -       |
| Due to Others                          | -                           | -                | 466,833 |
| Total Liabilities                      | 10,201                      | -                | 466,833 |
| <b>NET POSITION</b>                    |                             |                  |         |
| Net Position Restricted for Pension    | 40,847                      | 53,432,565       |         |

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

# CITY OF FREEPORT, ILLINOIS

## Trust Funds

### Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2016

|                                  | Private<br>Purpose<br>Trust | Pension<br>Trust |
|----------------------------------|-----------------------------|------------------|
| Additions                        |                             |                  |
| Foreign Fire Insurance           | \$ 33,981                   | -                |
| Contributions - Employer         | -                           | 2,323,042        |
| Contributions - Plan Members     | -                           | 557,080          |
| Total Contributions              | 33,981                      | 2,880,122        |
| Investment Income                |                             |                  |
| Interest Earned                  | 64                          | 1,502,829        |
| Net Change in Fair Value         | -                           | (2,697,317)      |
|                                  | 64                          | (1,194,488)      |
| Less Investment Expenses         | -                           | (170,448)        |
| Net Investment Income            | 64                          | (1,364,936)      |
| Total Additions                  | 34,045                      | 1,515,186        |
| Deductions                       |                             |                  |
| Administration                   | -                           | 54,031           |
| Benefits and Refunds             | -                           | 4,619,767        |
| Other Charges and Services       | 42,201                      | -                |
| Total Deductions                 | 42,201                      | 4,673,798        |
| Change in Fiduciary Net Position | (8,156)                     | (3,158,612)      |
| Net Position - Beginning         | 49,003                      | 56,591,177       |
| Net Position - Ending            | 40,847                      | 53,432,565       |

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2016**

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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 |
|---------------------|------------------|

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 Mayor, 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, 2016**

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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 Mayor, 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, 2016**

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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:

##### **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:

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds – Continued

**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.

**Permanent funds** are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs, that is, for the benefit of the City or its citizenry. The City maintains one nonmajor permanent fund.

##### 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. The Landfill Closure Fund, also treated as major, is used to account for the long-term maintenance of landfill #2, 3, 4 and all associated expenditures related to laboratory testing for said landfills.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – 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, pension trust and agency). 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, 2016**

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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, 2016**

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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, pension trust, and agency 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, 2016**

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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, 2016**

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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.

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

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### **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, 2016**

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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, 2016

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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, 2016. 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> |
|----------------|---------------|
| Motor Fuel Tax | \$ 8,801      |

##### DEFICIT FUND BALANCE/NET POSITION

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

| <u>Fund</u>                   | <u>Deficit</u> |
|-------------------------------|----------------|
| Illinois Municipal Retirement | \$ 38,460      |
| Landfill Closure              | 5,950,600      |

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2016**

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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, 2016

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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 \$7,929,085 and the bank balances totaled \$8,340,192. Additionally, the City has \$4,822,833 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. At year-end, the City's investment in the Illinois Funds has a rating of AAAM by Standard & Poor's.

*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. At year-end, the City's investment in Illinois Funds is not subject to custodial credit risk.

*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 City 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, 2016

### 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 \$244,345 and the bank balances totaled \$248,466.

*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            | \$ 2,704,917 | -                                | 1,563,106 | 911,813   | 229,998      |
| U. S. Agencies              | 476,350      | -                                | -         | 89,013    | 387,337      |
| State and Local Obligations | 314,666      | -                                | 102,424   | 96,817    | 115,425      |
| Corporate Obligations       | 3,917,405    | -                                | 2,796,986 | 948,719   | 171,700      |
|                             | 7,413,338    | -                                | 4,462,516 | 2,046,362 | 904,460      |

*Interest Rate Risk.* Other than considering cash flow requirements when selecting investment instruments, the Fund's formal investment policy does not further mitigate interest rate risk.

*Credit Risk.* The Fund's investment policy states that each investment transaction shall seek to first ensure that capital losses are minimized, whether they be from securities default or erosion of market value. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund's investments in corporate obligations were all rated A+ to BBB by Standard & Poor's, state and local obligations were either not rated or rated AAA to AA1 by Standard & Poor's and all other investments were not rated.

*Custodial Credit Risk.* The Fund's investment policy states that all investments of the Fund shall be clearly held and accounted for to indicate ownership by the Fund. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's investment in U.S. Government and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

*Concentration Risk.* The Fund's investment policy does not address concentration risk. At April 30, 2016, the Fund's investment in Dodge & Cox (\$3,377,379), Alliance Bernstein Real IV (\$1,062,473), Vanguard Mc Growth Index (\$1,901,596) and Vanguard 500 Index (\$3,579,999) exceeded 5% of the Fund's total investments. In addition to the securities and fair values listed above, the Fund also has \$11,810,213 invested in mutual funds and \$1,622,615 invested in common stock.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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#### 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 – Continued

*Concentration Risk – Continued.* The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

| Asset Class                    | Target | Long-Term<br>Expected Real<br>Rate of Return |
|--------------------------------|--------|--|
| Intermediate Fixed Income      | 35%    | -0.3%  |
| U.S. Large-Cap Core Equity     | 17%    | 5.0%   |
| U.S. Mid-Cap Growth Equity     | 9%     | 5.2%   |
| U.S. Small-Cap Value Equity    | 9%     | 5.8%   |
| Non-U.S. Large-Cap Core Equity | 16%    | 5.0%   |
| Non-U.S. Small-Cap Core Equity | 4%     | 5.1%   |
| Global Tactic Asset Allocation | 5%     | 2.1%   |
| Publically Traded REITs        | 5%     | 4.9%   |
| Cash and Cash Equivalents      | 0%     | 0.0%   |

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

##### Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.30%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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#### 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 \$382,240 and the bank balances totaled \$388,246.

*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            | \$ 3,610,998      | 134,380                          | 1,831,901        | 1,491,823        | 152,894          |
| U. S. Agencies              | 1,193,018         | -                                | 369,496          | 129,377          | 694,145          |
| State and Local Obligations | 502,476           | -                                | 180,314          | 188,512          | 133,650          |
| Corporate Obligations       | 5,813,667         | -                                | 3,925,943        | 1,416,384        | 471,340          |
|                             | <u>11,120,159</u> | <u>134,380</u>                   | <u>6,307,654</u> | <u>3,226,096</u> | <u>1,452,029</u> |

*Interest Rate Risk.* Other than considering cash flow requirements when selecting investment instruments, the Fund's formal investment policy does not further mitigate interest rate risk.

*Credit Risk.* The Fund's investment policy states that each investment transaction shall seek to first ensure that capital losses are minimized, whether they be from securities default or erosion of market value. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund's investments in state and local obligations and corporate obligations were either not rated or rated AAA to Baa3 rated by Standard & Poor's, U.S. Agencies were rated AAA by Standard & Poor's and all other investments were not rated.

*Custodial Credit Risk.* The Fund's investment policy states that all investments of the Fund shall be clearly held and accounted for to indicate ownership by the Fund. The fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's investment in U.S. Government and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

*Concentration Risk.* The Fund's investment policy does not address concentration risk. At April 30, 2016, the Fund's investment in William Blair International Growth (\$2,521,506), Harbor International Fund (\$2,563,777), Vanguard Mid Cap Growth Index (\$2,470,010), Vanguard Total Stock Market Index Signal (\$5,323,126), Pimco All Asset Fund (\$1,624,244) and Principal US Property Separate Acct (\$1,831,114) exceeded 5% of the Fund's total investments. In addition to the securities and fair values listed above, the Fund also has \$17,626,307 invested in mutual funds and \$3,038,354 invested in common stock.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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#### 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 – Continued

*Concentration Risk – Continued.* The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

| Asset Class                      | Target | Long-Term<br>Expected Real<br>Rate of Return |
|----------------------------------|--------|--|
| Intermediate Fixed Income        | 35%    | -0.3%  |
| U.S. All-Cap Core Equity         | 17%    | 5.2%   |
| U.S. Mid-Cap Growth Equity       | 8%     | 5.2%   |
| U.S. Small-Cap Value Equity      | 5%     | 5.8%   |
| Non-U.S. Large-Cap Core Equity   | 16%    | 5.0%   |
| Non-U.S. Large-Cap Growth Equity | 4%     | 5.1%   |
| Non-U.S. Small-Cap Core Equity   | 5%     | 5.1%   |
| Global Tactic Asset Allocation   | 5%     | 2.1%   |
| Core Real Estate                 | 5%     | 5.7%   |
| Cash and Cash Equivalents        | 0%     | 0.0%   |

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

##### Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.60%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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

#### PROPERTY TAXES

Property taxes for 2015 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 Stephenson 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<br>Balances | Increases        | Decreases        | Transfer<br>In | Ending<br>Balances |
|--------------------------------------|-----------------------|------------------|------------------|----------------|--------------------|
| Nondepreciable Capital Assets        |                       |                  |                  |                |                    |
| Construction in Progress             | \$ -                  | 661,668          | 980,038          | 980,038        | 661,668            |
| Depreciable Capital Assets           |                       |                  |                  |                |                    |
| Buildings                            | 13,538,404            | -                | -                | -              | 13,538,404         |
| Equipment                            | 2,004,279             | 322,351          | 17,308           | -              | 2,309,322          |
| Vehicles                             | 7,396,338             | 363,272          | 1,697,272        | -              | 6,062,338          |
| Infrastructure                       | 9,069,495             | 980,038          | -                | -              | 10,049,533         |
|                                      | <u>32,008,516</u>     | <u>1,665,661</u> | <u>1,714,580</u> | <u>-</u>       | <u>31,959,597</u>  |
| Less Accumulated Depreciation        |                       |                  |                  |                |                    |
| Buildings                            | 4,996,867             | 327,402          | -                | -              | 5,324,269          |
| Equipment                            | 1,665,895             | 60,321           | 17,308           | -              | 1,708,908          |
| Vehicles                             | 5,311,921             | 451,171          | 1,697,272        | -              | 4,065,820          |
| Infrastructure                       | 4,134,573             | 200,991          | -                | -              | 4,335,564          |
|                                      | <u>16,109,256</u>     | <u>1,039,885</u> | <u>1,714,580</u> | <u>-</u>       | <u>15,434,561</u>  |
| Total Net Depreciable Capital Assets | <u>15,899,260</u>     | <u>625,776</u>   | <u>-</u>         | <u>-</u>       | <u>16,525,036</u>  |
| Total Net Capital Assets             | <u>15,899,260</u>     | <u>1,287,444</u> | <u>980,038</u>   | <u>980,038</u> | <u>17,186,704</u>  |

Depreciation expense was charged to governmental activities as follows:

|                        |                  |
|------------------------|------------------|
| General Government     | \$ 20,798        |
| Public Safety          | 239,174          |
| Public Works           | 592,734          |
| Culture and Recreation | <u>187,179</u>   |
|                        | <u>1,039,885</u> |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### 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:

|                                      | Beginning<br>Balances | Increases         | Decreases         | Transfer<br>(Out) | Ending<br>Balances |
|--------------------------------------|-----------------------|-------------------|-------------------|-------------------|--------------------|
| Nondepreciable Capital Assets        |                       |                   |                   |                   |                    |
| Land                                 | \$ 53,809             | -                 | -                 | -                 | 53,809             |
| Construction in Progress             | 20,236,796            | 3,699,264         | 20,153,733        | (980,038)         | 2,802,289          |
|                                      | <u>20,290,605</u>     | <u>3,699,264</u>  | <u>20,153,733</u> | <u>(980,038)</u>  | <u>2,856,098</u>   |
| Depreciable Capital Assets           |                       |                   |                   |                   |                    |
| Buildings                            | 17,776,883            | 274,329           | -                 | -                 | 18,051,212         |
| Equipment                            | 9,412,007             | 6,869,544         | 1,335,447         | -                 | 14,946,104         |
| Infrastructure                       | 44,658,820            | 12,864,044        | 75,650            | -                 | 57,447,214         |
|                                      | <u>71,847,710</u>     | <u>20,007,917</u> | <u>1,411,097</u>  | <u>-</u>          | <u>90,444,530</u>  |
| Less Accumulated Depreciation        |                       |                   |                   |                   |                    |
| Buildings                            | 5,401,645             | 405,387           | -                 | -                 | 5,807,032          |
| Equipment                            | 6,667,200             | 544,788           | 735,609           | -                 | 6,476,379          |
| Infrastructure                       | 15,791,374            | 971,691           | 50,253            | -                 | 16,712,812         |
|                                      | <u>27,860,219</u>     | <u>1,921,866</u>  | <u>785,862</u>    | <u>-</u>          | <u>28,996,223</u>  |
| Total Net Depreciable Capital Assets | <u>43,987,491</u>     | <u>18,086,051</u> | <u>625,235</u>    | <u>-</u>          | <u>61,448,307</u>  |
| Total Net Capital Assets             | <u>64,278,096</u>     | <u>21,785,315</u> | <u>20,778,968</u> | <u>(980,038)</u>  | <u>64,304,405</u>  |

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

|                  |                  |
|------------------|------------------|
| Water Department | \$ 636,141       |
| Sewer Department | 1,054,132        |
| Storm Sewer      | <u>231,593</u>   |
|                  | <u>1,921,866</u> |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### 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 | \$ 25,857        |
| Water Department       | Sewer Department      | 4,924,521        |
| Water Department       | Storm Sewer           | 450,890          |
| Storm Sewer            | General               | 30,000           |
| Storm Sewer            | Nonmajor Governmental | 184,337          |
| Nonmajor Business-Type | Water Department      | 378,723          |
| Nonmajor Governmental  | General               | 133,645          |
| Nonmajor Governmental  | Nonmajor Governmental | 50,693           |
| Police Pension         | General               | 12,570           |
| Firefighters' Pension  | General               | 5,620            |
|                        |                       | <u>6,196,856</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 | \$ 291,935       |
| Nonmajor Governmental   | General               | 429,236          |
| Nonmajor Governmental   | Nonmajor Governmental | 498,340          |
| Storm Sewer             | Water Department      | 240,827          |
| Governmental Activities | Sewer Department      | 980,038          |
|                         |                       | <u>2,440,376</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, 2016

### 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<br>Retired by | Beginning<br>Balances | Issuances | Retirements | Ending<br>Balances |
|---|-------------------------|-----------------------|-----------|-------------|--------------------|
| \$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.   | Debt                    |                       |           | 1,799,000 * |                    |
|   | Service                 | \$ 1,816,000          |           | 17,000      | -                  |
|   | Sewer                   |                       |           | 509,648 *   |                    |
|   | Department              | 512,481               |           | 2,833       | -                  |
|   | Storm Sewer             | 7,266,519             | -         | 7,226,352 * | -                  |
| \$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.            | Debt                    |                       |           |             |                    |
|   | Service                 | 206,000               | -         | 100,000     | 106,000            |
|   | Sewer                   |                       |           |             |                    |
|   | Department              | 27,544                | -         | 16,289      | 11,255             |
|   | Storm Sewer             | 386,456               | -         | 233,711     | 152,745            |
|   |                         |                       |           |             |                    |
| \$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.              | Debt                    |                       |           |             |                    |
|   | Service                 | 955,000               | -         | 65,000      | 890,000            |
| \$6,760,000 General Obligation Refunding Bonds of 2014A, due in annual installments of \$610,000 to \$765,000 plus interest at 2.00% to 3.00% through December 1, 2024. |                         |                       |           |             |                    |
|   | Sewer                   |                       |           |             |                    |
|   | Department              | 6,760,000             | -         | 610,000     | 6,150,000          |

\* Refunded

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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

#### LONG-TERM DEBT – Continued

#### General Obligation Bonds – Continued

| Issue  | Fund Debt<br>Retired by                               | Beginning<br>Balances | Issuances                         | Retirements               | Ending<br>Balances                |
|--|---|-----------------------|-----------------------------------|---------------------------|-----------------------------------|
| \$5,320,000 General Obligation Refunding Bonds of 2014B, due in annual installments of \$35,000 to \$1,065,000 plus interest at 2.00% to 4.00% through December 1, 2029. | Sewer<br>Department                                   | \$ 5,320,000          | -                                 | 40,000                    | 5,280,000                         |
| \$9,530,000 General Obligation Refunding Bonds of 2015A, due in annual installments of \$115,000 to \$270,000 plus interest at 2.00% to 4.00% through January 1, 2034.   | Debt<br>Service<br>Sewer<br>Department<br>Storm Sewer | -<br>-<br>-<br>-      | 1,809,747<br>508,902<br>7,211,351 | 21,838<br>6,141<br>87,021 | 1,787,909<br>502,761<br>7,124,330 |
|  |   | 23,250,000            | 9,530,000                         | 10,775,000                | 22,005,000                        |

#### 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<br>Retired by | Beginning<br>Balances | Issuances | Retirements | Ending<br>Balances |
|--|-------------------------|-----------------------|-----------|-------------|--------------------|
| \$135,000 Installment Note Payable of 2001, due in monthly installments of \$951 including interest at 5.71% through March 31, 2022.   | Debt<br>Service         | \$ 62,516             | -         | 7,929       | 54,587             |
| \$73,850 Installment Note Payable of 2002, due in amonthly installments of \$506 including interest at 5.37% through January 31, 2022. | Debt<br>Service         | 33,306                | -         | 4,313       | 28,993             |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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

#### LONG-TERM DEBT – Continued

#### Installment Notes Payable – Continued

| Issue  | Fund Debt<br>Retired by | Beginning<br>Balances | Issuances | Retirements | Ending<br>Balances |
|--|-------------------------|-----------------------|-----------|-------------|--------------------|
| \$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        | \$ 173,634            | -         | 32,848      | 140,786            |
| \$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            | 234,141               | -         | 234,141     | -                  |
| \$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           | 198,270               | -         | 111,242     | 87,028             |
| \$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           | 456,190               | -         | 144,766     | 311,424            |
| \$540,000 Installment Note Payable of 2014, due in quarterly installments of \$28,192 including interest at 1.66% through August 22, 2019.         | Debt Service            | 487,990               | -         | 105,320     | 382,670            |
|  |                         | 1,646,047             | -         | 640,559     | 1,005,488          |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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

#### LONG-TERM DEBT – Continued

##### IEPA Loans Payable

The City has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. Final repayment schedule for the IEPA Water Distribution System Loan Payable of 2016 is not available at the time of the issuance of this report. IEPA loans currently outstanding are as follows:

| Issue   | Fund Debt<br>Retired by | Beginning<br>Balances | Issuances | Retirements | Ending<br>Balances |
|---|-------------------------|-----------------------|-----------|-------------|--------------------|
| Illinois Environmental Protection Agency (IEPA) Clean Water SRF Loan Payable of 2011, due in semi-annual installments of \$94,956 to \$201,022, plus interest at 1.25% through August 21, 2034.   | Sewer<br>Department     | \$ 6,734,877          | 216,070   | 287,482     | 6,663,465          |
| Illinois Environmental Protection Agency (IEPA) Drinking Water SRF Loan Payable of 2011, due in semi-annual installments of \$150,694 to \$201,688, plus interest at 1.25% through July 15, 2034. | Water<br>Department     | 7,000,275             | 932       | 315,650     | 6,685,557          |
| Illinois Environmental Protection Agency (IEPA) Water Distribution System Loan Payable of 2016, due in semi-annual installments, plus interest at 1.86% through November 1, 2037.                 | Water<br>Department     | -                     | 2,586,306 | -           | 2,586,306          |
|   |                         | 13,735,152            | 2,803,308 | 603,132     | 15,935,328         |

##### 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 balance of \$183,277 has been paid in full as of April 30, 2016.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2016**

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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, 2016, the City has incurred a liability of \$5,788,895 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, 2016, assets reported on the combined balance sheet which total \$70,089 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, 2016

### 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                                     | Beginning<br>Balances<br>as Restated | Additions         | Deductions       | Ending<br>Balances | Amounts<br>Due within<br>One Year |
|--|--------------------------------------|-------------------|------------------|--------------------|-----------------------------------|
| <b>Governmental Activities</b>                   |                                      |                   |                  |                    |                                   |
| Compensated Absences                             | \$ 445,921                           | 8,494             | 16,988           | 437,427            | 87,485                            |
| Net Pension Liability - IMRF                     | 721,051                              | 1,386,424         | -                | 2,107,475          | -                                 |
| Net Pension Liability - Police                   | 19,557,120                           | 2,625,760         | -                | 22,182,880         | -                                 |
| Net Pension Liability - Firefighters'            | 8,600,623                            | 2,770,620         | -                | 11,371,243         | -                                 |
| Net Other Post-Employment<br>Benefits Obligation | 4,926,154                            | 682,526           | -                | 5,608,680          | -                                 |
| General Obligation Bonds                         | 2,977,000                            | 1,809,747         | 2,002,838        | 2,783,909          | 205,182                           |
| Installment Notes Payable                        | 1,472,413                            | -                 | 607,711          | 864,702            | 360,882                           |
| Capital Leases Payable                           | 183,277                              | -                 | 183,277          | -                  | -                                 |
|  | <u>38,883,559</u>                    | <u>9,283,571</u>  | <u>2,810,814</u> | <u>45,356,316</u>  | <u>653,549</u>                    |
| <b>Business-Type Activities</b>                  |                                      |                   |                  |                    |                                   |
| Compensated Absences                             | 122,469                              | 13,884            | 6,942            | 129,411            | 25,882                            |
| Net Pension Liability - IMRF                     | 354,666                              | 681,947           | -                | 1,036,613          | -                                 |
| General Obligation Bonds                         | 20,273,000                           | 7,720,253         | 8,772,162        | 19,221,091         | 964,818                           |
| Installment Notes Payable                        | 173,634                              | -                 | 32,848           | 140,786            | 33,764                            |
| IEPA Loans Payable                               | 13,735,152                           | 2,803,308         | 603,132          | 15,935,328         | 645,604                           |
| Landfill Closure Liability                       | 6,034,510                            | -                 | 245,615          | 5,788,895          | 214,515                           |
|  | <u>40,693,431</u>                    | <u>11,219,392</u> | <u>9,660,699</u> | <u>42,252,124</u>  | <u>1,884,583</u>                  |

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

For the business-type activities, payments on compensated absences and the net pension liability 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, 2016****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<br>Year | Governmental Activities             |          |                              |          |
|----------------|-------------------------------------|----------|------------------------------|----------|
|                | General Obligation<br>Bonds Payable |          | Installment Notes<br>Payable |          |
|                | Principal                           | Interest | Principal                    | Interest |
|                |                                     |          |                              |          |
| 2017           | \$ 205,182                          | 84,882   | 360,882                      | 29,872   |
| 2018           | 159,950                             | 81,170   | 280,661                      | 14,494   |
| 2019           | 164,950                             | 78,361   | 124,997                      | 4,749    |
| 2020           | 166,849                             | 74,588   | 71,610                       | 2,259    |
| 2021           | 168,748                             | 70,766   | 16,466                       | 1,017    |
| 2022           | 171,596                             | 66,124   | 10,086                       | 161      |
| 2023           | 181,344                             | 61,396   | -                            | -        |
| 2024           | 183,243                             | 56,106   | -                            | -        |
| 2025           | 182,546                             | 50,758   | -                            | -        |
| 2026           | 185,394                             | 45,545   | -                            | -        |
| 2027           | 194,192                             | 38,809   | -                            | -        |
| 2028           | 199,889                             | 31,764   | -                            | -        |
| 2029           | 118,688                             | 24,490   | -                            | -        |
| 2030           | 92,102                              | 19,743   | -                            | -        |
| 2031           | 96,849                              | 16,059   | -                            | -        |
| 2032           | 100,647                             | 12,185   | -                            | -        |
| 2033           | 103,496                             | 8,159    | -                            | -        |
| 2034           | 108,244                             | 4,330    | -                            | -        |
| 2035           | -                                   | -        | -                            | -        |
| Totals         | 2,783,909                           | 825,235  | 864,702                      | 52,552   |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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

#### LONG-TERM DEBT – Continued

#### Debt Service Requirements to Maturity – Continued

| General Obligation<br>Bonds Payable |           | Business-Type Activities     |          | IEPA Loans |           |
|-------------------------------------|-----------|------------------------------|----------|------------|-----------|
|                                     |           | Installment Notes<br>Payable |          | Payable *  |           |
| Principal                           | Interest  | Principal                    | Interest | Principal  | Interest  |
| 964,818                             | 619,593   | 33,764                       | 3,668    | 645,604    | 164,852   |
| 1,075,050                           | 600,297   | 34,705                       | 2,727    | 653,700    | 156,756   |
| 1,090,050                           | 578,796   | 35,673                       | 1,759    | 661,897    | 148,560   |
| 1,108,151                           | 554,969   | 36,644                       | 764      | 670,195    | 140,260   |
| 1,141,252                           | 527,385   | -                            | -        | 678,599    | 131,856   |
| 1,163,404                           | 496,868   | -                            | -        | 687,107    | 123,348   |
| 1,213,656                           | 462,286   | -                            | -        | 695,724    | 114,732   |
| 1,236,757                           | 425,957   | -                            | -        | 704,448    | 106,007   |
| 1,247,454                           | 388,935   | -                            | -        | 713,281    | 97,174    |
| 1,359,606                           | 352,039   | -                            | -        | 722,225    | 88,232    |
| 1,415,807                           | 297,654   | -                            | -        | 731,280    | 79,175    |
| 1,475,111                           | 241,022   | -                            | -        | 740,450    | 70,006    |
| 1,526,312                           | 182,018   | -                            | -        | 749,735    | 60,720    |
| 1,457,899                           | 120,965   | -                            | -        | 759,136    | 51,319    |
| 413,151                             | 68,506    | -                            | -        | 768,654    | 41,801    |
| 429,353                             | 51,980    | -                            | -        | 778,292    | 32,163    |
| 441,504                             | 34,806    | -                            | -        | 788,052    | 22,403    |
| 461,756                             | 18,472    | -                            | -        | 797,933    | 12,522    |
| -                                   | -         | -                            | -        | 402,710    | 2,517     |
| 19,221,091                          | 6,022,548 | 140,786                      | 8,918    | 13,349,022 | 1,644,403 |

\*Does not include the final repayment schedule for the IEPA Water Distribution System Loan Payable of 2016.

#### Defeased Debt

On November 12, 2015, the Village issued \$9,530,000 par value General Obligation Refunding Bond, Series 2015A to refund \$9,535,000 of the General Obligation Refunding Bond Series 2006. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village reduced its total debt service by \$675,252 and obtained an economic gain of \$518,605.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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

#### NET POSITION/FUND BALANCES

##### Net Position Classifications

Net investment in capital assets, was comprised of the following as of April 30, 2016:

|  |                     |
|--|---------------------|
| Governmental Activities                          |                     |
| Capital Assets - Net of Accumulated Depreciation | \$ 17,186,704       |
| Less Capital Related Debt:                       |                     |
| General Obligation Refunding Bonds of 2013       | (106,000)           |
| General Obligation Bonds of 2013A                | (890,000)           |
| General Obligation Refunding Bonds of 2015A      | (1,787,909)         |
| Installment Note Payable of 2001                 | (54,587)            |
| Installment Note Payable of 2002                 | (28,993)            |
| Installment Note Payable of 2012                 | (87,028)            |
| Installment Note Payable of 2012                 | (311,424)           |
| Installment Note Payable of 2014                 | <u>(382,670)</u>    |
| Net Investment in Capital Assets                 | <u>13,538,093</u>   |
| Business-Type Activities                         |                     |
| Capital Assets - Net of Accumulated Depreciation | 64,304,405          |
| Less Capital Related Debt:                       |                     |
| General Obligation Refunding Bonds of 2013       | (164,000)           |
| General Obligation Refunding Bonds of 2014A      | (6,150,000)         |
| General Obligation Refunding Bonds of 2014B      | (5,280,000)         |
| General Obligation Refunding Bonds of 2015A      | (7,627,091)         |
| IEPA Loans Payable                               | <u>(15,935,328)</u> |
| Net Investment in Capital Assets                 | <u>29,147,986</u>   |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### 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                        | \$ 631,135 | 7,592     | 638,727   |
| Restricted                     |            |           |           |
| Streets                        | -          | 166,673   | 166,673   |
| Tourism Promotion              | -          | 94,486    | 94,486    |
| Grants                         | -          | 187,998   | 187,998   |
| Drug Forfeiture                | -          | 35,924    | 35,924    |
| Downtown T.I.F. District       | -          | 256,108   | 256,108   |
| Lamm Road T.I.F. District      | -          | 167,367   | 167,367   |
| West Ave. T.I.F. District      | -          | 48,141    | 48,141    |
| Burchard Hills T.I.F. District | -          | 7,948     | 7,948     |
| Meadows T.I.F. District        | -          | 247       | 247       |
| Public Library                 | -          | 914,231   | 914,231   |
| Street and Police Equipment    | -          | 370,145   | 370,145   |
| Cemetery Care                  | -          | 120,875   | 120,875   |
|                                | -          | 2,370,143 | 2,370,143 |
| Committed                      |            |           |           |
| Parking Lot Repairs            | -          | 79,104    | 79,104    |
| Debt Service                   | -          | 33,008    | 33,008    |
| Fire Department Equipment      | -          | 587,700   | 587,700   |
|                                | -          | 699,812   | 699,812   |
| Assigned                       |            |           |           |
| Fire Related Safety Programs   | -          | 5,686     | 5,686     |
| Unassigned                     | 5,767,842  | (38,460)  | 5,729,382 |
| Total Fund Balances            | 6,398,977  | 3,044,773 | 9,443,750 |

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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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.

**Minimum Fund Balance Policy.** The City's policy manual states that the General Fund should maintain a minimum unrestricted fund balance equal to 25% to 50% of budgeted operating expenditures.

##### Fund Balance/Net Position Restatements

Net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

| Fund Balance/Net Position | As Reported  | As Restated | (Decrease)   |
|---------------------------|--------------|-------------|--------------|
| Governmental Activities   | \$ 9,739,173 | (9,662,658) | (19,401,831) |
| Business-Type Activities  | 28,276,219   | 28,093,992  | (182,227)    |
| Water Department          | 20,495,198   | 20,419,327  | (75,871)     |
| Sewer Department          | 12,884,161   | 12,779,769  | (104,392)    |
| Storm Sewer               | 736,550      | 734,586     | (1,964)      |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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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, 2016 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 2016, five of the City's claims exceeded its stop loss limits and it received \$108,728 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 General 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, 2014 | \$ 234,200            |
| Incurred Claims                 | 3,375,950             |
| Claims Paid                     | <u>(3,297,697)</u>    |
| Claims Payable - April 30, 2015 | 312,453               |
| Incurred Claims                 | 2,987,128             |
| Claims Paid                     | <u>(3,064,819)</u>    |
| Claims Payable - April 30, 2016 | <u><u>234,762</u></u> |

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2016**

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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). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

###### **Illinois Municipal Retirement Fund (IMRF)**

###### **Plan Descriptions**

*Plan Administration.* All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.



# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Plan Descriptions – Continued

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

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

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

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

*Plan Membership.* As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

|  |                   |
|--|-------------------|
| Inactive Plan Members Currently Receiving Benefits               | 132               |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 41                |
| Active Plan Members  | <u>94</u>         |
| Total  | <u><u>267</u></u> |

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

*Contributions.* As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2015 was 11.27% of covered payroll.

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

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

|                            |                     |
|----------------------------|---------------------|
| Actuarial Valuation Date   | 12/31/2015          |
| Actuarial Cost Method      | Entry Age<br>Normal |
| Asset Valuation Method     | Market              |
| Actuarial Assumptions      |                     |
| Interest Rate              | 7.48%               |
| Salary Increases           | 3.75% to 14.50%     |
| Cost of Living Adjustments | 2.75%               |
| Inflation                  | 2.75%               |

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

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

##### Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

|                                  | 1% Decrease<br>(6.48%) | Current<br>Discount Rate<br>(7.48%) | 1% Increase<br>(8.48%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) \$ | 7,148,876              | 3,144,088                           | (170,787)              |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Changes in the Net Pension Liability

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2014   | \$ 30,209,941                        | 29,134,224                            | 1,075,717                             |
| Changes for the Year:   |                                      |                                       |                                       |
| Service Cost  | 488,728                              | -                                     | 488,728                               |
| Interest on the Total Pension Liability   | 2,222,934                            | -                                     | 2,222,934                             |
| Difference Between Expected and Actual<br>Experience of the Total Pension Liability | 828,549                              | -                                     | 828,549                               |
| Changes of Assumptions  | 74,109                               | -                                     | 74,109                                |
| Contributions - Employer  | -                                    | 523,016                               | (523,016)                             |
| Contributions - Employees   | -                                    | 211,676                               | (211,676)                             |
| Net Investment Income   | -                                    | 143,432                               | (143,432)                             |
| Benefit Payments, including Refunds<br>of Employee Contributions                    | (1,630,359)                          | (1,630,359)                           | -                                     |
| Other (Net Transfer)  | -                                    | 667,825                               | (667,825)                             |
| Net Changes   | 1,983,961                            | (84,410)                              | 2,068,371                             |
| Balances at December 31, 2015   | 32,193,902                           | 29,049,814                            | 3,144,088                             |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2016, the City recognized pension expense of \$162,672. At April 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals    |
|---|--------------------------------------|-------------------------------------|-----------|
| Difference Between Expected and Actual Experience                                   | \$ 603,149                           | -                                   | 603,149   |
| Change in Assumptions   | 53,948                               | -                                   | 53,948    |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments | 1,626,473                            | -                                   | 1,626,473 |
| Pension Contributions Made Subsequent<br>to the Measurement Date                    | 145,145                              | -                                   | 145,145   |
| Total Deferred Amounts Related to IMRF  | 2,428,715                            | -                                   | 2,428,715 |

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

| Fiscal<br>Year | Net Deferred<br>Outflows<br>of Resources |
|----------------|--|
| 2017           | \$ 797,324                               |
| 2018           | 652,179                                  |
| 2019           | 572,593                                  |
| 2020           | 406,619                                  |
| 2021           | -  |
| Thereafter     | -  |
| Total          | 2,428,715                                |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan

##### Plan Descriptions

*Plan Administration.* The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City President, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership.* At April 30, 2016, the measurement date, membership consisted of the following:

|  |                   |
|--|-------------------|
| Inactive Plan Members Currently Receiving Benefits               | 55                |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 15                |
| Active Plan Members  | <u>46</u>         |
| Total  | <u><u>116</u></u> |

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older 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 annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Plan Descriptions – Continued

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* 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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2016, the City's contribution was 57.51% of covered payroll.

*Concentrations.* At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

| Investment                  | Amount       |
|-----------------------------|--------------|
| Vanguard 500 Index          | \$ 3,579,999 |
| Dodge & Cox International   | 3,377,379    |
| Vanguard Mc Growth Index    | 1,901,596    |
| Allioance Bernstein Real IV | 1,062,473    |

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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#### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2016, using the following actuarial methods and assumptions:

|                            |                     |
|----------------------------|---------------------|
| Actuarial Valuation Date   | 4/30/16             |
| Actuarial Cost Method      | Entry Age<br>Normal |
| Asset Valuation Method     | Market              |
| Actuarial Assumptions      |                     |
| Interest Rate              | 7.00%               |
| Salary Increases           | 1.12% to 4.86%      |
| Cost of Living Adjustments | 2.00%               |
| Inflation                  | 2.00%               |

Mortality rates were based on the RP-2000 CHBCA Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015.

##### Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.



# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

|                       | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 28,040,991          | 22,182,880                          | 17,271,634             |

##### Changes in the Net Pension Liability

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at April 30, 2015  | \$ 41,895,288                        | 22,338,168                            | 19,557,120                            |
| Changes for the Year:   |                                      |                                       |                                       |
| Service Cost  | 596,733                              | -                                     | 596,733                               |
| Interest on the Total Pension Liability   | 2,860,656                            | -                                     | 2,860,656                             |
| Difference Between Expected and Actual<br>Experience of the Total Pension Liability | 234,995                              | -                                     | 234,995                               |
| Changes of Assumptions  | -                                    | -                                     | -                                     |
| Contributions - Employer  | -                                    | 1,605,261                             | (1,605,261)                           |
| Contributions - Employees   | -                                    | 275,215                               | (275,215)                             |
| Net Investment Income   | -                                    | (786,689)                             | 786,689                               |
| Benefit Payments, including Refunds<br>of Employee Contributions                    | (2,244,595)                          | (2,244,595)                           | -                                     |
| Administrative Expense  | -                                    | (27,163)                              | 27,163                                |
| Net Changes   | 1,447,789                            | (1,177,971)                           | 2,625,760                             |
| Balances at April 30, 2016  | 43,343,077                           | 21,160,197                            | 22,182,880                            |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

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

For the year ended April 30, 2016, the City recognized pension expense of \$2,542,853. At April 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals    |
|---|--------------------------------------|-------------------------------------|-----------|
| Difference Between Expected and Actual Experience                                   | \$ 208,495                           | -                                   | 208,495   |
| Change in Assumptions   | -                                    | -                                   | -         |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments | 1,815,882                            | -                                   | 1,815,882 |
| Total Deferred Amounts Related to Police Pension                                    | 2,024,377                            | -                                   | 2,024,377 |

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

| Fiscal<br>Year | Net Deferred<br>Outflows<br>of Resources |
|----------------|--|
| 2017           | \$ 480,471                               |
| 2018           | 480,471                                  |
| 2019           | 480,471                                  |
| 2020           | 480,471                                  |
| 2021           | 26,501                                   |
| Thereafter     | 75,992                                   |
| Total          | 2,024,377                                |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Fund

##### Plan Descriptions

*Plan Administration.* The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

*Plan Membership.* At April 30, 2016, the measurement date, membership consisted of the following:

|  |                   |
|--|-------------------|
| Inactive Plan Members Currently Receiving Benefits               | 60                |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 2                 |
| Active Plan Members  | <u>49</u>         |
| Total  | <u><u>111</u></u> |

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

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter 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 percent of the original pension and 3percent compounded annually thereafter.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

##### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees 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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2016, the City's contribution was 24.08% of covered payroll.

*Significant Investments.* At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

| Investment                           | Amount       |
|--------------------------------------|--------------|
| Vanguard Total Stock Market Inex     | \$ 5,323,126 |
| Harbor International Fund            | 2,563,777    |
| William Blair International Growth   | 2,521,506    |
| Vanguard Mid Cap Growth              | 2,470,010    |
| Pimco All Asset Fund                 | 1,624,244    |
| Principal US Property Separate Acct. | 1,831,114    |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2016, using the following actuarial methods and assumptions:

|                            |                     |
|----------------------------|---------------------|
| Actuarial Valuation Date   | 4/30/16             |
| Actuarial Cost Method      | Entry Age<br>Normal |
| Asset Valuation Method     | Market              |
| Actuarial Assumptions      |                     |
| Interest Rate              | 7.00%               |
| Salary Increases           | 1.12% to 4.86%      |
| Cost of Living Adjustments | 2.00%               |
| Inflation                  | 2.00%               |

Mortality rates were based on the RP-2000 CHBCA Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015.

##### Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

##### Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

|                       | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 16,429,156          | 11,371,243                          | 7,084,752              |

##### Changes in the Net Pension Liability

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at April 30, 2015  | \$ 42,853,632                        | 34,253,009                            | 8,600,623                             |
| Changes for the Year:   |                                      |                                       |                                       |
| Service Cost  | 737,347                              | -                                     | 737,347                               |
| Interest on the Total Pension Liability   | 2,923,551                            | -                                     | 2,923,551                             |
| Difference Between Expected and Actual<br>Experience of the Total Pension Liability | (495,747)                            | -                                     | (495,747)                             |
| Changes of Assumptions  | -                                    | -                                     | -                                     |
| Contributions - Employer  | -                                    | 717,781                               | (717,781)                             |
| Contributions - Employees   | -                                    | 281,865                               | (281,865)                             |
| Net Investment Income   | -                                    | (578,247)                             | 578,247                               |
| Benefit Payments, including Refunds<br>of Employee Contributions                    | (2,375,172)                          | (2,375,172)                           | -                                     |
| Administrative Expense  | -                                    | (26,868)                              | 26,868                                |
| Net Changes   | 789,979                              | (1,980,641)                           | 2,770,620                             |
| Balances at April 30, 2016  | 43,643,611                           | 32,272,368                            | 11,371,243                            |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

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

For the year ended April 30, 2016, the City recognized pension expense of \$2,088,812. At April 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Totals    |
|---|--------------------------------------|-------------------------------------|-----------|
| Difference Between Expected and Actual Experience                                   | \$ -                                 | (423,670)                           | (423,670) |
| Change in Assumptions   | -                                    | -                                   | -         |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments | 2,253,817                            | -                                   | 2,253,817 |
| Total Deferred Amounts Related to Firefighters' Pension                             | 2,253,817                            | (423,670)                           | 1,830,147 |

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

| Fiscal<br>Year | Net Deferred<br>Outflows<br>of Resources |
|----------------|--|
| 2017           | \$ 491,377                               |
| 2018           | 491,377                                  |
| 2019           | 491,377                                  |
| 2020           | 491,377                                  |
| 2021           | (72,077)                                 |
| Thereafter     | (63,284)                                 |
| Total          | 1,830,147                                |

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2016

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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 70% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2016, retirees contributed \$288,273.

At April 30, 2016, membership consisted of:

|   |            |
|---|------------|
| Retirees and beneficiaries currently receiving<br>benefits and terminated employees entitled<br>to benefits but not yet receiving them. | 69         |
| Active Employees  | <u>171</u> |
| Total   | <u>240</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, 2016

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#### 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, 2016, was calculated as follows:

|                              |                         |
|------------------------------|-------------------------|
| Annual Required Contribution | \$ 1,435,002            |
| Interest on the NPO          | 197,046                 |
| Adjustment to the ARC        | <u>(273,920)</u>        |
| Annual OPEB Cost             | 1,358,128               |
| Actual Contribution          | <u>675,602</u>          |
| Increase in the NPO          | 682,526                 |
| NOPEBO - Beginning           | <u>4,926,154</u>        |
| NOPEBO - Ending              | <u><u>5,608,680</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 |
|-------------|------------------|----------------------|-------------------------------------|---------------------|
| 2014        | \$ 1,018,841     | \$ 462,506           | 45.40%                              | \$ 4,289,952        |
| 2015        | 1,261,759        | 625,557              | 49.58%                              | 4,926,154           |
| 2016        | 1,358,127        | 675,602              | 49.75%                              | 5,608,680           |

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2016

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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, 2015, the date of the latest actuarial valuation, was as follows:

|   |               |
|---|---------------|
| Actuarial Accrued Liability (AAL)                 | \$ 13,898,662 |
| Actuarial Value of Plan Assets                    | \$ -          |
| Unfunded Actuarial Accrued Liability (UAAL)       | \$ 13,898,662 |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0.00%         |
| Covered Payroll (Active Plan Members)             | \$ 8,457,416  |
| UAAL as a Percentage of Covered Payroll           | 164.34%       |

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, 2015 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate or return and an initial healthcare trend rate of 9.00% with an ultimate healthcare inflation rate of 5.00%, a 3.00% price inflation assumption, a 4.00% 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, 2016, was 30 years.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2016**

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

##### **SUBSEQUENT EVENT**

On June 2, 2016, the City issued \$2,490,000 of General Obligation Bonds of 2016. The bonds bear interest at a rate of 1.85% - 4.00% and are due in annual installments through January 1, 2036.

## **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  
Other Post-Employment Benefit Plan
- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Police Pension Fund  
Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund  
Police Pension Fund  
Firefighters' Pension Fund
- Schedule of Investment Returns  
Police Pension Fund  
Firefighters' Pension Fund
- 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**

**Other Post-Employment Benefits Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2016**

**Funding Progress**

| Actuarial<br>Valuation<br>Date<br>Apr. 30, | (1)<br>Actuarial<br>Value<br>of Plan<br>Assets | (2)<br>Actuarial<br>Accrued<br>Liability<br>(AAL)<br>- Entry Age | (3)<br>Funded<br>Ratio<br>(1) ÷ (2) | (4)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability<br>(2) - (1) | (5)<br>Annual<br>Covered<br>Payroll | (6)<br>Unfunded<br>(Overfunded)<br>Actuarial<br>Accrued<br>Liability as a<br>Percentage<br>of Covered<br>Payroll<br>(4) ÷ (5) |
|--|--|--|-------------------------------------|---|-------------------------------------|---|
| 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   |
| 2015                                       | -  | 13,898,662   | 0.00%                               | 13,898,662  | 8,457,416                           | 164.34%   |
| 2016                                       | N/A  | N/A  | N/A                                 | N/A   | N/A                                 | N/A   |

**Employer Contributions**

| Fiscal<br>Year | Employer<br>Contributions | Annual<br>Required<br>Contributions | Percent<br>Contributed |
|----------------|---------------------------|-------------------------------------|------------------------|
| 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%                 |
| 2015           | 625,557                   | 1,328,706                           | 47.08%                 |
| 2016           | 675,302                   | 1,435,002                           | 47.06%                 |

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

### Illinois Municipal Retirement Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2016

| Calendar Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|---------------|-------------------------------------|--|-----------------------------------|--------------------------|---|
| 2015          | \$ 523,016                          | \$ 523,016   | \$ -                              | \$ 4,640,775             | 11.27%  |

#### Notes to the Required Supplementary Information:

|                               |   |
|-------------------------------|---|
| Actuarial Valuation Date      | December 31, 2014                         |
| Actuarial Cost Method         | Entry Age Normal                          |
| Amortization Method           | Level % Pay (Closed)                      |
| Remaining Amortization Period | 28 Years                                  |
| Asset Valuation Method        | 5-Year Smoothed Market                    |
| Inflation                     | 3.00%                                     |
| Salary Increases              | 4.50% - 16.00%                            |
| Investment Rate of Return     | 7.50%                                     |
| Retirement Age                | See the Notes to the Financial Statements |
| Mortality                     | RP-2000 Combined Healthy Mortality Table  |

#### Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

## CITY OF FREEPORT, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2016

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|-------------|-------------------------------------|--|-----------------------------------|--------------------------|---|
| 2015        | \$ 2,195,150                        | \$ 1,434,033   | \$ (761,117)                      | \$ 2,739,339             | 52.35%  |
| 2016        | 2,249,433                           | 1,605,261  | (644,172)                         | 2,791,060                | 57.51%  |

#### Notes to the Required Supplementary Information:

|                               |   |
|-------------------------------|---|
| Actuarial Valuation Date      | April 30, 2015                            |
| Actuarial Cost Method         | Entry Age Normal                          |
| Amortization Method           | Level % Pay (Closed)                      |
| Remaining Amortization Period | 26 Years                                  |
| Asset Valuation Method        | Level Dollar                              |
| Inflation                     | 2.00%                                     |
| Salary Increases              | 1.12% - 4.86%                             |
| Investment Rate of Return     | 7.00%                                     |
| Retirement Age                | See the Notes to the Financial Statements |
| Mortality                     | RP 2000 CHBCA                             |

#### Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

## CITY OF FREEPORT, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2016

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|-------------|-------------------------------------|--|-----------------------------------|--------------------------|---|
| 2015        | \$ 1,311,166                        | \$ 725,710   | \$ (585,456)                      | \$ 2,987,121             | 24.29%  |
| 2016        | 1,343,021                           | 717,781  | (625,240)                         | 2,980,504                | 24.08%  |

#### Notes to the Required Supplementary Information:

|                               |   |
|-------------------------------|---|
| Actuarial Valuation Date      | April 30, 2015                            |
| Actuarial Cost Method         | Entry Age Normal                          |
| Amortization Method           | Level Dollar                              |
| Remaining Amortization Period | 26 Years                                  |
| Asset Valuation Method        | 5-Year Smoothed Market                    |
| Inflation                     | 2.00%                                     |
| Salary Increases              | 1.12% - 4.86%                             |
| Investment Rate of Return     | 7.00%                                     |
| Retirement Age                | See the Notes to the Financial Statements |
| Mortality                     | RP 2000 CHBCA                             |

#### Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.



## CITY OF FREEPORT, ILLINOIS

### Illinois Municipal Retirement Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2016

|  | December 31,<br>2015       |
|--|----------------------------|
| Total Pension Liability  |                            |
| Service Cost   | \$ 488,728                 |
| Interest   | 2,222,934                  |
| Changes in Benefit Terms   | -                          |
| Differences Between Expected and Actual Experience                           | 828,549                    |
| Change of Assumptions  | 74,109                     |
| Benefit Payments, Including Refunds of Member Contributions                  | <u>(1,630,359)</u>         |
| Net Change in Total Pension Liability  | 1,983,961                  |
| Total Pension Liability - Beginning  | <u>30,209,941</u>          |
| Total Pension Liability - Ending   | <u><u>32,193,902</u></u>   |
| Plan Fiduciary Net Position  |                            |
| Contributions - Employer   | \$ 523,016                 |
| Contributions - Members  | 211,676                    |
| Net Investment Income  | 143,432                    |
| Benefit Payments, Including Refunds of Member Contributions                  | (1,630,359)                |
| Administrative Expense   | <u>667,825</u>             |
| Net Change in Plan Fiduciary Net Position                                    | (84,410)                   |
| Plan Net Position - Beginning  | <u>29,134,224</u>          |
| Plan Net Position - Ending   | <u><u>29,049,814</u></u>   |
| Employers Net Pension Liability  | <u><u>\$ 3,144,088</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 90.23%                     |
| Covered-Employee Payroll   | \$ 4,640,775               |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | 67.75%                     |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF FREEPORT, ILLINOIS****Police Pension Fund****Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2016**

|   | 2015          | 2016        |
|---|---------------|-------------|
| Total Pension Liability   |               |             |
| Service Cost  | \$ 589,828    | 596,733     |
| Interest  | 2,565,871     | 2,860,656   |
| Changes in Benefit Terms  | -             | -           |
| Differences Between Expected and Actual Experience                              | 574,525       | 234,995     |
| Change of Assumptions   | 2,748,812     | -           |
| Benefit Payments, Including Refunds of Member Contributions                     | (2,287,447)   | (2,244,595) |
| Net Change in Total Pension Liability   | 4,191,589     | 1,447,789   |
| Total Pension Liability - Beginning   | 37,703,699    | 41,895,288  |
| Total Pension Liability - Ending  | 41,895,288    | 43,343,077  |
| Plan Fiduciary Net Position   |               |             |
| Contributions - Employer  | \$ 1,434,033  | 1,605,261   |
| Contributions - Members   | 274,072       | 275,215     |
| Net Investment Income   | 1,312,951     | (786,689)   |
| Benefit Payments, Including Refunds of Member Contributions                     | (2,287,447)   | (2,244,595) |
| Administrative Expense  | (29,617)      | (27,163)    |
| Net Change in Plan Fiduciary Net Position                                       | 703,992       | (1,177,971) |
| Plan Net Position - Beginning   | 21,634,176    | 22,338,168  |
| Plan Net Position - Ending  | 22,338,168    | 21,160,197  |
| Employer's Net Pension Liability  | \$ 19,557,120 | 22,182,880  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability      | 53.32%        | 48.82%      |
| Covered-Employee Payroll  | \$ 2,739,339  | 2,791,060   |
| Employer's Net Pension Liability as a Percentage of<br>Covered-Employee Payroll | 713.94%       | 794.78%     |

**Note:**

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

# CITY OF FREEPORT, ILLINOIS

## Firefighters' Pension Fund

### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2016

|  | 2015         | 2016        |
|--|--------------|-------------|
| Total Pension Liability  |              |             |
| Service Cost   | \$ 749,011   | 737,347     |
| Interest   | 2,648,793    | 2,923,551   |
| Changes in Benefit Terms   | -            | -           |
| Differences Between Expected and Actual Experience                           | (554,147)    | (495,747)   |
| Change of Assumptions  | 3,414,039    | -           |
| Benefit Payments, Including Refunds of Member Contributions                  | (2,296,564)  | (2,375,172) |
| Net Change in Total Pension Liability  | 3,961,132    | 789,979     |
| Total Pension Liability - Beginning  | 38,892,500   | 42,853,632  |
| Total Pension Liability - Ending   | 42,853,632   | 43,643,611  |
| Plan Fiduciary Net Position  |              |             |
| Contributions - Employer   | \$ 725,710   | 717,781     |
| Contributions - Members  | 277,963      | 281,865     |
| Net Investment Income  | 1,878,396    | (578,247)   |
| Benefit Payments, Including Refunds of Member Contributions                  | (2,296,564)  | (2,375,172) |
| Administrative Expense   | (24,449)     | (26,868)    |
| Net Change in Plan Fiduciary Net Position                                    | 561,056      | (1,980,641) |
| Plan Net Position - Beginning  | 33,691,953   | 34,253,009  |
| Plan Net Position - Ending   | 34,253,009   | 32,272,368  |
| Employer's Net Pension Liability   | \$ 8,600,623 | 11,371,243  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 79.93%       | 73.95%      |
| Covered-Employee Payroll   | \$ 2,987,121 | 2,980,504   |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | 287.92%      | 381.52%     |

#### Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF FREEPORT, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
April 30, 2016**

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| Fiscal<br>Year | Annual Money-<br>Weighted Rate<br>of Return, Net<br>of Investment<br>Expense |
|----------------|--|
| 2015           | 6.47%  |
| 2016           | (3.30%)  |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**CITY OF FREEPORT, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
April 30, 2016**

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| Fiscal<br>Year | Annual Money-<br>Weighted Rate<br>of Return, Net<br>of Investment<br>Expense |
|----------------|--|
| 2015           | 5.98%  |
| 2016           | (1.60%)  |

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes 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, 2016

|  | Budget             |                    | Actual                  |
|--|--------------------|--------------------|-------------------------|
|  | Original           | Final              |                         |
| Revenues   |                    |                    |                         |
| Taxes  | \$ 12,370,343      | 12,370,343         | 12,302,001              |
| Licenses, Permits and Fees                                   | 674,440            | 674,440            | 754,505                 |
| Intergovernmental  | 3,630,920          | 3,630,920          | 3,738,313               |
| Charges for Services   | 4,487,666          | 4,487,666          | 1,581,484               |
| Fines and Forfeits   | 285,800            | 285,800            | 265,088                 |
| Interest   | 2,877              | 2,877              | 5,830                   |
| Miscellaneous  | 940,100            | 940,100            | 670,633                 |
| Total Revenues   | <u>22,392,146</u>  | <u>22,392,146</u>  | <u>19,317,854</u>       |
| Expenditures   |                    |                    |                         |
| General Government   | 14,463,437         | 14,466,872         | 8,607,186               |
| Public Safety  | 7,542,720          | 7,552,695          | 7,426,875               |
| Public Works   | 2,739,620          | 2,731,070          | 2,521,924               |
| Culture and Recreation                                       | 239,025            | 239,225            | 237,901                 |
| Total Expenditures   | <u>24,984,802</u>  | <u>24,989,862</u>  | <u>18,793,886</u>       |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(2,592,656)</u> | <u>(2,597,716)</u> | <u>523,968</u>          |
| Other Financing Sources (Uses)                               |                    |                    |                         |
| Disposal of Capital Assets                                   | 16,700             | 16,700             | 1,500                   |
| Debt Issuance  | 2,275,000          | 2,275,000          | -                       |
| Transfers In   | 374,417            | 374,417            | 291,935                 |
| Transfers Out  | (600,960)          | (774,575)          | (429,236)               |
|  | <u>2,065,157</u>   | <u>1,891,542</u>   | <u>(135,801)</u>        |
| Net Change in Fund Balance                                   | <u>(527,499)</u>   | <u>(706,174)</u>   | 388,167                 |
| Fund Balance - Beginning                                     |                    |                    | <u>6,010,810</u>        |
| Fund Balance - Ending  |                    |                    | <u><u>6,398,977</u></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 Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedule – Nonmajor Business-Type Fund
- Budgetary Comparison Schedule – Private Purpose Trust Fund
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds
- Schedule of Changes in Assets and Liabilities – Agency Fund

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

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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.

### **Tourism Promotion Fund**

The Tourism Promotion Fund is used to account for the revenues and expenditures of the Stephenson County Visitor's Bureau which promotes activities within the greater Stephenson County in collaboration with the park district.

### **Grant Fund**

The Grant Fund is used to account for the support activities and required match-funding for a variety of grants from agencies including US Department of Housing and Urban Development, Illinois Housing Development Agency, the Environmental Protection Agency, US Department of Transportation, US Department of Agriculture. Grant related activities include: brownfields assessments and clean-ups, strategic housing plans, neighborhood revitalization plans and efforts, environmental planning and related activities, and various downtown revitalization efforts.

### **Motor Vehicle Fund**

The Motor Vehicle Fund is used to account for the purchase of capital equipment for the Police Department and the Public Works Department.



# **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 the excess property acquired during a drug related crime.

### **Fire Public Safety Fund**

The Fire Public Safety Fund is used to account for the revenues and expenditures related to public fire safety programs.

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

The Downtown T.I.F. District Fund is used to account for the restricted revenues and expenditures (grant-related planning efforts, site improvements, facade improvements, business retention, expansion, and recruitment, infrastructure improvements, and marketing) to promote economic development activities within the Downtown TIF district.

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

The Lamm T.I.F. District Fund is used to account for the restricted revenues and expenditures (business retention, expansion, recruitment, infrastructure improvements, and marketing) to promote economic development activities within the Lamm TIF district.

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

The West Ave. T.I.F. District Fund is used to account for the restricted revenues and expenditures (retail business recruitment, physical improvements to buildings, infrastructure improvements, and marketing) to promote economic development activities within the West Ave. TIF district.

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

The Burchard Hills T.I.F. District Fund is used to account for the restricted revenues and expenditures (infrastructure improvements) to promote economic development activities within the Buchard Hills TIF district.

### **Meadows T.I.F. District Fund**

The Meadows T.I.F. District Fund is used to account for the restricted revenues and expenditures (infrastructure improvements) to promote economic development activities within the Meadows TIF district.

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

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## **SPECIAL REVENUE FUNDS – Continued**

### **Public Library Fund**

The Public Library Fund is used to account for the revenues and expenditures related to the full-service public library.

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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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### **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 the purchase of capital equipment for the Fire Department.

#### **Equipment Capital Projects Fund**

The Equipment Capital Projects Fund is used to account for City projects related to beautification and storage and public recreational interest projects.

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### **PERMANENT FUND**

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs, that is, for the benefit of the Village or its citizenry.

#### **Cemetery Care Fund**

The Cemetery Care Fund is used to account for the revenues and expenditures related to the maintenance and oversight of the cemetery.

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

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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.

### **Landfill Closure Fund**

The Landfill Closure Fund is used to account for the long-term maintenance of landfill # 2,3 and 4 and all associated expenditures related to laboratory testing for said landfills.

### **Health and Environmental Fund**

The Health and Environmental Fund is used to account for the revenues and expenses related to the garbage collection and recycling programs.

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## **TRUST AND AGENCY FUNDS**

### **PRIVATE PURPOSE TRUST FUND**

#### **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.

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

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## **TRUST AND AGENCY FUNDS - Continued**

### **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.

### **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.

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## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual For the Fiscal Year Ended April 30, 2016

|  | Budget       |            | Actual     |
|--|--------------|------------|------------|
|  | Original     | Final      |            |
| Taxes                                  |              |            |            |
| Property Taxes                         | \$ 2,312,043 | 2,312,043  | 2,314,397  |
| Property Transfer Taxes                | 163,000      | 163,000    | 135,912    |
| Retailer Occupation Taxes              | 7,552,000    | 7,552,000  | 7,533,554  |
| Food and Beverage Tax                  | 620,000      | 620,000    | 625,036    |
| Video Gaming Tax                       | 226,300      | 226,300    | 289,111    |
| Telecommunications Tax                 | 690,000      | 690,000    | 630,037    |
| Utility Tax                            | 458,000      | 458,000    | 474,813    |
| Natural Gas Utility Tax                | 349,000      | 349,000    | 299,141    |
| Total Taxes                            | 12,370,343   | 12,370,343 | 12,302,001 |
| Licenses, Permits and Fees             |              |            |            |
| Building Permit Fees                   | 79,460       | 79,460     | 134,173    |
| Liquor Licenses                        | 100,000      | 100,000    | 117,134    |
| Business Licenses and Permits          | 26,100       | 26,100     | 25,532     |
| Landlord Registration Fees             | 67,620       | 67,620     | 70,015     |
| Cable TV Franchise Fees                | 333,000      | 333,000    | 339,391    |
| 911 Dispatching Fees                   | 68,260       | 68,260     | 68,260     |
| Total Licenses, Permits and Fees       | 674,440      | 674,440    | 754,505    |
| Intergovernmental                      |              |            |            |
| State Income Tax                       | 2,538,162    | 2,538,162  | 2,622,429  |
| Special Use Tax                        | 497,377      | 497,377    | 588,308    |
| Replacement Taxes                      | 453,200      | 453,200    | 380,679    |
| Grant - Administration Reimbursements  | -            | -          | 7,829      |
| Grant - SLANT Officer                  | 11,400       | 11,400     | 45,586     |
| School Resource Officer Reimbursements | 64,400       | 64,400     | 34,976     |
| Sustained Traffic Enforcement PR       | 2,400        | 2,400      | -          |
| IDOT Reimbursement                     | 63,981       | 63,981     | 58,506     |
| Total Intergovernmental                | 3,630,920    | 3,630,920  | 3,738,313  |

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

|  | Budget     |            | Actual     |
|--|------------|------------|------------|
|  | Original   | Final      |            |
| Charges for Services                       |            |            |            |
| Water and Sewer Service Charge             | \$ 113,000 | 113,000    | 102,000    |
| Airport Hanger Rent                        | 100,000    | 100,000    | 89,555     |
| Fuel Sales                                 | 12,100     | 12,100     | 10,015     |
| Interfund Services                         | 4,229,536  | 4,229,536  | 1,351,850  |
| Other Charges for Services                 | 33,030     | 33,030     | 28,064     |
| Total Charges for Services                 | 4,487,666  | 4,487,666  | 1,581,484  |
| Fines and Forfeitures                      |            |            |            |
| Fines - Circuit Court                      | 285,800    | 285,800    | 265,088    |
| Interest                                   | 2,877      | 2,877      | 5,830      |
| Miscellaneous                              |            |            |            |
| Reimbursement - Police Training            | 1,300      | 1,300      | -          |
| Reimbursement - Traffic Signal Maintenance | 13,700     | 13,700     | 16,559     |
| Reimbursement - Other Sources              | 200,000    | 200,000    | -          |
| Insurance Proceeds                         | 600,000    | 600,000    | 582,522    |
| Miscellaneous Local Sources                | 125,100    | 125,100    | 71,552     |
| Total Miscellaneous                        | 940,100    | 940,100    | 670,633    |
| Total Revenues                             | 22,392,146 | 22,392,146 | 19,317,854 |

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2016

|                                   | Budget         |                | Actual         |
|-----------------------------------|----------------|----------------|----------------|
|                                   | Original       | Final          |                |
| General Government                |                |                |                |
| City Council                      |                |                |                |
| Personal Services                 | \$ 30,400      | 30,400         | 30,399         |
| Contractual Services              | 11,100         | 11,100         | 6,958          |
|                                   | <u>41,500</u>  | <u>41,500</u>  | <u>37,357</u>  |
| Commissions                       |                |                |                |
| Personal Services                 | 4,300          | 4,300          | 4,300          |
| Contractual Services              | 12,300         | 13,700         | 14,773         |
| Commodities                       | 375            | 375            | 375            |
|                                   | <u>16,975</u>  | <u>18,375</u>  | <u>19,448</u>  |
| City Clerk                        |                |                |                |
| Personal Services                 | 59,149         | 67,449         | 59,149         |
| Contractual Services              | 4,500          | 4,500          | 4,260          |
| Commodities                       | 1,900          | 1,900          | 1,836          |
|                                   | <u>65,549</u>  | <u>73,849</u>  | <u>65,245</u>  |
| Mayor                             |                |                |                |
| Personal Services                 | 134,659        | 134,859        | 132,407        |
| Contractual Services              | 13,000         | 11,600         | 4,655          |
| Commodities                       | 2,300          | 2,300          | 1,462          |
|                                   | <u>149,959</u> | <u>148,759</u> | <u>138,524</u> |
| Office of Management and Budget   |                |                |                |
| Personal Services                 | 134,400        | 112,700        | 111,254        |
| Contractual Services              | 6,650          | 39,150         | 38,657         |
| Commodities                       | 2,600          | 1,800          | 1,640          |
| Equipment, Furniture and Fixtures | 700            | 700            | -              |
|                                   | <u>144,350</u> | <u>154,350</u> | <u>151,551</u> |

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

|                                   | Budget           |                  | Actual         |
|-----------------------------------|------------------|------------------|----------------|
|                                   | Original         | Final            |                |
| General Government - Continued    |                  |                  |                |
| Treasurer                         |                  |                  |                |
| Personal Services                 | \$ 57,775        | 57,775           | 57,775         |
| Contractual Services              | 1,716            | 2,091            | 2,091          |
| Commodities                       | 915              | 915              | 831            |
|                                   | <u>60,406</u>    | <u>60,781</u>    | <u>60,697</u>  |
| Hearing Administration            |                  |                  |                |
| Contractual Services              | <u>10,000</u>    | <u>10,000</u>    | <u>5,040</u>   |
| General Government Building       |                  |                  |                |
| Contractual Services              | 157,500          | 175,500          | 172,676        |
| Commodities                       | 9,800            | 15,800           | 14,337         |
| Capital Outlay                    | 2,275,000        | 2,275,000        | 85,541         |
|                                   | <u>2,442,300</u> | <u>2,466,300</u> | <u>272,554</u> |
| Management Information Systems    |                  |                  |                |
| Contractual Services              | 24,680           | 14,680           | 1,640          |
| Equipment, Furniture and Fixtures | 9,500            | 9,500            | 6,398          |
|                                   | <u>34,180</u>    | <u>24,180</u>    | <u>8,038</u>   |
| Community Development             |                  |                  |                |
| Personal Services                 | 156,190          | 140,690          | 143,622        |
| Contractual Services              | 44,915           | 60,415           | 57,270         |
| Commodities                       | 5,175            | 5,175            | 3,652          |
| Equipment, Furniture and Fixtures | 7,200            | 7,200            | 7,188          |
|                                   | <u>213,480</u>   | <u>213,480</u>   | <u>211,732</u> |
| Neighborhood Housing Development  |                  |                  |                |
| Contractual Services              | <u>163,000</u>   | <u>163,000</u>   | <u>116,858</u> |



## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

|                                   | Budget            |                   | Actual           |
|-----------------------------------|-------------------|-------------------|------------------|
|                                   | Original          | Final             |                  |
| General Government - Continued    |                   |                   |                  |
| Human Resources                   |                   |                   |                  |
| Personal Services                 | \$ 58,000         | 60,650            | 59,395           |
| Contractual Services              | 12,800            | 14,000            | 12,757           |
| Commodities                       | 1,700             | 1,700             | 1,110            |
|                                   | <u>72,500</u>     | <u>76,350</u>     | <u>73,262</u>    |
| Interdepartmental Expenditures    |                   |                   |                  |
| Personal Services                 | 6,248,852         | 6,099,877         | 3,258,636        |
| Contractual Services              | 378,690           | 399,275           | 376,644          |
| Commodities                       | 8,400             | 7,700             | 6,569            |
| Equipment, Furniture and Fixtures | -                 | 700               | 648              |
|                                   | <u>6,635,942</u>  | <u>6,507,552</u>  | <u>3,642,497</u> |
| Health Care                       |                   |                   |                  |
| Personal Services                 | 4,048,620         | 4,048,620         | 3,392,208        |
| Contractual Services              | 86,066            | 86,066            | 81,316           |
|                                   | <u>4,134,686</u>  | <u>4,134,686</u>  | <u>3,473,524</u> |
| Judiciary and Legal               |                   |                   |                  |
| Personal Services                 | 139,360           | 132,460           | 119,960          |
| Contractual Services              | 134,650           | 236,650           | 206,972          |
| Commodities                       | 4,600             | 4,600             | 3,927            |
|                                   | <u>278,610</u>    | <u>373,710</u>    | <u>330,859</u>   |
| Total General Government          | <u>14,463,437</u> | <u>14,466,872</u> | <u>8,607,186</u> |

**CITY OF FREEPORT, ILLINOIS****General Fund****Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2016**

|                                   | Budget    |           | Actual    |
|-----------------------------------|-----------|-----------|-----------|
|                                   | Original  | Final     |           |
| Public Safety                     |           |           |           |
| Buildings                         |           |           |           |
| Personal Services                 | \$ 93,000 | 94,875    | 93,817    |
| Contractual Services              | 21,150    | 19,950    | 19,762    |
| Commodities                       | 1,550     | 1,550     | 1,498     |
|                                   | 115,700   | 116,375   | 115,077   |
| Police Department                 |           |           |           |
| Personal Services                 | 3,854,020 | 3,854,420 | 3,796,658 |
| Contractual Services              | 145,900   | 145,900   | 135,597   |
| Commodities                       | 149,200   | 149,200   | 99,326    |
| Equipment, Furniture and Fixtures | 7,800     | 7,800     | 7,576     |
|                                   | 4,156,920 | 4,157,320 | 4,039,157 |
| Fire Department                   |           |           |           |
| Personal Services                 | 3,116,000 | 3,137,700 | 3,124,831 |
| Contractual Services              | 77,900    | 76,700    | 81,994    |
| Commodities                       | 74,700    | 63,300    | 64,539    |
| Equipment, Furniture and Fixtures | 1,500     | 1,300     | 1,277     |
|                                   | 3,270,100 | 3,279,000 | 3,272,641 |
| Total Public Safety               | 7,542,720 | 7,552,695 | 7,426,875 |
| Public Works                      |           |           |           |
| Department of Public Works        |           |           |           |
| Personal Services                 | 48,800    | 54,900    | 53,425    |
| Contractual Services              | 46,600    | 58,600    | 84,365    |
| Commodities                       | 650       | 650       | 500       |
|                                   | 96,050    | 114,150   | 138,290   |
| Street Department                 |           |           |           |
| Personal Services                 | 700,700   | 726,250   | 723,579   |
| Contractual Services              | 217,870   | 214,870   | 148,913   |
| Commodities                       | 474,500   | 401,500   | 358,864   |
| Equipment, Furniture and Fixtures | 2,500     | 2,300     | 701       |
|                                   | 1,395,570 | 1,344,920 | 1,232,057 |

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

|                                   | Budget    |           | Actual    |
|-----------------------------------|-----------|-----------|-----------|
|                                   | Original  | Final     |           |
| Public Works - Continued          |           |           |           |
| Traffic Engineering               |           |           |           |
| Contractual Services              | \$ 16,000 | 24,500    | 23,240    |
| Commodities                       | 2,500     | 2,000     | 1,637     |
|                                   | 18,500    | 26,500    | 24,877    |
| Street Lights                     |           |           |           |
| Contractual Services              | 6,000     | 6,000     | 4,024     |
| Commodities                       | 189,000   | 205,000   | 248,973   |
|                                   | 195,000   | 211,000   | 252,997   |
| Airport Authority                 |           |           |           |
| Contractual Services              | 106,800   | 112,700   | 111,527   |
| Commodities                       | 28,700    | 22,800    | 22,952    |
| Other Charges                     | 34,000    | 34,000    | 33,811    |
| Equipment, Furniture and Fixtures | -         | -         | 1,789     |
| Capital Outlay                    | 600,000   | 600,000   | 581,676   |
|                                   | 769,500   | 769,500   | 751,755   |
| Capital Improvements              |           |           |           |
| Bike Trails                       |           |           |           |
| Contractual Services              | 250,000   | 250,000   | 117,904   |
| Sidewalk Program                  |           |           |           |
| Contractual Services              | 15,000    | 15,000    | 4,044     |
|                                   | 265,000   | 265,000   | 121,948   |
| Total Public Works                | 2,739,620 | 2,731,070 | 2,521,924 |
| Culture and Recreation            |           |           |           |
| Social Services                   |           |           |           |
| Personal Services                 | 46,700    | 48,600    | 48,107    |
| Contractual Services              | 6,100     | 4,200     | 5,059     |
| Commodities                       | 1,425     | 1,425     | 1,087     |
| Equipment, Furniture and Fixtures | 1,700     | 1,900     | 1,885     |
|                                   | 55,925    | 56,125    | 56,138    |

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

|                                    | Budget     |            | Actual     |
|------------------------------------|------------|------------|------------|
|                                    | Original   | Final      |            |
| Culture and Recreation - Continued |            |            |            |
| City Cemetery                      |            |            |            |
| Personal Services                  | \$ 49,700  | 49,700     | 48,578     |
| Contractual Services               | 5,000      | 5,000      | 3,756      |
| Commodities                        | 2,300      | 2,300      | 1,504      |
| Equipment, Furniture and Fixtures  | 500        | 500        | -          |
|                                    | 57,500     | 57,500     | 53,838     |
| Forestry                           |            |            |            |
| Personal Services                  | 98,100     | 103,100    | 102,643    |
| Contractual Services               | 21,000     | 16,000     | 12,047     |
| Commodities                        | 6,500      | 6,500      | 13,235     |
|                                    | 125,600    | 125,600    | 127,925    |
| Total Culture and Recreation       | 239,025    | 239,225    | 237,901    |
| Total Expenditures                 | 24,984,802 | 24,989,862 | 18,793,886 |

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Governmental Funds

### Combining Balance Sheet

April 30, 2016

|  | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | Permanent<br>Cemetery<br>Care | Totals    |
|--|--------------------|-----------------|---------------------|-------------------------------|-----------|
| <b>ASSETS</b>  |                    |                 |                     |                               |           |
| Cash and Investments                                   | \$ 1,865,748       | 33,007          | 911,854             | 120,875                       | 2,931,484 |
| Receivables - Net of Allowances                        |                    |                 |                     |                               |           |
| Property Taxes   | 1,134,737          | -               | -                   | -                             | 1,134,737 |
| Accounts   | 376,073            | -               | 294,009             | -                             | 670,082   |
| Due from Other Funds                                   | -                  | 184,338         | -                   | -                             | 184,338   |
| Prepays  | 7,592              | -               | -                   | -                             | 7,592     |
| Total Assets   | 3,384,150          | 217,345         | 1,205,863           | 120,875                       | 4,928,233 |
| <b>LIABILITIES</b>                                     |                    |                 |                     |                               |           |
| Accounts Payable                                       | 194,405            | -               | 248,018             |                               | 442,423   |
| Accrued Payroll  | 34,817             | -               | -                   |                               | 34,817    |
| Due to Other Funds                                     | 76,550             | 184,337         | -                   |                               | 260,887   |
| Other Payables   | 10,596             | -               | -                   |                               | 10,596    |
| Total Liabilities                                      | 316,368            | 184,337         | 248,018             | -                             | 748,723   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |                    |                 |                     |                               |           |
| Property Taxes   | 1,134,737          | -               | -                   | -                             | 1,134,737 |
| Total Liabilities and Deferred Inflows<br>of Resources | 1,451,105          | 184,337         | 248,018             | -                             | 1,883,460 |
| <b>FUND BALANCES</b>                                   |                    |                 |                     |                               |           |
| Nonspendable   | 7,592              | -               | -                   | -                             | 7,592     |
| Restricted   | 1,879,123          | -               | 370,145             | 120,875                       | 2,370,143 |
| Committed  | 79,104             | 33,008          | 587,700             | -                             | 699,812   |
| Assigned   | 5,686              | -               | -                   | -                             | 5,686     |
| Unassigned   | (38,460)           | -               | -                   | -                             | (38,460)  |
| Total Fund Balances                                    | 1,933,045          | 33,008          | 957,845             | 120,875                       | 3,044,773 |
| Total Liabilities and Fund Balances                    | 3,384,150          | 217,345         | 1,205,863           | 120,875                       | 4,928,233 |

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2016

|  | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | Permanent<br>Cemetery<br>Care | Totals      |
|--|--------------------|-----------------|---------------------|-------------------------------|-------------|
| Revenues   |                    |                 |                     |                               |             |
| Taxes  | \$ 2,191,822       | -               | -                   |                               | 2,191,822   |
| Licenses, Permits and Fees                                   | 24,734             | -               | 792,142             | 6,510                         | 823,386     |
| Intergovernmental  | 2,248,707          | -               | 252,404             | -                             | 2,501,111   |
| Interest   | 5,190              | 2,322           | 1,647               | 23                            | 9,182       |
| Miscellaneous  | 246,351            | -               | -                   | -                             | 246,351     |
| Total Revenues   | 4,716,804          | 2,322           | 1,046,193           | 6,533                         | 5,771,852   |
| Expenditures   |                    |                 |                     |                               |             |
| General Government   | 1,793,410          | -               | -                   | -                             | 1,793,410   |
| Public Safety  | 228,836            | -               | -                   | -                             | 228,836     |
| Public Works   | 1,995,077          | -               | -                   | -                             | 1,995,077   |
| Culture and Recreation                                       | 1,019,033          | -               | -                   | -                             | 1,019,033   |
| Capital Outlay   | 7,300              | -               | 615,667             | -                             | 622,967     |
| Debt Service   |                    |                 |                     |                               |             |
| Principal Retirement   | 256,008            | 738,818         | -                   | -                             | 994,826     |
| Interest and Fiscal Charges                                  | 35,484             | 90,123          | -                   | -                             | 125,607     |
| Total Expenditures   | 5,335,148          | 828,941         | 615,667             | -                             | 6,779,756   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (618,344)          | (826,619)       | 430,526             | 6,533                         | (1,007,904) |
| Other Financing Sources (Uses)                               |                    |                 |                     |                               |             |
| Debt Issuance  | -                  | 1,809,747       | -                   | -                             | 1,809,747   |
| Premium on Debt Issuance                                     |                    | 37,591          | -                   | -                             | 37,591      |
| Payment to Escrow Agent                                      |                    | (1,847,338)     | -                   | -                             | (1,847,338) |
| Transfers In   | 49,189             | 859,626         | 18,761              | -                             | 927,576     |
| Transfers Out  | (140,838)          | -               | (649,437)           | -                             | (790,275)   |
|  | (91,649)           | 859,626         | (630,676)           | -                             | 137,301     |
| Net Change in Fund Balances                                  | (709,993)          | 33,007          | (200,150)           | 6,533                         | (870,603)   |
| Fund Balances - Beginning                                    | 2,643,038          | 1               | 1,157,995           | 114,342                       | 3,915,376   |
| Fund Balances - Ending                                       | 1,933,045          | 33,008          | 957,845             | 120,875                       | 3,044,773   |

**CITY OF FREEPORT, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet  
April 30, 2016**

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**See Following Page**

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental - Special Revenue Funds****Combining Balance Sheet****April 30, 2016**

|  | Illinois<br>Municipal<br>Retirement | Motor<br>Fuel<br>Tax | Tourism<br>Promotion | Grant<br>Funds | Motor<br>Vehicle |
|--|-------------------------------------|----------------------|----------------------|----------------|------------------|
| <b>ASSETS</b>  |                                     |                      |                      |                |                  |
| Cash and Investments                                   | \$ 230                              | 108,326              | 94,486               | 46,260         | 79,104           |
| Receivables - Net of Allowances                        |                                     |                      |                      |                |                  |
| Property Taxes   | 212,154                             | -                    | -                    | -              | -                |
| Accounts   | -                                   | 58,347               | -                    | 309,353        | -                |
| Prepays  | -                                   | -                    | -                    | -              | -                |
| Total Assets   | 212,384                             | 166,673              | 94,486               | 355,613        | 79,104           |
| <b>LIABILITIES</b>                                     |                                     |                      |                      |                |                  |
| Accounts Payable                                       | -                                   | -                    | -                    | 163,188        | -                |
| Accrued Payroll  | 12,833                              | -                    | -                    | -              | -                |
| Due to Other Funds                                     | 25,857                              | -                    | -                    | -              | -                |
| Other Payables   | -                                   | -                    | -                    | 4,427          | -                |
| Total Liabilities                                      | 38,690                              | -                    | -                    | 167,615        | -                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |                                     |                      |                      |                |                  |
| Property Taxes   | 212,154                             | -                    | -                    | -              | -                |
| Total Liabilities and Deferred Inflows<br>of Resources | 250,844                             | -                    | -                    | 167,615        | -                |
| <b>FUND BALANCES</b>                                   |                                     |                      |                      |                |                  |
| Nonspendable   | -                                   | -                    | -                    | -              | -                |
| Restricted   | -                                   | 166,673              | 94,486               | 187,998        | -                |
| Committed  | -                                   | -                    | -                    | -              | 79,104           |
| Assigned   | -                                   | -                    | -                    | -              | -                |
| Unassigned   | (38,460)                            | -                    | -                    | -              | -                |
| Total Fund Balances                                    | (38,460)                            | 166,673              | 94,486               | 187,998        | 79,104           |
| Total Liabilities and Fund Balances                    | 212,384                             | 166,673              | 94,486               | 355,613        | 79,104           |



| Drug<br>Forfeiture | Fire<br>Public<br>Safety | Downtown<br>T.I.F.<br>District | Lamm Road<br>T.I.F.<br>District | West Ave.<br>T.I.F.<br>District | Burchard                    |                               | Public<br>Library | Totals    |
|--------------------|--------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------|-------------------------------|-------------------|-----------|
|                    |                          |                                |                                 |                                 | Hills<br>T.I.F.<br>District | Meadows<br>T.I.F.<br>District |                   |           |
| 35,924             | 5,686                    | 310,272                        | 167,367                         | 48,141                          | 7,948                       | 247                           | 961,757           | 1,865,748 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 922,583           | 1,134,737 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 8,373             | 376,073   |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 7,592             | 7,592     |
| 35,924             | 5,686                    | 310,272                        | 167,367                         | 48,141                          | 7,948                       | 247                           | 1,900,305         | 3,384,150 |
| -                  | -                        | 3,471                          | -                               | -                               | -                           | -                             | 27,746            | 194,405   |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 21,984            | 34,817    |
| -                  | -                        | 50,693                         | -                               | -                               | -                           | -                             | -                 | 76,550    |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 6,169             | 10,596    |
| -                  | -                        | 54,164                         | -                               | -                               | -                           | -                             | 55,899            | 316,368   |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 922,583           | 1,134,737 |
| -                  | -                        | 54,164                         | -                               | -                               | -                           | -                             | 978,482           | 1,451,105 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 7,592             | 7,592     |
| 35,924             | -                        | 256,108                        | 167,367                         | 48,141                          | 7,948                       | 247                           | 914,231           | 1,879,123 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | -                 | 79,104    |
| -                  | 5,686                    | -                              | -                               | -                               | -                           | -                             | -                 | 5,686     |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | -                 | (38,460)  |
| 35,924             | 5,686                    | 256,108                        | 167,367                         | 48,141                          | 7,948                       | 247                           | 921,823           | 1,933,045 |
| 35,924             | 5,686                    | 310,272                        | 167,367                         | 48,141                          | 7,948                       | 247                           | 1,900,305         | 3,384,150 |

# 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, 2016

|  | Illinois<br>Municipal<br>Retirement | Motor<br>Fuel<br>Tax | Tourism<br>Promotion | Grant<br>Fund | Motor<br>Vehicle |
|--|-------------------------------------|----------------------|----------------------|---------------|------------------|
| Revenues   |                                     |                      |                      |               |                  |
| Taxes  | \$ 136,145                          | -                    | 190,333              | -             | -                |
| Licenses, Permits and Fees                                   | -                                   | -                    | -                    | -             | 6,000            |
| Intergovernmental  | -                                   | 655,791              | -                    | 1,568,066     | -                |
| Interest   | 41                                  | 263                  | 176                  | -             | 93               |
| Miscellaneous  | -                                   | 236,911              | -                    | -             | -                |
| Total Revenues   | 136,186                             | 892,965              | 190,509              | 1,568,066     | 6,093            |
| Expenditures   |                                     |                      |                      |               |                  |
| Current  |                                     |                      |                      |               |                  |
| General Government   | 332,700                             | -                    | 175,600              | 1,285,110     | -                |
| Public Safety  | -                                   | -                    | -                    | 213,346       | -                |
| Public Works   | -                                   | 1,182,801            | -                    | 170,468       | -                |
| Culture and Recreation                                       | -                                   | -                    | -                    | -             | -                |
| Capital Outlay   | -                                   | -                    | -                    | -             | -                |
| Debt Service   |                                     |                      |                      |               |                  |
| Principal Retirement   | -                                   | -                    | -                    | -             | -                |
| Interest and Fiscal Charges                                  | -                                   | -                    | -                    | -             | -                |
| Total Expenditures   | 332,700                             | 1,182,801            | 175,600              | 1,668,924     | -                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (196,514)                           | (289,836)            | 14,909               | (100,858)     | 6,093            |
| Other Financing Sources (Uses)                               |                                     |                      |                      |               |                  |
| Transfers In   | 34,000                              | -                    | -                    | 15,189        | -                |
| Transfers Out  | -                                   | (45,000)             | -                    | (21,279)      | -                |
|  | 34,000                              | (45,000)             | -                    | (6,090)       | -                |
| Net Change in Fund Balances                                  | (162,514)                           | (334,836)            | 14,909               | (106,948)     | 6,093            |
| Fund Balances - Beginning                                    | 124,054                             | 501,509              | 79,577               | 294,946       | 73,011           |
| Fund Balances - Ending                                       | (38,460)                            | 166,673              | 94,486               | 187,998       | 79,104           |

| Drug<br>Forfeiture | Fire<br>Public<br>Safety | Downtown<br>T.I.F.<br>District | Lamm Road<br>T.I.F.<br>District | West Ave.<br>T.I.F.<br>District | Burchard                    |                               | Public<br>Library | Totals    |
|--------------------|--------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------|-------------------------------|-------------------|-----------|
|                    |                          |                                |                                 |                                 | Hills<br>T.I.F.<br>District | Meadows<br>T.I.F.<br>District |                   |           |
| -                  | -                        | 198,246                        | 619,619                         | 36,669                          | -                           | 3,888                         | 1,006,922         | 2,191,822 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 18,734            | 24,734    |
| 24,850             | -                        | -                              | -                               | -                               | -                           | -                             | -                 | 2,248,707 |
| -                  | 8                        | 376                            | 350                             | 70                              | 9                           | 1                             | 3,803             | 5,190     |
| -                  | 950                      | -                              | -                               | -                               | -                           | -                             | 8,490             | 246,351   |
| 24,850             | 958                      | 198,622                        | 619,969                         | 36,739                          | 9                           | 3,889                         | 1,037,949         | 4,716,804 |
|                    |                          |                                |                                 |                                 |                             |                               |                   |           |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | -                 | 1,793,410 |
| 11,916             | 3,574                    | -                              | -                               | -                               | -                           | -                             | -                 | 228,836   |
| -                  | -                        | 248,848                        | 355,791                         | 33,357                          | 170                         | 3,642                         | -                 | 1,995,077 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 1,019,033         | 1,019,033 |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | 7,300             | 7,300     |
| -                  | -                        | -                              | 256,008                         | -                               | -                           | -                             | -                 | 256,008   |
| -                  | -                        | -                              | 35,484                          | -                               | -                           | -                             | -                 | 35,484    |
| 11,916             | 3,574                    | 248,848                        | 647,283                         | 33,357                          | 170                         | 3,642                         | 1,026,333         | 5,335,148 |
|                    |                          |                                |                                 |                                 |                             |                               |                   |           |
| 12,934             | (2,616)                  | (50,226)                       | (27,314)                        | 3,382                           | (161)                       | 247                           | 11,616            | (618,344) |
|                    |                          |                                |                                 |                                 |                             |                               |                   |           |
| -                  | -                        | -                              | -                               | -                               | -                           | -                             | -                 | 49,189    |
| -                  | -                        | (74,559)                       | -                               | -                               | -                           | -                             | -                 | (140,838) |
| -                  | -                        | (74,559)                       | -                               | -                               | -                           | -                             | -                 | (91,649)  |
| 12,934             | (2,616)                  | (124,785)                      | (27,314)                        | 3,382                           | (161)                       | 247                           | 11,616            | (709,993) |
| 22,990             | 8,302                    | 380,893                        | 194,681                         | 44,759                          | 8,109                       | -                             | 910,207           | 2,643,038 |
| 35,924             | 5,686                    | 256,108                        | 167,367                         | 48,141                          | 7,948                       | 247                           | 921,823           | 1,933,045 |

**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, 2016**

|  | Budget           |                  | Actual                 |
|--|------------------|------------------|------------------------|
|  | Original         | Final            |                        |
| Revenues   |                  |                  |                        |
| Taxes  | \$ 136,000       | 136,000          | 136,145                |
| Interest   | 40               | 40               | 41                     |
| Total Revenues   | 136,040          | 136,040          | 136,186                |
| Expenditures   |                  |                  |                        |
| General Government   | 317,000          | 336,000          | 332,700                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (180,960)        | (199,960)        | (196,514)              |
| Other Financing Sources                                      |                  |                  |                        |
| Transfers In   | 34,000           | 53,000           | 34,000                 |
| Net Change in Fund Balance                                   | <u>(146,960)</u> | <u>(146,960)</u> | (162,514)              |
| Fund Balance - Beginning                                     |                  |                  | <u>124,054</u>         |
| Fund Balance - Ending  |                  |                  | <u><u>(38,460)</u></u> |

**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, 2016**

|  | Budget     |           | Actual    |
|--|------------|-----------|-----------|
|  | Original   | Final     |           |
| Revenues   |            |           |           |
| Intergovernmental  | \$ 610,184 | 610,184   | 655,791   |
| Interest   | 40         | 40        | 263       |
| Miscellaneous  | 100,000    | 380,000   | 236,911   |
| Total Revenues   | 710,224    | 990,224   | 892,965   |
| Expenditures   |            |           |           |
| Public Works   | 894,000    | 1,174,000 | 1,182,801 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (183,776)  | (183,776) | (289,836) |
| Other Financing Sources (Uses)                               |            |           |           |
| Transfers Out  | -          | -         | (45,000)  |
| Net Change in Fund Balance                                   | (183,776)  | (183,776) | (334,836) |
| Fund Balance - Beginning                                     |            |           | 501,509   |
| Fund Balance - Ending  |            |           | 166,673   |

**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, 2016**

|                            | Budget     |         | Actual  |
|----------------------------|------------|---------|---------|
|                            | Original   | Final   |         |
| Revenues                   |            |         |         |
| Taxes                      | \$ 275,356 | 275,356 | 190,333 |
| Interest                   | 210        | 210     | 176     |
| Total Revenues             | 275,566    | 275,566 | 190,509 |
| Expenditures               |            |         |         |
| General Government         | 274,600    | 274,600 | 175,600 |
| Net Change in Fund Balance | 966        | 966     | 14,909  |
| Fund Balance - Beginning   |            |         | 79,577  |
| Fund Balance - Ending      |            |         | 94,486  |

**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, 2016**

|  | Budget       |           | Actual    |
|--|--------------|-----------|-----------|
|  | Original     | Final     |           |
| Revenues   |              |           |           |
| Intergovernmental  | \$ 3,929,724 | 4,742,599 | 1,568,066 |
| Expenditures   |              |           |           |
| General Government   | 2,654,000    | 3,290,000 | 1,285,110 |
| Public Safety  | 53,463       | 230,338   | 213,346   |
| Public Works   | 1,266,803    | 1,266,803 | 170,468   |
| Total Expenditures   | 3,974,266    | 4,787,141 | 1,668,924 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (44,542)     | (44,542)  | (100,858) |
| Other Financing Sources (Uses)                               |              |           |           |
| Transfers In   | 100,500      | 100,500   | 15,189    |
| Transfers Out  | (55,958)     | (55,958)  | (21,279)  |
|  | 44,542       | 44,542    | (6,090)   |
| Net Change in Fund Balance                                   | -            | -         | (106,948) |
| Fund Balance - Beginning                                     |              |           | 294,946   |
| Fund Balance - Ending  |              |           | 187,998   |

**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, 2016**

|                            | Budget   |       | Actual |
|----------------------------|----------|-------|--------|
|                            | Original | Final |        |
| Revenues                   |          |       |        |
| Licenses, Permits and Fees | \$ 6,000 | 6,000 | 6,000  |
| Interest                   | 10       | 10    | 93     |
| Total Revenues             | 6,010    | 6,010 | 6,093  |
| Expenditures               |          |       |        |
| Public Works               | -        | -     | -      |
| Net Change in Fund Balance | 6,010    | 6,010 | 6,093  |
| Fund Balance - Beginning   |          |       | 73,011 |
| Fund Balance - Ending      |          |       | 79,104 |



**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, 2016**

|                            | Budget    |        | Actual |
|----------------------------|-----------|--------|--------|
|                            | Original  | Final  |        |
| Revenues                   |           |        |        |
| Intergovernmental          | \$ 15,000 | 15,000 | 24,850 |
| Expenditures               |           |        |        |
| Public Safety              | 15,000    | 15,000 | 11,916 |
| Net Change in Fund Balance | -         | -      | 12,934 |
| Fund Balance - Beginning   |           |        | 22,990 |
| Fund Balance - Ending      |           |        | 35,924 |

**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, 2016**

|                            | Budget   |         | Actual  |
|----------------------------|----------|---------|---------|
|                            | Original | Final   |         |
| Revenues                   |          |         |         |
| Interest                   | \$ 2     | 2       | 8       |
| Miscellaneous              | 500      | 500     | 950     |
| Total Revenues             | 502      | 502     | 958     |
| Expenditures               |          |         |         |
| Public Safety              |          |         |         |
| Contractual Services       | 1,500    | 9,800   | 3,574   |
| Net Change in Fund Balance | (998)    | (9,298) | (2,616) |
| Fund Balance - Beginning   |          |         | 8,302   |
| Fund Balance - Ending      |          |         | 5,686   |

**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, 2016**

|  | Budget           |                  | Actual         |
|--|------------------|------------------|----------------|
|  | Original         | Final            |                |
| Revenues   |                  |                  |                |
| Taxes  | \$ 209,788       | 209,788          | 198,246        |
| Interest   | 100              | 100              | 376            |
| Total Revenues   | 209,888          | 209,888          | 198,622        |
| Expenditures   |                  |                  |                |
| Public Works   |                  |                  |                |
| Contractual Services   | 396,747          | 391,634          | 248,848        |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (186,859)        | (181,746)        | (50,226)       |
| Other Financing (Uses)                                       |                  |                  |                |
| Transfers Out  | (63,548)         | (68,661)         | (74,559)       |
| Net Change in Fund Balance                                   | <u>(250,407)</u> | <u>(250,407)</u> | (124,785)      |
| Fund Balance - Beginning                                     |                  |                  | <u>380,893</u> |
| Fund Balance - Ending  |                  |                  | <u>256,108</u> |

**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, 2016**

|  | Budget     |           | Actual   |
|--|------------|-----------|----------|
|  | Original   | Final     |          |
| Revenues   |            |           |          |
| Taxes  | \$ 619,619 | 619,619   | 619,619  |
| Interest   | 100        | 100       | 350      |
| Total Revenues   | 619,719    | 619,719   | 619,969  |
| Expenditures   |            |           |          |
| Public Works   |            |           |          |
| Contractual Services   | 500,000    | 500,000   | 355,791  |
| Debt Service   |            |           |          |
| Principal Retirement   | 350,000    | 350,000   | 256,008  |
| Interest and Fiscal Charges                                  | 65,716     | 65,716    | 35,484   |
| Total Expenditures   | 915,716    | 915,716   | 647,283  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (295,997)  | (295,997) | (27,314) |
| Other Financing (Uses)                                       |            |           |          |
| Transfers Out  | (12,500)   | (12,500)  | -        |
| Net Change in Fund Balance                                   | (308,497)  | (308,497) | (27,314) |
| Fund Balance - Beginning                                     |            |           | 194,681  |
| Fund Balance - Ending  |            |           | 167,367  |

**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, 2016**

|                            | Budget    |          | Actual |
|----------------------------|-----------|----------|--------|
|                            | Original  | Final    |        |
| Revenues                   |           |          |        |
| Taxes                      | \$ 36,669 | 36,669   | 36,669 |
| Interest                   | 10        | 10       | 70     |
| Total Revenues             | 36,679    | 36,679   | 36,739 |
| Expenditures               |           |          |        |
| Public Works               |           |          |        |
| Contractual Services       | 75,084    | 75,084   | 33,357 |
| Net Change in Fund Balance | (38,405)  | (38,405) | 3,382  |
| Fund Balance - Beginning   |           |          | 44,759 |
| Fund Balance - Ending      |           |          | 48,141 |

**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, 2016**

|                            | Budget   |         | Actual |
|----------------------------|----------|---------|--------|
|                            | Original | Final   |        |
| Revenues                   |          |         |        |
| Taxes                      | \$ 2,612 | 2,612   | -      |
| Interest                   | 2        | 2       | 9      |
| Total Revenues             | 2,614    | 2,614   | 9      |
| Expenditures               |          |         |        |
| Public Works               |          |         |        |
| Contractual Services       | 11,109   | 11,109  | 170    |
| Net Change in Fund Balance | (8,495)  | (8,495) | (161)  |
| Fund Balance - Beginning   |          |         | 8,109  |
| Fund Balance - Ending      |          |         | 7,948  |

**CITY OF FREEPORT, ILLINOIS**

**Meadows 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, 2016**

|                            | Budget   |       | Actual |
|----------------------------|----------|-------|--------|
|                            | Original | Final |        |
| Revenues                   |          |       |        |
| Taxes                      | \$ 3,888 | 3,888 | 3,888  |
| Interest                   | -        | -     | 1      |
| Total Revenues             | 3,888    | 3,888 | 3,889  |
| Expenditures               |          |       |        |
| Public Works               |          |       |        |
| Contractual Services       | 3,888    | 3,888 | 3,642  |
| Net Change in Fund Balance | -        | -     | 247    |
| Fund Balance - Beginning   |          |       | -      |
| Fund Balance - Ending      |          |       | 247    |

# 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, 2016

|  | Budget     |           | Actual    |
|--|------------|-----------|-----------|
|  | Original   | Final     |           |
| Revenues   |            |           |           |
| Taxes  |            |           |           |
| Property Taxes   | \$ 991,413 | 991,413   | 964,625   |
| Personal Property Replacement Taxes                          | 50,000     | 50,000    | 42,297    |
| Licenses, Permits and Fees                                   | 20,000     | 20,000    | 18,734    |
| Intergovernmental  | 27,000     | 27,000    | -         |
| Interest   | 775        | 775       | 3,803     |
| Miscellaneous  | 42,000     | 42,000    | 8,490     |
| Total Revenues   | 1,131,188  | 1,131,188 | 1,037,949 |
| Expenditures   |            |           |           |
| Culture and Recreation                                       |            |           |           |
| Personnel  | 641,550    | 641,550   | 630,113   |
| Contractual Services   | 223,250    | 223,250   | 236,292   |
| Commodities  | 219,550    | 218,050   | 152,628   |
| Capital Outlay   | 21,025     | 22,525    | 7,300     |
| Total Expenditures   | 1,105,375  | 1,105,375 | 1,026,333 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 25,813     | 25,813    | 11,616    |
| Other Financing (Uses)                                       |            |           |           |
| Transfers Out  | (25,000)   | (25,000)  | -         |
| Net Change in Fund Balance                                   | 813        | 813       | 11,616    |
| Fund Balance - Beginning                                     |            |           | 910,207   |
| Fund Balance - Ending  |            |           | 921,823   |



**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, 2016**

|  | Budget    |             | Actual      |
|--|-----------|-------------|-------------|
|  | Original  | Final       |             |
| Revenues   |           |             |             |
| Interest   | \$ 27     | 27          | 2,322       |
| Expenditures   |           |             |             |
| Debt Service   |           |             |             |
| Principal Retirement   | 826,875   | 1,005,175   | 738,818     |
| Interest and Fiscal Charges                                  | -         | -           | 90,123      |
| Total Expenditures   | 826,875   | 1,005,175   | 828,941     |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (826,848) | (1,005,148) | (826,619)   |
| Other Financing Sources (Uses)                               |           |             |             |
| Debt Issuance  | -         | -           | 1,809,747   |
| Premium on Debt Issuance                                     | -         | -           | 37,591      |
| Payment to Escrow Agent                                      | -         | -           | (1,847,338) |
| Transfers In   | 826,875   | 1,005,175   | 859,626     |
|  | 826,875   | 1,005,175   | 859,626     |
| Net Change in Fund Balance                                   | 27        | 27          | 33,007      |
| Fund Balance - Beginning                                     |           |             | 1           |
| Fund Balance - Ending  |           |             | 33,008      |

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet****April 30, 2016**

|   | Fire<br>Capital<br>Improvements | Equipment<br>Capital<br>Projects | Totals    |
|---|---------------------------------|----------------------------------|-----------|
| <b>ASSETS</b>                               |                                 |                                  |           |
| Cash and Investments                        | \$ 565,021                      | 346,833                          | 911,854   |
| Receivables - Net of Allowances<br>Accounts | 270,697                         | 23,312                           | 294,009   |
| Total Assets                                | 835,718                         | 370,145                          | 1,205,863 |
| <b>LIABILITIES</b>                          |                                 |                                  |           |
| Accounts Payable                            | 248,018                         | -                                | 248,018   |
| <b>FUND BALANCES</b>                        |                                 |                                  |           |
| Restricted                                  | -                               | 370,145                          | 370,145   |
| Committed                                   | 587,700                         | -                                | 587,700   |
| Total Fund Balances                         | 587,700                         | 370,145                          | 957,845   |
| Total Liabilities and Fund Balances         | 835,718                         | 370,145                          | 1,205,863 |

**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, 2016**

|  | Fire<br>Capital<br>Improvements | Equipment<br>Capital<br>Projects | Totals    |
|--|---------------------------------|----------------------------------|-----------|
| Revenues   |                                 |                                  |           |
| Licenses, Permits and Fees                                   | \$ 782,256                      | 9,886                            | 792,142   |
| Intergovernmental  | -                               | 252,404                          | 252,404   |
| Interest   | 1,294                           | 353                              | 1,647     |
| Total Revenues   | 783,550                         | 262,643                          | 1,046,193 |
| Expenditures   |                                 |                                  |           |
| Capital Outlay   | 382,741                         | 232,926                          | 615,667   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 400,809                         | 29,717                           | 430,526   |
| Other Financing Sources (Uses)                               |                                 |                                  |           |
| Transfers In   | -                               | 18,761                           | 18,761    |
| Transfers Out  | (649,437)                       | -                                | (649,437) |
|  | (649,437)                       | 18,761                           | (630,676) |
| Net Change in Fund Balances                                  | (248,628)                       | 48,478                           | (200,150) |
| Fund Balances - Beginning                                    | 836,328                         | 321,667                          | 1,157,995 |
| Fund Balances - Ending                                       | 587,700                         | 370,145                          | 957,845   |

**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, 2016**

|  | Budget     |           | Actual    |
|--|------------|-----------|-----------|
|  | Original   | Final     |           |
| Revenues   |            |           |           |
| Licenses, Permits and Fees                                   | \$ 750,000 | 750,000   | 782,256   |
| Interest   | 1,000      | 1,000     | 1,294     |
| Total Revenues   | 751,000    | 751,000   | 783,550   |
| Expenditures   |            |           |           |
| Capital Outlay   |            |           |           |
| Contractual Services   | 118,600    | 127,600   | 120,222   |
| Machinery and Equipment                                      | 58,000     | 58,000    | 57,035    |
| Vehicles   | 62,000     | 268,103   | 205,484   |
| Total Expenditures   | 238,600    | 453,703   | 382,741   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 512,400    | 297,297   | 400,809   |
| Other Financing (Uses)                                       |            |           |           |
| Transfers Out  | (617,263)  | (623,342) | (649,437) |
| Net Change in Fund Balance                                   | (104,863)  | (326,045) | (248,628) |
| Fund Balance - Beginning                                     |            |           | 836,328   |
| Fund Balance - Ending  |            |           | 587,700   |

## 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, 2016

|  | Budget    |           | Actual  |
|--|-----------|-----------|---------|
|  | Original  | Final     |         |
| Revenues   |           |           |         |
| Licenses, Permits and Fees                                   | \$ 10,000 | 10,000    | 9,886   |
| Intergovernmental  | 240,000   | 240,000   | 252,404 |
| Interest   | 30        | 30        | 353     |
| Total Revenues   | 250,030   | 250,030   | 262,643 |
| Expenditures   |           |           |         |
| Capital Outlay   | 418,855   | 418,855   | 232,926 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (168,825) | (168,825) | 29,717  |
| Other Financing Sources                                      |           |           |         |
| Transfers In   | 18,761    | 18,761    | 18,761  |
| Net Change in Fund Balance                                   | (150,064) | (150,064) | 48,478  |
| Fund Balance - Beginning                                     |           |           | 321,667 |
| Fund Balance - Ending  |           |           | 370,145 |

**CITY OF FREEPORT, ILLINOIS**

**Cemetery Care - Permanent Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2016**

|                            | Budget   |       | Actual  |
|----------------------------|----------|-------|---------|
|                            | Original | Final |         |
| Revenues                   |          |       |         |
| Licenses, Permits and Fees | \$ 5,000 | 5,000 | 6,510   |
| Interest                   | -        | -     | 23      |
| Total Revenues             | 5,000    | 5,000 | 6,533   |
| Expenditures               |          |       |         |
| General Government         | -        | -     | -       |
| Net Change in Fund Balance | 5,000    | 5,000 | 6,533   |
| Fund Balance - Beginning   |          |       | 114,342 |
| Fund Balance - Ending      |          |       | 120,875 |

# 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, 2016

|   | Budget       |             | Actual     |
|---|--------------|-------------|------------|
|   | Original     | Final       |            |
| Operating Revenues                        |              |             |            |
| Charges for Services                      | \$ 3,890,000 | 3,890,000   | 3,518,605  |
| Operating Expenses                        |              |             |            |
| Operations                                |              |             |            |
| Personnel                                 | 1,080,746    | 1,080,746   | 1,030,682  |
| Contractual Services                      | 273,500      | 278,500     | 507,193    |
| Commodities                               | 538,600      | 533,600     | 271,362    |
| Miscellaneous                             | -            | -           | 7,917      |
| Capital Outlay                            | 50,555       | 50,555      | -          |
| Depreciation                              | -            | -           | 636,141    |
| Total Operating Expenses                  | 1,943,401    | 1,943,401   | 2,453,295  |
| Operating Income                          | 1,946,599    | 1,946,599   | 1,065,310  |
| Nonoperating Revenues (Expenses)          |              |             |            |
| Interest Income                           | 55           | 55          | 203        |
| Connection Fees                           | 6,000        | 6,000       | 7,607      |
| Other Income                              | 12,500       | 12,500      | 147,137    |
| Disposal of Capital Assets                | -            | -           | (5,531)    |
| Interest Expense                          | -            | -           | (85,911)   |
|   | 18,555       | 18,555      | 63,505     |
| Income Before Contributions and Transfers | 1,965,154    | 1,965,154   | 1,128,815  |
| Capital Grant                             | 500,000      | 500,000     | -          |
| Transfers Out                             | (2,754,200)  | (2,754,200) | (240,827)  |
| Change in Net Position                    | (289,046)    | (289,046)   | 887,988    |
| Net Position - Beginning as Restated      |              |             | 20,419,327 |
| Net Position - Ending                     |              |             | 21,307,315 |

# 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, 2016

|  | Budget       |             | Actual      |
|--|--------------|-------------|-------------|
|  | Original     | Final       |             |
| Operating Revenues                               |              |             |             |
| Charges for Services                             | \$ 3,286,500 | 3,286,500   | 3,120,999   |
| Operating Expenses                               |              |             |             |
| Operations                                       |              |             |             |
| Personnel  | 1,533,083    | 1,433,083   | 1,423,152   |
| Contractual Services                             | 344,500      | 349,500     | 760,564     |
| Commodities                                      | 697,750      | 597,750     | 278,088     |
| Capital Outlay                                   | 12,500       | 207,500     | -           |
| Depreciation                                     | -            | -           | 1,054,132   |
| Total Operating Expenses                         | 2,587,833    | 2,587,833   | 3,515,936   |
| Operating (Loss)                                 | 698,667      | 698,667     | (394,937)   |
| Nonoperating Revenues (Expenses)                 |              |             |             |
| Interest Income                                  | -            | -           | 2,595       |
| Connection Fees                                  | 5,000        | 5,000       | 5,701       |
| Other Income                                     | 2,500        | 2,500       | 4,981       |
| Disposal of Capital Assets                       | -            | -           | (173,175)   |
| Interest Expense                                 | -            | -           | (459,774)   |
|  | 7,500        | 7,500       | (619,672)   |
| Income (Loss) Before Contributions and Transfers | 706,167      | 706,167     | (1,014,609) |
| Capital Grant                                    | 100,000      | 100,000     | 532,814     |
| Transfers Out                                    | (1,772,867)  | (1,772,867) | (980,038)   |
| Change in Net Position                           | (966,700)    | (966,700)   | (1,461,833) |
| Net Position - Beginning as Restated             |              |             | 12,779,769  |
| Net Position - Ending                            |              |             | 11,317,936  |



**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, 2016**

|                                      | Budget     |           | Actual    |
|--------------------------------------|------------|-----------|-----------|
|                                      | Original   | Final     |           |
| Operating Revenues                   |            |           |           |
| Charges for Services                 | \$ 715,000 | 715,000   | 715,768   |
| Operating Expenses                   |            |           |           |
| Operations                           |            |           |           |
| Personnel                            | 54,447     | 57,447    | 52,506    |
| Contractual Services                 | 2,500      | 7,500     | 4,997     |
| Commodities                          | 26,750     | 18,750    | 12        |
| Miscellaneous                        | -          | -         | 500       |
| Depreciation                         | -          | -         | 231,593   |
| Total Operating Expenses             | 83,697     | 83,697    | 289,608   |
| Operating Income                     | 631,303    | 631,303   | 426,160   |
| Nonoperating Revenues (Expenses)     |            |           |           |
| Interest Income                      | 250        | 250       | 89        |
| Other Income                         | -          | -         | 30,235    |
| Interest Expense                     | -          | -         | (152,496) |
|                                      | 250        | 250       | (122,172) |
| Income Before Transfers              | 631,553    | 631,553   | 303,988   |
| Transfers In                         | -          | -         | 240,827   |
| Transfers Out                        | (747,112)  | (747,112) | -         |
| Change in Net Position               | (115,559)  | (115,559) | 544,815   |
| Net Position - Beginning as Restated |            |           | 734,586   |
| Net Position - Ending                |            |           | 1,279,401 |

**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, 2016**

|                                  | Budget     |          | Actual      |
|----------------------------------|------------|----------|-------------|
|                                  | Original   | Final    |             |
| Operating Revenues               |            |          |             |
| Charges for Services             | \$ 283,245 | 283,245  | 283,405     |
| Operating Expenses               |            |          |             |
| Operations                       |            |          |             |
| Commodities                      | 250,000    | 250,000  | (25,888)    |
| Operating Income                 | 33,245     | 33,245   | 309,293     |
| Nonoperating Revenues (Expenses) |            |          |             |
| Interest Income                  | 10         | 10       | 126         |
| Interest Expense                 | -          | -        | (4,584)     |
|                                  | 10         | 10       | (4,458)     |
| Income Before Transfers          | 33,255     | 33,255   | 304,835     |
| Transfers In                     | 25,000     | 25,000   | -           |
| Transfers Out                    | (38,000)   | (38,000) | -           |
| Change in Net Position           | 20,255     | 20,255   | 304,835     |
| Net Position - Beginning         |            |          | (6,255,435) |
| Net Position - Ending            |            |          | (5,950,600) |

**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, 2016**

|                          | Budget       |           | Actual    |
|--------------------------|--------------|-----------|-----------|
|                          | Original     | Final     |           |
| Operating Revenues       |              |           |           |
| Charges for Services     | \$ 1,457,573 | 1,457,573 | 1,461,445 |
| Operating Expenses       |              |           |           |
| Operations               |              |           |           |
| Contractual Services     | 1,397,888    | 1,397,888 | 1,395,229 |
| Operating Income         | 59,685       | 59,685    | 66,216    |
| Nonoperating Revenues    |              |           |           |
| Interest Income          | 12           | 12        | 222       |
| Change in Net Position   | 59,697       | 59,697    | 66,438    |
| Net Position - Beginning |              |           | 415,745   |
| Net Position - Ending    |              |           | 482,183   |

**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, 2016**

|                            | Budget    |        | Actual  |
|----------------------------|-----------|--------|---------|
|                            | Original  | Final  |         |
| Additions                  |           |        |         |
| Foreign Fire Insurance     | \$ 78,000 | 78,000 | 33,981  |
| Investment Income          |           |        |         |
| Interest Earned            | 5         | 5      | 64      |
| Net Change in Fair Value   | -         | -      | -       |
|                            | 5         | 5      | 64      |
| Less Investment Expenses   | -         | -      | -       |
| Net Investment Income      | 5         | 5      | 64      |
| Total Additions            | 78,005    | 78,005 | 34,045  |
| Deductions                 |           |        |         |
| Other Charges and Services |           |        |         |
| Contractual Services       | 3,300     | 3,600  | 206     |
| Supplies                   | 14,800    | 14,500 | 8,253   |
| Capital Outlay             | 42,000    | 42,000 | 33,742  |
| Total Deductions           | 60,100    | 60,100 | 42,201  |
| Change in Net Position     | 17,905    | 17,905 | (8,156) |
| Net Position - Beginning   |           |        | 49,003  |
| Net Position - Ending      |           |        | 40,847  |

**CITY OF FREEPORT, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position  
April 30, 2016**

|  | Police<br>Pension | Firefighters'<br>Pension | Totals     |
|--|-------------------|--------------------------|------------|
| <b>ASSETS</b>                          |                   |                          |            |
| Cash and Cash Equivalents              | \$ 244,345        | 382,240                  | 626,585    |
| Investments                            |                   |                          |            |
| U.S. Government and Agency Obligations | 3,181,267         | 4,804,016                | 7,985,283  |
| State and Local Obligations            | 314,666           | 502,476                  | 817,142    |
| Corporate Obligations                  | 3,917,405         | 5,813,667                | 9,731,072  |
| Common Stock                           | 1,622,615         | 3,038,354                | 4,660,969  |
| Mutual Funds                           | 11,810,213        | 17,626,307               | 29,436,520 |
| Receivables - Net of Allowances        |                   |                          |            |
| Accrued Interest                       | 57,116            | 99,688                   | 156,804    |
| Due from Other Funds                   | 12,570            | 5,620                    | 18,190     |
| <b>NET POSITION</b>                    |                   |                          |            |
| Net Position Restricted for Pensions   | 21,160,197        | 32,272,368               | 53,432,565 |

# CITY OF FREEPORT, ILLINOIS

## Pension Trust Funds

### Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2016

|  | Police<br>Pension | Firefighters'<br>Pension | Totals      |
|--|-------------------|--------------------------|-------------|
| Additions  |                   |                          |             |
| Contributions - Employer                         | \$ 1,605,261      | 717,781                  | 2,323,042   |
| Contributions - Plan Members                     | 275,215           | 281,865                  | 557,080     |
| Total Contributions                              | 1,880,476         | 999,646                  | 2,880,122   |
| Investment Income                                |                   |                          |             |
| Interest Earned                                  | 703,173           | 799,656                  | 1,502,829   |
| Net Change in Fair Value                         | (1,425,310)       | (1,272,007)              | (2,697,317) |
|  | (722,137)         | (472,351)                | (1,194,488) |
| Less Investment Expenses                         | (64,552)          | (105,896)                | (170,448)   |
| Net Investment Income                            | (786,689)         | (578,247)                | (1,364,936) |
| Total Additions                                  | 1,093,787         | 421,399                  | 1,515,186   |
| Deductions                                       |                   |                          |             |
| Administration                                   | 27,163            | 26,868                   | 54,031      |
| Benefits and Refunds                             | 2,244,595         | 2,375,172                | 4,619,767   |
| Total Deductions                                 | 2,271,758         | 2,402,040                | 4,673,798   |
| Change in Fiduciary Net Position                 | (1,177,971)       | (1,980,641)              | (3,158,612) |
| Net Position Restricted for Pensions - Beginning | 22,338,168        | 34,253,009               | 56,591,177  |
| Net Position Restricted for Pensions - Ending    | 21,160,197        | 32,272,368               | 53,432,565  |

**CITY OF FREEPORT, ILLINOIS****Police Pension - Pension Trust Fund****Schedule of Changes in Fiduciary Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2016**

|  | Budget       |           | Actual      |
|--|--------------|-----------|-------------|
|  | Original     | Final     |             |
| Additions  |              |           |             |
| Contributions - Employer                         | \$ 1,591,398 | 1,591,398 | 1,605,261   |
| Contributions - Plan Members                     | 362,000      | 362,000   | 275,215     |
| Total Contributions                              | 1,953,398    | 1,953,398 | 1,880,476   |
| Investment Income                                |              |           |             |
| Interest Earned                                  | 865,000      | 865,000   | 703,173     |
| Net Change in Fair Value                         | -            | -         | (1,425,310) |
|  | 865,000      | 865,000   | (722,137)   |
| Less Investment Expenses                         | -            | -         | (64,552)    |
| Net Investment Income                            | 865,000      | 865,000   | (786,689)   |
| Total Additions                                  | 2,818,398    | 2,818,398 | 1,093,787   |
| Deductions                                       |              |           |             |
| Administration                                   | 129,025      | 129,025   | 27,163      |
| Benefits and Refunds                             | 2,555,000    | 2,555,000 | 2,244,595   |
| Total Deductions                                 | 2,684,025    | 2,684,025 | 2,271,758   |
| Change in Fiduciary Net Position                 | 134,373      | 134,373   | (1,177,971) |
| Net Position Restricted for Pensions - Beginning |              |           | 22,338,168  |
| Net Position Restricted for Pensions - Ending    |              |           | 21,160,197  |

# CITY OF FREEPORT, ILLINOIS

## Firefighters' Pension - Pension Trust Fund

### Schedule of Changes in Fiduciary Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2016

|  | Budget     |           | Actual      |
|--|------------|-----------|-------------|
|  | Original   | Final     |             |
| Additions  |            |           |             |
| Contributions - Employer                         | \$ 711,579 | 711,579   | 717,781     |
| Contributions - Plan Members                     | 288,000    | 288,000   | 281,865     |
| Total Contributions                              | 999,579    | 999,579   | 999,646     |
| Investment Income                                |            |           |             |
| Interest Earned                                  | 1,345,000  | 1,345,000 | 799,656     |
| Net Change in Fair Value                         | -          | -         | (1,272,007) |
|  | 1,345,000  | 1,345,000 | (472,351)   |
| Less Investment Expenses                         | -          | -         | (105,896)   |
| Net Investment Income                            | 1,345,000  | 1,345,000 | (578,247)   |
| Total Additions                                  | 2,344,579  | 2,344,579 | 421,399     |
| Deductions                                       |            |           |             |
| Administration                                   | 156,500    | 156,500   | 26,868      |
| Benefits and Refunds                             | 2,682,658  | 2,682,658 | 2,375,172   |
| Total Deductions                                 | 2,839,158  | 2,839,158 | 2,402,040   |
| Change in Fiduciary Net Position                 | (494,579)  | (494,579) | (1,980,641) |
| Net Position Restricted for Pensions - Beginning |            |           | 34,253,009  |
| Net Position Restricted for Pensions - Ending    |            |           | 32,272,368  |



**CITY OF FREEPORT, ILLINOIS**

**Revolving Loan - Agency Fund**

**Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2016**

|                                 | Beginning<br>Balances | Additions | Deductions | Ending<br>Balances |
|---------------------------------|-----------------------|-----------|------------|--------------------|
| <b>ASSETS</b>                   |                       |           |            |                    |
| Cash and Investments            | \$ 225,516            | 52,245    | -          | 277,761            |
| Receivables - Net of Allowances |                       |           |            |                    |
| Loans                           | 238,284               | -         | 49,212     | 189,072            |
| Total Assets                    | 463,800               | 52,245    | 49,212     | 466,833            |
| <b>LIABILITIES</b>              |                       |           |            |                    |
| Due to Others                   | 463,800               | 9,287     | 6,254      | 466,833            |

## **SUPPLEMENTAL SCHEDULES**

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2013

April 30, 2016

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|                         |                                |
|-------------------------|--------------------------------|
| 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<br>Year | Requirements      |              |                | Interest Due on |              |        |              |
|----------------|-------------------|--------------|----------------|-----------------|--------------|--------|--------------|
|                | Principal         | Interest     | Totals         | Jul. 1          | Amount       | Dec. 1 | Amount       |
| 2017           | <u>\$ 270,000</u> | <u>5,400</u> | <u>275,400</u> | 2016            | <u>2,700</u> | 2017   | <u>2,700</u> |
|                | 106,000           | 2,120        | 108,120        |                 |              |        |              |
|                | 11,255            | 226          | 11,481         |                 |              |        |              |
|                | <u>152,745</u>    | <u>3,054</u> | <u>155,799</u> |                 |              |        |              |
|                | <u>270,000</u>    | <u>5,400</u> | <u>275,400</u> |                 |              |        |              |

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Bonds of 2013A

April 30, 2016

|                         |                                |
|-------------------------|--------------------------------|
| 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<br>Year | Requirements   |                |                  | Interest Due on |               |        |               |
|----------------|----------------|----------------|------------------|-----------------|---------------|--------|---------------|
|                | Principal      | Interest       | Totals           | Jul. 1          | Amount        | Jan. 1 | Amount        |
| 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>890,000</u> | <u>169,451</u> | <u>1,059,451</u> |                 | <u>84,731</u> |        | <u>84,720</u> |

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2014A

April 30, 2016

|                         |                                |
|-------------------------|--------------------------------|
| Date of Issue           | September 25, 2014             |
| Date of Maturity        | December 1, 2024               |
| Authorized Issue        | \$6,760,000                    |
| Denomination of Bonds   | \$5,000                        |
| Interest Rates          | 2.00% to 3.00%                 |
| 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<br>Year | Requirements     |                |                  | Interest Due on |                |        |                |
|----------------|------------------|----------------|------------------|-----------------|----------------|--------|----------------|
|                | Principal        | Interest       | Totals           | Jun. 1          | Amount         | Dec. 1 | Amount         |
| 2017           | \$ 620,000       | 158,775        | 778,775          | 2016            | 79,388         | 2016   | 79,387         |
| 2018           | 635,000          | 146,375        | 781,375          | 2017            | 73,188         | 2017   | 73,187         |
| 2019           | 650,000          | 133,675        | 783,675          | 2018            | 66,838         | 2018   | 66,837         |
| 2020           | 655,000          | 120,675        | 775,675          | 2019            | 60,338         | 2019   | 60,337         |
| 2021           | 680,000          | 104,300        | 784,300          | 2020            | 52,150         | 2020   | 52,150         |
| 2022           | 690,000          | 87,300         | 777,300          | 2021            | 43,650         | 2021   | 43,650         |
| 2023           | 720,000          | 66,600         | 786,600          | 2022            | 33,300         | 2022   | 33,300         |
| 2024           | 735,000          | 45,000         | 780,000          | 2023            | 22,500         | 2023   | 22,500         |
| 2025           | 765,000          | 22,950         | 787,950          | 2024            | 11,475         | 2024   | 11,475         |
|                | <u>6,150,000</u> | <u>885,650</u> | <u>7,035,650</u> |                 | <u>442,827</u> |        | <u>442,823</u> |

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2014B

April 30, 2016

|                         |                                |
|-------------------------|--------------------------------|
| Date of Issue           | November 4, 2014               |
| Date of Maturity        | December 1, 2029               |
| Authorized Issue        | \$5,320,000                    |
| Denomination of Bonds   | \$5,000                        |
| Interest Rates          | 2.00% to 4.00%                 |
| 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<br>Year | Requirements     |                  |                  | Interest Due on |                  |        |                  |
|----------------|------------------|------------------|------------------|-----------------|------------------|--------|------------------|
|                | Principal        | Interest         | Totals           | Jun. 1          | Amount           | Dec. 1 | Amount           |
| 2017           | \$ 35,000        | 199,582          | 234,582          | 2016            | 99,791           | 2016   | 99,791           |
| 2018           | 35,000           | 198,882          | 233,882          | 2017            | 99,441           | 2017   | 99,441           |
| 2019           | 35,000           | 198,182          | 233,182          | 2018            | 99,091           | 2018   | 99,091           |
| 2020           | 40,000           | 197,482          | 237,482          | 2019            | 98,741           | 2019   | 98,741           |
| 2021           | 40,000           | 196,602          | 236,602          | 2020            | 98,301           | 2020   | 98,301           |
| 2022           | 40,000           | 195,722          | 235,722          | 2021            | 97,861           | 2021   | 97,861           |
| 2023           | 40,000           | 194,842          | 234,842          | 2022            | 97,421           | 2022   | 97,421           |
| 2024           | 40,000           | 193,723          | 233,723          | 2023            | 96,861           | 2023   | 96,862           |
| 2025           | 45,000           | 192,603          | 237,603          | 2024            | 96,301           | 2024   | 96,302           |
| 2026           | 910,000          | 191,343          | 1,101,343        | 2025            | 95,671           | 2025   | 95,672           |
| 2027           | 950,000          | 154,943          | 1,104,943        | 2026            | 77,471           | 2026   | 77,472           |
| 2028           | 985,000          | 116,943          | 1,101,943        | 2027            | 58,471           | 2027   | 58,472           |
| 2029           | 1,020,000        | 77,543           | 1,097,543        | 2028            | 38,771           | 2028   | 38,772           |
| 2030           | 1,065,000        | 36,743           | 1,101,743        | 2029            | 18,371           | 2029   | 18,372           |
|                | <u>5,280,000</u> | <u>2,345,135</u> | <u>7,625,135</u> |                 | <u>1,172,564</u> |        | <u>1,172,571</u> |

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2015A

April 30, 2016

|                         |                                |
|-------------------------|--------------------------------|
| Date of Issue           | November 12, 2015              |
| Date of Maturity        | January 1, 2034                |
| Authorized Issue        | \$9,530,000                    |
| Denomination of Bonds   | \$5,000                        |
| Interest Rates          | 2.00% to 4.00%                 |
| 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<br>Year | Requirements     |                  |                   | Interest Due on  |                  |        |                  |
|----------------|------------------|------------------|-------------------|------------------|------------------|--------|------------------|
|                | Principal        | Interest         | Totals            | Jul. 1           | Amount           | Jan. 1 | Amount           |
| 2017           | \$ 180,000       | 318,425          | 498,425           | 2016             | 159,213          | 2017   | 159,212          |
| 2018           | 500,000          | 314,825          | 814,825           | 2017             | 157,413          | 2018   | 157,412          |
| 2019           | 500,000          | 304,825          | 804,825           | 2018             | 152,413          | 2019   | 152,412          |
| 2020           | 510,000          | 292,325          | 802,325           | 2019             | 146,163          | 2020   | 146,162          |
| 2021           | 520,000          | 279,575          | 799,575           | 2020             | 139,788          | 2021   | 139,787          |
| 2022           | 535,000          | 263,975          | 798,975           | 2021             | 131,988          | 2022   | 131,987          |
| 2023           | 560,000          | 247,925          | 807,925           | 2022             | 123,963          | 2023   | 123,962          |
| 2024           | 570,000          | 231,125          | 801,125           | 2023             | 115,563          | 2024   | 115,562          |
| 2025           | 540,000          | 214,025          | 754,025           | 2024             | 107,013          | 2025   | 107,012          |
| 2026           | 555,000          | 198,365          | 753,365           | 2025             | 99,183           | 2026   | 99,182           |
| 2027           | 575,000          | 176,165          | 751,165           | 2026             | 88,083           | 2027   | 88,082           |
| 2028           | 605,000          | 153,165          | 758,165           | 2027             | 76,583           | 2028   | 76,582           |
| 2029           | 625,000          | 128,965          | 753,965           | 2028             | 64,483           | 2029   | 64,482           |
| 2030           | 485,000          | 103,965          | 588,965           | 2029             | 51,983           | 2030   | 51,982           |
| 2031           | 510,000          | 84,565           | 594,565           | 2030             | 42,283           | 2031   | 42,282           |
| 2032           | 530,000          | 64,166           | 594,166           | 2031             | 32,083           | 2032   | 32,083           |
| 2033           | 545,000          | 42,966           | 587,966           | 2032             | 21,483           | 2033   | 21,483           |
| 2034           | 570,000          | 22,800           | 592,800           | 2033             | 11,400           | 2034   | 11,400           |
|                | <u>9,415,000</u> | <u>3,442,147</u> | <u>12,857,147</u> |                  | <u>1,721,081</u> |        | <u>1,721,066</u> |
|                | 1,787,909        | 653,664          | 2,441,573         | Debt Service     |                  |        |                  |
|                | 502,761          | 183,811          | 686,572           | Sewer Department |                  |        |                  |
|                | <u>7,124,330</u> | <u>2,604,672</u> | <u>9,729,002</u>  | Storm Sewer      |                  |        |                  |
|                | <u>9,415,000</u> | <u>3,442,147</u> | <u>12,857,147</u> |                  |                  |        |                  |

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2001

April 30, 2016

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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<br>Year | Requirements |          |        |
|----------------|--------------|----------|--------|
|                | Principal    | Interest | Totals |
| 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           | 6,455        | 96       | 6,551  |
|                | 54,587       | 9,024    | 63,611 |



## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2002

April 30, 2016

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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<br>Year | Requirements |          |        |
|----------------|--------------|----------|--------|
|                | Principal    | Interest | Totals |
| 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           | 3,631        | 65       | 3,696  |
|                | 28,993       | 4,555    | 33,548 |

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2010

April 30, 2016

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|                         |                         |
|-------------------------|-------------------------|
| 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<br>Year | Requirements   |              |                | Interest Due on |              |         |              |
|----------------|----------------|--------------|----------------|-----------------|--------------|---------|--------------|
|                | Principal      | Interest     | Totals         | Oct. 28         | Amount       | Apr. 28 | Amount       |
| 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          |
|                | <u>140,786</u> | <u>8,918</u> | <u>149,704</u> |                 | <u>4,943</u> |         | <u>3,975</u> |

**CITY OF FREEPORT, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**Installment Note Payable of 2012**

**April 30, 2016**

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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<br>Year | Requirements |          |        |
|----------------|--------------|----------|--------|
|                | Principal    | Interest | Totals |
| 2017           | \$ 87,028    | 3,478    | 90,506 |

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2012

April 30, 2016

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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<br>Year | Requirements |          |         |
|----------------|--------------|----------|---------|
|                | Principal    | Interest | Totals  |
| 2017           | \$ 153,582   | 16,416   | 169,998 |
| 2018           | 157,842      | 7,062    | 164,904 |
|                | 311,424      | 23,478   | 334,902 |

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2014

April 30, 2016

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|                         |   |
|-------------------------|---|
| Date of Issue           | August 4, 2014                                    |
| Date of Maturity        | August 22, 2019                                   |
| Authorized Issue        | \$540,000   |
| Interest Rate           | 1.66%   |
| Interest Dates          | Quarterly   |
| Principal Maturity Date | Quarterly   |
| Payable at              | U.S. Bancorp Government Leasing and Finance, Inc. |

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

| Fiscal<br>Year | Requirements |          |         |
|----------------|--------------|----------|---------|
|                | Principal    | Interest | Totals  |
| 2017           | \$ 107,078   | 5,688    | 112,766 |
| 2018           | 108,868      | 3,899    | 112,767 |
| 2019           | 110,687      | 2,081    | 112,768 |
| 2020           | 56,037       | 349      | 56,386  |
|                | 382,670      | 12,017   | 394,687 |

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### IEPA Clean Water SRF Loan Payable of 2011

April 30, 2016

|                         |  |
|-------------------------|--|
| Date of Issue           | November 8, 2011                         |
| Date of Maturity        | August 21, 2034                          |
| Authorized Issue        | \$9,178,363                              |
| Interest Rate           | 1.25%                                    |
| Interest Dates          | February 18 and August 18                |
| Principal Maturity Date | February 18 and August 18                |
| Payable at              | Illinois Environmental Protection Agency |

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

| Fiscal<br>Year | Requirements     |                |                  | Interest Due on |                |         |                |
|----------------|------------------|----------------|------------------|-----------------|----------------|---------|----------------|
|                | Principal        | Interest       | Totals           | Aug. 18         | Amount         | Feb. 18 | Amount         |
| 2017           | \$ 322,268       | 82,290         | 404,558          | 2016            | 41,647         | 2017    | 40,643         |
| 2018           | 326,309          | 78,248         | 404,557          | 2017            | 39,632         | 2018    | 38,616         |
| 2019           | 330,401          | 74,157         | 404,558          | 2018            | 37,593         | 2019    | 36,564         |
| 2020           | 334,543          | 70,014         | 404,557          | 2019            | 35,528         | 2020    | 34,486         |
| 2021           | 338,738          | 65,819         | 404,557          | 2020            | 33,437         | 2021    | 32,382         |
| 2022           | 342,985          | 61,572         | 404,557          | 2021            | 31,320         | 2022    | 30,252         |
| 2023           | 347,286          | 57,271         | 404,557          | 2022            | 29,176         | 2023    | 28,095         |
| 2024           | 351,641          | 52,916         | 404,557          | 2023            | 27,006         | 2024    | 25,910         |
| 2025           | 356,050          | 48,507         | 404,557          | 2024            | 24,808         | 2025    | 23,699         |
| 2026           | 360,515          | 44,043         | 404,558          | 2025            | 22,583         | 2026    | 21,460         |
| 2027           | 365,035          | 39,522         | 404,557          | 2026            | 20,330         | 2027    | 19,192         |
| 2028           | 369,612          | 34,945         | 404,557          | 2027            | 18,048         | 2028    | 16,897         |
| 2029           | 374,247          | 30,310         | 404,557          | 2028            | 15,738         | 2029    | 14,572         |
| 2030           | 378,940          | 25,617         | 404,557          | 2029            | 13,399         | 2030    | 12,218         |
| 2031           | 383,691          | 20,866         | 404,557          | 2030            | 11,031         | 2031    | 9,835          |
| 2032           | 388,502          | 16,055         | 404,557          | 2031            | 8,633          | 2032    | 7,422          |
| 2033           | 393,374          | 11,183         | 404,557          | 2032            | 6,204          | 2033    | 4,979          |
| 2034           | 398,306          | 6,251          | 404,557          | 2033            | 3,746          | 2034    | 2,505          |
| 2035           | 201,022          | 1,256          | 202,278          | 2034            | 1,256          | 2035    | -              |
|                | <u>6,663,465</u> | <u>820,842</u> | <u>7,484,307</u> |                 | <u>421,115</u> |         | <u>399,727</u> |

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### IEPA Drinking Water SRF Loan Payable of 2011

April 30, 2016

|                         |  |
|-------------------------|--|
| Date of Issue           | November 8, 2011                         |
| Date of Maturity        | July 15, 2034                            |
| Authorized Issue        | \$9,452,726                              |
| Interest Rate           | 1.25%                                    |
| Interest Dates          | January 15 and July 15                   |
| Principal Maturity Date | January 15 and July 15                   |
| Payable at              | Illinois Environmental Protection Agency |

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

| Fiscal<br>Year | Requirements     |                |                  | Interest Due on |                |         |                |
|----------------|------------------|----------------|------------------|-----------------|----------------|---------|----------------|
|                | Principal        | Interest       | Totals           | Jul. 15         | Amount         | Jan. 15 | Amount         |
| 2017           | \$ 323,336       | 82,562         | 405,898          | 2016            | 41,785         | 2017    | 40,777         |
| 2018           | 327,391          | 78,508         | 405,899          | 2017            | 39,764         | 2018    | 38,744         |
| 2019           | 331,496          | 74,403         | 405,899          | 2018            | 37,718         | 2019    | 36,685         |
| 2020           | 335,652          | 70,246         | 405,898          | 2019            | 35,646         | 2020    | 34,600         |
| 2021           | 339,861          | 66,037         | 405,898          | 2020            | 33,548         | 2021    | 32,489         |
| 2022           | 344,122          | 61,776         | 405,898          | 2021            | 31,424         | 2022    | 30,352         |
| 2023           | 348,438          | 57,461         | 405,899          | 2022            | 29,273         | 2023    | 28,188         |
| 2024           | 352,807          | 53,091         | 405,898          | 2023            | 27,095         | 2024    | 25,996         |
| 2025           | 357,231          | 48,667         | 405,898          | 2024            | 24,890         | 2025    | 23,777         |
| 2026           | 361,710          | 44,189         | 405,899          | 2025            | 22,658         | 2026    | 21,531         |
| 2027           | 366,245          | 39,653         | 405,898          | 2026            | 20,397         | 2027    | 19,256         |
| 2028           | 370,838          | 35,061         | 405,899          | 2027            | 18,108         | 2028    | 16,953         |
| 2029           | 375,488          | 30,410         | 405,898          | 2028            | 15,790         | 2029    | 14,620         |
| 2030           | 380,196          | 25,702         | 405,898          | 2029            | 13,443         | 2030    | 12,259         |
| 2031           | 384,963          | 20,935         | 405,898          | 2030            | 11,067         | 2031    | 9,868          |
| 2032           | 389,790          | 16,108         | 405,898          | 2031            | 8,661          | 2032    | 7,447          |
| 2033           | 394,678          | 11,220         | 405,898          | 2032            | 6,225          | 2033    | 4,995          |
| 2034           | 399,627          | 6,271          | 405,898          | 2033            | 3,758          | 2034    | 2,513          |
| 2035           | 201,688          | 1,261          | 202,949          | 2034            | 1,261          | 2035    | -              |
|                | <u>6,685,557</u> | <u>823,561</u> | <u>7,509,118</u> |                 | <u>422,511</u> |         | <u>401,050</u> |