

CITY OF FREEPORT, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2015

CITY OF FREEPORT, ILLINOIS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

February 15, 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, 2015, 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, 2015, 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 February 15, 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, 2015

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, 2015. Please read it in conjunction with the City's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The City of Freeport's net position decreased as a result of this year's operations. Net position of the governmental activities decreased by \$981,527 or 9.2 percent, while net position of business-type activities decreased by \$1,277,819, or 4.3 percent.
- During the year, government-wide revenues for the primary government totaled \$38,392,052 while expenses totaled \$40,651,398, resulting in a decrease to net position of \$2,259,346.
- The City's net position totaled \$38,015,392 on April 30, 2015, which includes \$41,536,514 net investment in capital assets, \$7,027,041 subject to external restrictions, and (\$10,548,163) 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 \$471,414 resulting in ending fund balance of \$6,010,810, an increase of 8.5 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, 2015

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, 2015

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 - 66 of this report.

CITY OF FREEPORT, ILLINOIS

Management's Discussion and Analysis April 30, 2015

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 67 - 77 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 78 - 120 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 \$38,015,392.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current/Other Assets	\$ 14,990,662	13,440,318	6,836,949	6,448,054	21,827,611	19,888,372
Capital Assets	15,899,260	16,046,234	64,278,096	60,683,450	80,177,356	76,729,684
Total Assets	30,889,922	29,486,552	71,115,045	67,131,504	102,004,967	96,618,056
Long-Term Debt	15,261,909	13,523,401	38,896,748	33,967,440	54,158,657	47,490,841
Other Liabilities/Deferred Inflows	5,888,840	5,242,451	3,942,078	3,610,026	9,830,918	8,852,477
Total Liabilities	21,150,749	18,765,852	42,838,826	37,577,466	63,989,575	56,343,318
Net Position						
Net Investment in Capital Assets	11,266,570	11,332,728	30,269,944	28,955,534	41,536,514	40,288,262
Restricted	2,993,214	2,326,369	4,033,827	3,528,726	7,027,041	5,855,095
Unrestricted (Deficit)	(4,520,611)	(2,938,397)	(6,027,552)	(2,930,222)	(10,548,163)	(5,868,619)
Total Net Position	9,739,173	10,720,700	28,276,219	29,554,038	38,015,392	40,274,738

A large portion of the City's net position, \$41,536,514, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$7,027,041, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$10,548,163), represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF FREEPORT, ILLINOIS

Management's Discussion and Analysis April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 5,863,102	5,826,111	8,940,399	8,739,089	14,803,501	14,565,200
Operating Grants/Contrib.	2,300,027	1,010,064	-	-	2,300,027	1,010,064
Capital Grants/Contrib.	411,756	1,206,533	676,451	44,878	1,088,207	1,251,411
General Revenues						
Property Taxes	4,626,682	4,777,008	-	-	4,626,682	4,777,008
Retailers Occupation Tax	7,545,933	7,380,692	-	-	7,545,933	7,380,692
Income Taxes	2,582,919	2,448,388	-	-	2,582,919	2,448,388
State Sales and Use Taxes	509,427	441,796	-	-	509,427	441,796
Replacement Taxes	473,790	452,668	-	-	473,790	452,668
Other Taxes	2,575,938	2,473,092	-	-	2,575,938	2,473,092
Interest Income	9,917	9,494	4,389	241	14,306	9,735
Miscellaneous	1,533,864	332,216	337,458	34,509	1,871,322	366,725
Total Revenues	28,433,355	26,358,062	9,958,697	8,818,717	38,392,052	35,176,779
Expenses						
General Government	13,268,696	12,765,387	-	-	13,268,696	12,765,387
Public Safety	8,870,014	7,414,247	-	-	8,870,014	7,414,247
Public Works	5,363,295	4,338,691	-	-	5,363,295	4,338,691
Culture and Recreation	1,462,049	1,474,599	-	-	1,462,049	1,474,599
Interest on Long-Term Debt	168,758	241,011	-	-	168,758	241,011
Water Department	-	-	2,208,000	2,470,529	2,208,000	2,470,529
Sewer Department	-	-	3,850,625	4,042,219	3,850,625	4,042,219
Storm Sewer	-	-	601,144	587,926	601,144	587,926
Landfill	-	-	3,461,085	494,536	3,461,085	494,536
Nonmajor	-	-	1,397,732	1,385,662	1,397,732	1,385,662
Total Expenses	29,132,812	26,233,935	11,518,586	8,980,872	40,651,398	35,214,807
Change in Net Position Before Transfers	(699,457)	124,127	(1,559,889)	(162,155)	(2,259,346)	(38,028)
Transfers	(282,070)	-	282,070	-	-	-
Change in Net Position	(981,527)	124,127	(1,277,819)	(162,155)	(2,259,346)	(38,028)
Net Position - Beginning	10,720,700	10,596,573	29,554,038	29,716,193	40,274,738	40,312,766
Net Position - Ending	9,739,173	10,720,700	28,276,219	29,554,038	38,015,392	40,274,738

CITY OF FREEPORT, ILLINOIS

Management's Discussion and Analysis April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the City of Freeport's governmental activities decreased by 9.2 percent (\$10,720,700 in 2014 compared to \$9,739,173 in 2015). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled (\$4,520,611) at April 30, 2015.

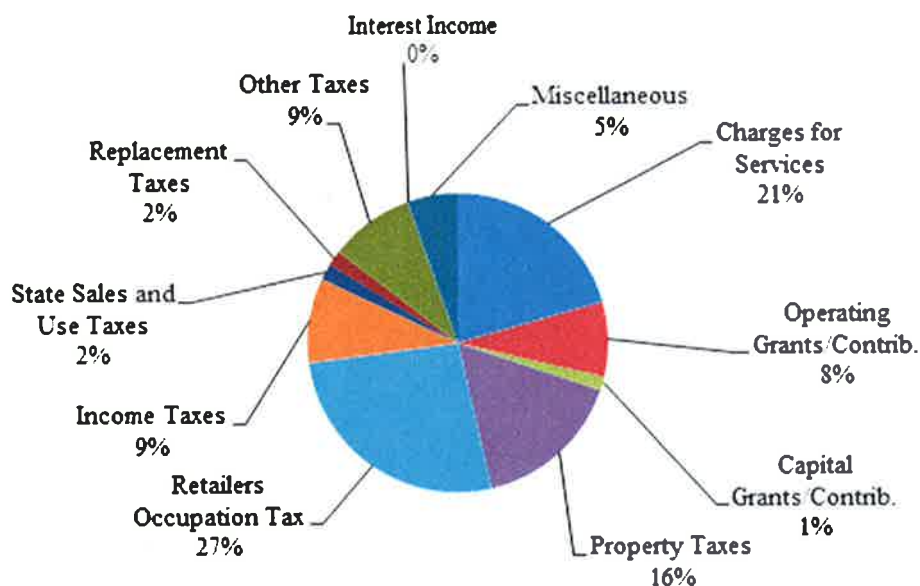
Net position of the business-type activities decreased by 4.3 percent (\$29,554,038 in 2014 compared to \$28,276,219 in 2015).

Governmental Activities

Revenues for governmental activities totaled \$28,433,355, while the cost of all governmental functions totaled \$29,132,812. This results in a deficit of \$699,457. In 2014, revenues of \$26,358,062 exceeded expenses of \$26,233,935, resulting in a surplus of \$124,127.

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

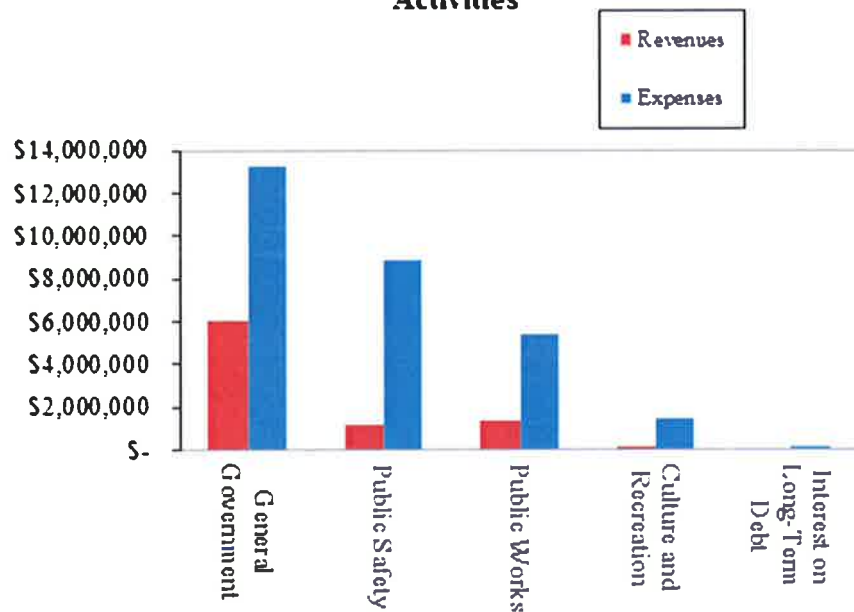
Management's Discussion and Analysis April 30, 2015

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 \$9,958,697, while the cost of all business-type activities totaled \$11,518,586. This results in a deficit of \$1,559,889, primarily attributable to an increase in landfill related costs for a new estimate related to closure fees. In 2014, expenses of \$8,980,872 exceed revenues of \$8,818,717, resulting in a deficit of \$162,155.

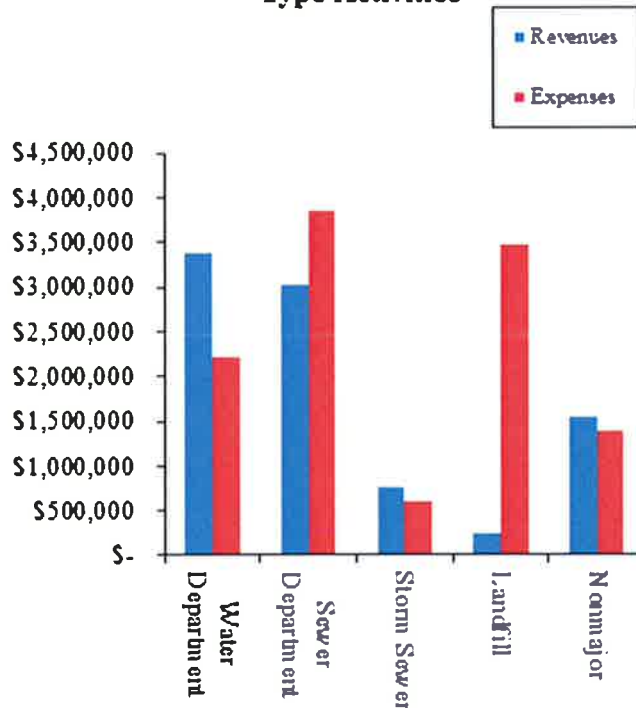
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Management's Discussion and Analysis April 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type Activities – Continued

Expenses and Program Revenues - Business-Type Activities



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 \$9,926,186, which is \$1,020,948, or 11.5 percent higher than last year's total of \$8,905,238. Of the \$9,926,186 total, \$5,166,244, or approximately 52.0 percent, of the fund balance constitutes unassigned fund balance.

CITY OF FREEPORT, ILLINOIS

Management's Discussion and Analysis April 30, 2015

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 \$471,414, an increase of 8.5 percent. The increase was primarily due to increases in taxes and intergovernmental revenues, reflective of an improvement in the local economy. The overall increase in revenue of approximately \$430,000 was coupled by decreases in general government, public safety, and culture and recreation expenditures of approximately \$225,000 due to overall cost controlling measures.

The General Fund is the chief operating fund of the City. At April 30, 2015, unassigned fund balance in the General Fund was \$5,166,244 which represents 85.9 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 24.4 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 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 \$20,495,198, while the previous fiscal year reported a net position of \$19,228,029. Unrestricted net position in the Water Department Fund totaled \$4,143,710 at April 30, 2015.

The net position in the Sewer Department Fund during the current fiscal year was \$12,884,161, while the previous fiscal year reported a net position of \$12,520,522. Unrestricted net position in the Sewer Department Fund totaled (\$3,903,292) at April 30, 2015.

The net position in the Storm Sewer Fund during the current fiscal year was \$736,550, while the previous fiscal year reported a net position of \$583,078. Unrestricted net position in the Sewer Department Fund totaled (\$428,280) at April 30, 2015.

The net position in the Landfill Fund during the current fiscal year was (\$6,255,435), while the previous fiscal year reported a net position of (\$3,036,867). Unrestricted net position in the Sewer Department Fund totaled (\$6,255,435) at April 30, 2015. The City had a new estimate completed in the current year for estimated postclosure costs for the Landfill.

CITY OF FREEPORT, ILLINOIS

Management's Discussion and Analysis April 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made budget amendments to the General Fund at the end of the fiscal year. General Fund actual revenues for the year totaled \$21,637,052, compared to budgeted revenues of \$21,796,752, which is less than one percent lower than budgeted revenues. The variance is due primarily to the charges for services revenues coming in under budget by \$550,143.

The General Fund actual expenditures for the year were \$21,165,073, compared to budgeted expenditures of \$23,808,217, which is 11.1 percent lower than budgeted expenditures. The general government function's actual expenditures were lower than budgeted expenditures by \$1,856,094.

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, 2015 was \$80,177,356 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, equipment, vehicles, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ -	-	53,809	53,809	53,809	53,809
Construction in Progress	-	-	20,236,796	15,191,255	20,236,796	15,191,255
Buildings	8,541,537	8,774,408	15,701,917	16,329,138	24,243,454	25,103,546
Equipment	338,384	332,109	2,396,933	2,460,102	2,735,317	2,792,211
Vehicles	2,084,417	1,823,375	-	-	2,084,417	1,823,375
Infrastructure	4,934,922	5,116,312	25,888,641	26,649,146	30,823,563	31,765,458
Total	15,899,260	16,046,204	64,278,096	60,683,450	80,177,356	76,729,654

This year's major additions included:

Governmental Activities

Equipment	\$ 59,843
Vehicles	654,756
	<u>714,599</u>

Business-Type Activities

Construction in Progress	\$ 5,045,541
Equipment	42,370
	<u>5,087,911</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, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Freeport had total outstanding debt of \$38,814,476 as compared to \$36,647,012 the previous year, an increase of 5.9 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 2,977,000	3,163,000	20,273,000	21,122,000	23,250,000	24,285,000
Installment Notes Payable	1,472,413	1,278,264	173,634	205,590	1,646,047	1,483,854
Capital Leases Payable	183,277	272,242	-	-	183,277	272,242
IEPA Loans Payable	-	-	13,735,152	10,605,916	13,735,152	10,605,916
Total	4,632,690	4,713,506	34,181,786	31,933,506	38,814,476	36,647,012

Additional information on the City of Freeport's long-term debt can be found in Note 3 on pages 40 - 46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

CITY OF FREEPORT, ILLINOIS

**Statement of Net Position
April 30, 2015**

See Following Page

CITY OF FREEPORT, ILLINOIS

**Statement of Net Position
April 30, 2015**

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 7,346,633	1,011,373	8,358,006
Restricted Cash and Investments	-	4,033,827	4,033,827
Receivables - Net of Allowances			
Property Taxes	3,377,549	-	3,377,549
Accounts	1,582,423	-	1,582,423
Accrued Interest	-	1,589,685	1,589,685
Other	554,100	-	554,100
Due from Other Governments	1,529,858	-	1,529,858
Internal Balances	(45,000)	45,000	-
Prepays/Inventories	645,099	157,064	802,163
Total Current Assets	14,990,662	6,836,949	21,827,611
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	20,290,605	20,290,605
Depreciable	32,008,516	71,847,710	103,856,226
Accumulated Depreciation	(16,109,256)	(27,860,219)	(43,969,475)
Total Noncurrent Assets	15,899,260	64,278,096	80,177,356
Total Assets	30,889,922	71,115,045	102,004,967

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

	Governmental Activities	Business- Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 858,436	1,524,171	2,382,607
Accrued Payroll	321,804	49,462	371,266
Deposits Payable	-	586,079	586,079
Accrued Interest	44,931	299,727	344,658
Other Payables	506,687	40,622	547,309
Current Portion of Long-Term Debt	779,433	1,442,017	2,221,450
Total Current Liabilities	2,511,291	3,942,078	6,453,369
Noncurrent Liabilities			
Compensated Absences Payable	356,737	97,975	454,712
Net Pension Obligation	6,036,577	-	6,036,577
Net Other Post-Employment Benefits Obligation Payable	4,926,154	-	4,926,154
General Obligation Bonds Payable	2,795,000	19,330,000	22,125,000
Installment Notes Payable	1,054,900	-	1,054,900
Capital Leases Payable	92,541	-	92,541
IEPA Loans Payable	-	13,448,963	13,448,963
Notes Payable	-	140,786	140,786
Landfill Closure Liability	-	5,879,024	5,879,024
Total Noncurrent Liabilities	15,261,909	38,896,748	54,158,657
Total Liabilities	17,773,200	42,838,826	60,612,026
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	3,377,549	-	3,377,549
Total Liabilities and Deferred Inflows of Resources	21,150,749	42,838,826	63,989,575
NET POSITION			
Net Investment in Capital Assets	11,266,570	30,269,944	41,536,514
Restricted			
Property Taxes - Special Revenues	2,671,547	-	2,671,547
Capital Projects	321,667	-	321,667
Bond Ordinance	-	4,033,827	4,033,827
Unrestricted (Deficit)	(4,520,611)	(6,027,552)	(10,548,163)
Total Net Position	9,739,173	28,276,219	38,015,392

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, 2015

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 13,268,696	4,574,824	1,196,683	240,313
Public Safety	8,870,014	1,050,488	75,007	-
Public Works	5,363,295	216,426	929,698	171,443
Culture and Recreation	1,462,049	21,364	98,639	-
Interest on Long-Term Debt	168,758	-	-	-
Total Governmental Activities	29,132,812	5,863,102	2,300,027	411,756
Business-Type Activities				
Water Department	2,208,000	3,374,019	-	-
Sewer Department	3,850,625	3,015,162	-	-
Storm Sewer	601,144	754,528	-	676,451
Landfill Closure	3,461,085	242,503	-	-
Health and Environment	1,397,732	1,554,187	-	-
Total Business-Type Activities	11,518,586	8,940,399	-	676,451
Total Primary Government	40,651,398	14,803,501	2,300,027	1,088,207

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

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(7,256,876)	-	(7,256,876)
(7,744,519)	-	(7,744,519)
(4,045,728)	-	(4,045,728)
(1,342,046)	-	(1,342,046)
(168,758)	-	(168,758)
(20,557,927)	-	(20,557,927)
-	1,166,019	1,166,019
-	(835,463)	(835,463)
-	829,835	829,835
-	(3,218,582)	(3,218,582)
-	156,455	156,455
-	(1,901,736)	(1,901,736)
(20,557,927)	(1,901,736)	(22,459,663)
4,626,682	-	4,626,682
7,545,933	-	7,545,933
2,575,938	-	2,575,938
2,582,919	-	2,582,919
509,427	-	509,427
473,790	-	473,790
9,917	4,389	14,306
1,533,864	337,458	1,871,322
(282,070)	282,070	-
19,576,400	623,917	20,200,317
(981,527)	(1,277,819)	(2,259,346)
10,720,700	29,554,038	40,274,738
9,739,173	28,276,219	38,015,392

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

CITY OF FREEPORT, ILLINOIS**Balance Sheet - Governmental Funds
April 30, 2015**

	General	Nonmajor	Totals
ASSETS			
Cash and Investments	\$ 3,900,769	3,445,864	7,346,633
Receivables - Net of Allowances			
Property Taxes	2,288,944	1,088,605	3,377,549
Accounts	208,411	1,374,012	1,582,423
Other	554,100	-	554,100
Due from Other Governments	1,529,858	-	1,529,858
Due from Other Funds	683,433	108,965	792,398
Prepays	636,739	8,360	645,099
Total Assets	9,802,254	6,025,806	15,828,060
LIABILITIES			
Accounts Payable	604,853	253,583	858,436
Accrued Payroll	281,313	40,491	321,804
Due to Other Funds	153,965	683,433	837,398
Other Payables	462,369	44,318	506,687
Total Liabilities	1,502,500	1,021,825	2,524,325
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	2,288,944	1,088,605	3,377,549
Total Liabilities and Deferred Inflows of Resources	3,791,444	2,110,430	5,901,874
FUND BALANCES			
Nonspendable	636,739	8,360	645,099
Restricted	-	2,993,214	2,993,214
Committed	207,827	905,500	1,113,327
Assigned	-	8,302	8,302
Unassigned	5,166,244	-	5,166,244
Total Fund Balances	6,010,810	3,915,376	9,926,186
Total Liabilities, Deferred Inflows of Resources and Fund Balances	9,802,254	6,025,806	15,828,060

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, 2015

Total Governmental Fund Balances	\$ 9,926,186
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	15,899,260
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Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Compensated Absences Payable	(445,921)
Net Pension Obligation Payable	(6,036,577)
Net Other Post-Employment Benefit Obligation	(4,926,154)
General Obligation Bonds Payable	(2,977,000)
Installment Notes Payable	(1,472,413)
Capital Leases Payable	(183,277)
Accrued Interest Payable	(44,931)

Net Position of Governmental Activities	<u>9,739,173</u>
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CITY OF FREEPORT, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2015

	General	Nonmajor	Totals
Revenues			
Taxes	\$ 12,345,088	2,403,465	14,748,553
Licenses, Permits and Fees	708,901	714,302	1,423,203
Intergovernmental	3,677,210	2,600,709	6,277,919
Charges for Services	4,129,707	-	4,129,707
Fines and Forfeits	310,192	-	310,192
Interest	7,107	2,810	9,917
Miscellaneous	458,847	1,075,017	1,533,864
Total Revenues	21,637,052	6,796,303	28,433,355
Expenditures			
Current			
General Government	11,206,263	1,364,134	12,570,397
Public Safety	7,360,705	43,102	7,403,807
Public Works	2,385,848	2,396,065	4,781,913
Culture and Recreation	212,257	1,094,709	1,306,966
Capital Outlay	-	821,585	821,585
Debt Service			
Principal Retirement	-	620,816	620,816
Interest and Fiscal Charges	-	181,554	181,554
Total Expenditures	21,165,073	6,521,965	27,687,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	471,979	274,338	746,317
Other Financing Sources (Uses)			
Disposal of Capital Assets	16,701	-	16,701
Debt Issuance	-	540,000	540,000
Transfers In	375,684	572,867	948,551
Transfers Out	(392,950)	(837,671)	(1,230,621)
	(565)	275,196	274,631
Net Change in Fund Balances	471,414	549,534	1,020,948
Fund Balances - Beginning	5,539,396	3,365,842	8,905,238
Fund Balances - Ending	6,010,810	3,915,376	9,926,186

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 1,020,948
 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	714,599
Depreciation Expense	(861,573)
 The Net Effect of Various Transactions Involving Capital Assets is to Decrease Net Assets	
Disposals - Cost	(271,401)
Disposals - Accumulated Depreciation	271,401
 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.	
Additions to Compensated Absences Payable	(44,866)
Additions to Net Pension Obligation Payable	(1,268,045)
Additions to Net Other Post-Employment Benefit Obligations	(636,202)
Retirement of Debt	620,816
Debt Issuance	(540,000)
 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.	
	<u>12,796</u>
 Changes in Net Position of Governmental Activities	 <u><u>(981,527)</u></u>

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, 2015**

	Water Department
ASSETS	
Current Assets	
Cash and Investments	\$ 843,041
Restricted Cash and Investments	2,026,383
Receivables - Net of Allowances	
Accounts	641,486
Due from Other Funds	4,088,543
Prepays	6,740
Inventories	16,303
Total Current Assets	<u>7,622,496</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	9,736,252
Depreciable	19,316,653
Accumulated Depreciation	<u>(7,727,525)</u>
Total Noncurrent Assets	<u>21,325,380</u>
Total Assets	<u>28,947,876</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	401,091
Accrued Payroll	20,213
Deposits Payable	582,794
Accrued Interest	24,948
Due to Other Funds	372,722
Other Payables	-
Current Portion of Long-Term Debt	165,613
Total Current Liabilities	<u>1,567,381</u>
Noncurrent Liabilities	
Compensated Absences Payable	40,508
General Obligation Bonds Payable	-
IEPA Loans Payable	6,844,789
Notes Payable	-
Landfill Closure Liability	-
Total Noncurrent Liabilities	<u>6,885,297</u>
Total Liabilities	<u>8,452,678</u>
NET POSITION	
Net Investment in Capital Assets	14,325,105
Restricted - Bond Ordinance	2,026,383
Unrestricted (Deficit)	<u>4,143,710</u>
Total Net Position	<u>20,495,198</u>

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

Business-Type Activities - Enterprise				
Sewer Department	Storm Sewer	Landfill Closure	Nonmajor Health and Environment	Totals
-	-	9,896	158,436	1,011,373
1,212,599	794,845	-	-	4,033,827
754,444	193,755	-	-	1,589,685
-	-	-	372,722	4,461,265
360	-	-	-	7,100
133,661	-	-	-	149,964
2,101,064	988,600	9,896	531,158	11,253,214
10,549,534	4,819	-	-	20,290,605
42,530,066	10,000,991	-	-	71,847,710
(18,149,844)	(1,982,850)	-	-	(27,860,219)
34,929,756	8,022,960	-	-	64,278,096
37,030,820	9,011,560	9,896	531,158	75,531,310
991,102	-	16,565	115,413	1,524,171
27,836	1,413	-	-	49,462
3,285	-	-	-	586,079
173,837	100,942	-	-	299,727
3,528,011	515,532	-	-	4,416,265
-	-	40,622	-	40,622
813,362	274,708	188,334	-	1,442,017
5,537,433	892,595	245,521	115,413	8,358,343
54,149	3,318	-	-	97,975
11,950,903	7,379,097	-	-	19,330,000
6,604,174	-	-	-	13,448,963
-	-	140,786	-	140,786
-	-	5,879,024	-	5,879,024
18,609,226	7,382,415	6,019,810	-	38,896,748
24,146,659	8,275,010	6,265,331	115,413	47,255,091
15,574,854	369,985	-	-	30,269,944
1,212,599	794,845	-	-	4,033,827
(3,903,292)	(428,280)	(6,255,435)	415,745	(6,027,552)
12,884,161	736,550	(6,255,435)	415,745	28,276,219

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, 2015**

	<u>Water Department</u>
Operating Revenues	
Charges for Services	<u>\$ 3,365,387</u>
Operating Expenses	
Operations	1,734,581
Depreciation	<u>405,691</u>
Total Operating Expenses	<u>2,140,272</u>
Operating Income (Loss)	<u>1,225,115</u>
Nonoperating Revenues (Expenses)	
Interest Income	190
Connection Fees	8,632
Other Income	55,960
Bond Premium	-
Interest Expense	(67,728)
Loss on Bond Refunding	<u>-</u>
	<u>(2,946)</u>
Income (Loss) Before Contributions and Transfers	1,222,169
Capital Grant	-
Transfers In	<u>45,000</u>
Change in Net Position	1,267,169
Net Position - Beginning	<u>19,228,029</u>
Net Position - Ending	<u>20,495,198</u>

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

Business-Type Activities - Enterprise				
Sewer Department	Storm Sewer	Landfill Closure	Nonmajor Health and Environment	Totals
3,014,810	754,528	242,503	1,554,187	8,931,415
2,402,195	68,188	3,455,609	1,397,732	9,058,305
862,672	224,902	-	-	1,493,265
3,264,867	293,090	3,455,609	1,397,732	10,551,570
(250,057)	461,438	(3,213,106)	156,455	(1,620,155)
4,083	88	14	14	4,389
352	-	-	-	8,984
14,679	-	-	-	70,639
266,819	-	-	-	266,819
(323,939)	(308,054)	(5,476)	-	(705,197)
(261,819)	-	-	-	(261,819)
(299,825)	(307,966)	(5,462)	14	(616,185)
(549,882)	153,472	(3,218,568)	156,469	(2,236,340)
676,451	-	-	-	676,451
237,070	-	-	-	282,070
363,639	153,472	(3,218,568)	156,469	(1,277,819)
12,520,522	583,078	(3,036,867)	259,276	29,554,038
12,884,161	736,550	(6,255,435)	415,745	28,276,219

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, 2015

	<u>Water Department</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,712,755
Payments to Suppliers	(1,581,634)
Payments to Employees	(628,107)
	<u>503,014</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,031,194)
Payment of Debt Principal	(150,694)
Capital Grants	-
Proceeds of Debt Issuance	436,375
Interest and Fiscal Charges	(67,728)
	<u>(813,241)</u>
Cash Flows from Noncapital Financing Activities	<u>45,000</u>
Transfers In	
Cash Flows from Investing Activities	
Interest Received	<u>190</u>
Net Change in Cash and Cash Equivalents	(265,037)
Cash and Cash Equivalents - Beginning	<u>3,134,461</u>
Cash and Cash Equivalents - Ending	<u><u>2,869,424</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	1,225,115
Adjustments to Reconcile Operating Income	
Income to Net Cash Provided by	
(Used in) Operating Activities:	
Depreciation	405,691
Other Income	64,592
(Increase) Decrease in Current Assets	(717,224)
Increase (Decrease) in Current Liabilities	(475,160)
Net Cash Provided by Operating Activities	<u><u>503,014</u></u>

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

Business-Type Activities - Enterprise Funds				
Sewer Department	Storm Sewer	Landfill Closure	Nonmajor Health and Environment	Totals
2,949,200	691,788	242,503	1,484,909	8,081,155
(483,318)	(57,645)	(3,476,667)	(1,396,448)	(6,995,712)
(884,243)	(46,944)	-	-	(1,559,294)
1,581,639	587,199	(3,234,164)	88,461	(473,851)
(4,056,717)	-	-	-	(5,087,911)
(12,758,578)	(265,378)	(31,956)	-	(13,206,606)
676,451	-	-	-	676,451
15,018,511	-	3,234,325	-	18,689,211
(323,939)	(308,054)	(5,476)	-	(705,197)
(1,444,272)	(573,432)	3,196,893	-	365,948
237,070	-	-	-	282,070
4,083	88	14	14	4,389
378,520	13,855	(37,257)	88,475	178,556
834,079	780,990	47,153	69,961	4,866,644
1,212,599	794,845	9,896	158,436	5,045,200
(250,057)	461,438	(3,213,106)	156,455	(1,620,155)
862,672	224,902	-	-	1,493,265
20,031	-	-	-	84,623
(85,641)	(62,740)	-	(69,278)	(934,883)
1,034,634	(36,401)	(21,058)	1,284	503,299
1,581,639	587,199	(3,234,164)	88,461	(473,851)

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, 2015

	Private Purpose Trust	Pension Trust	Agency
ASSETS			
Cash and Cash Equivalents	\$ 54,368	867,393	225,516
Investments			
U.S. Government and Agency Obligations	-	10,038,876	-
State and Local Obligations	-	952,324	-
Corporate Obligations	-	9,805,935	-
Common Stocks	-	3,574,452	-
Mutual Funds	-	31,196,012	-
Receivables - Net of Allowances			
Accrued Interest	-	156,185	-
Loans	-	-	238,284
Total Assets	54,368	56,591,177	463,800
LIABILITIES			
Accounts Payable	5,365	-	-
Due to Others	-	-	463,800
Total Liabilities	5,365	-	463,800
NET POSITION			
Held in Trust for Private Purposes and Pension Benefits	49,003	56,591,177	

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, 2015

	Private Purpose Trust	Pension Trust
Additions		
Foreign Fire Insurance	\$ 32,332	-
Contributions - Employer	-	2,159,743
Contributions - Plan Members	-	552,035
Total Contributions	32,332	2,711,778
Investment Income		
Interest Earned	7	153,697
Net Change in Fair Value	-	3,197,015
	7	3,350,712
Less Investment Expenses	-	(159,365)
Net Investment Income	7	3,191,347
Total Additions	32,339	5,903,125
Deductions		
Administration	-	54,066
Benefits and Refunds	-	4,584,011
Other Charges and Services	18,894	-
Total Deductions	18,894	4,638,077
Change in Net Position	13,445	1,265,048
Net Position - Beginning	35,558	55,326,129
Net Position - Ending	49,003	56,591,177

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

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's 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, 2015

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

Fund Financial Statements

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

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

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

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

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

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains five enterprise funds. The Water Department Fund, a major fund, is used to account for the costs related to the operation of the City's water system. Funding is provided by user fees. The Sewer Department Fund, also a major fund, is used to account for the costs related to the operation of the City's sewer system. Funding is provided by user fees. The Storm Sewer System Fund, also treated as major, is used to account for the costs related to the operation of the City's storm sewer system. Funding is provided by user fees. 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, 2015

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, 2015

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

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

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

Restricted Cash and Investments

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

Receivables

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

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

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

Compensated Absences

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

Long-Term Obligations

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

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

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 or resources (expense)/inflow of resources (revenue) until that future time.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015

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, 2015. 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>
Landfill Closure	\$ 3,024,209

DEFICIT NET POSITION

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

<u>Fund</u>	<u>Deficit</u>
Landfill Closure	\$ 6,255,435

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015

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 \$8,842,359 and the bank balances totaled \$9,670,160. Additionally, the City has \$3,549,474 invested in the Illinois Funds at year end, with average maturities of less than one year.

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

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy does not address custodial credit risk for deposits. At year-end, \$1,053,262 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk for investments. At year-end, the City's investments in U.S. Government Agencies are all insured or registered with the City or its agent in the City's name.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City's total investments. At year-end, the 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, 2015

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 \$383,717 and the bank balances totaled \$422,155.

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	\$ 2,802,124	645,557	1,574,171	365,900	216,496
U. S. Agencies	679,946	-	-	-	679,946
State and Local Obligations	363,146	-	102,590	98,394	162,162
Corporate Obligations	3,841,641	112,082	2,558,327	798,173	373,059
	<u>7,686,857</u>	<u>757,639</u>	<u>4,235,088</u>	<u>1,262,467</u>	<u>1,431,663</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 corporate obligations were all rated AA+ to BBB- rated 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, 2015, the Fund's investment in Dodge & Cox (\$3,597,203), Vanguard Mc Growth Index (\$1,971,295) and Vanguard 500 Index (\$3,781,819) exceeded 5% of the Fund's total investments. In addition to the securities and fair values listed above, the Fund also has \$12,364,456 invested in mutual funds and \$1,848,861 invested in common stock.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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	Expected Real Rate of Return
Intermediate Fixed Income	35%	-0.3%
U.S. Large-Cap Core Equity	17%	4.8%
U.S. Mid-Cap Growth Equity	9%	4.9%
U.S. Small-Cap Value Equity	9%	5.7%
Non-U.S. Large-Cap Core Equity	16%	5.3%
Non-U.S. Small-Cap Core Equity	4%	5.8%
Global Tactic Asset Allocation	5%	2.9%
Publically Traded REITs	5%	5.3%
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 2015 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, 2015 are listed in the table above.

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.47%. 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, 2015

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 \$483,676 and the bank balances totaled \$507,663.

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	\$ 3,969,650	144,832	2,659,757	865,026	300,035
U. S. Agencies	2,587,156	699,920	505,244	20,900	1,361,092
State and Local Obligations	589,178	-	159,177	213,664	216,337
Corporate Obligations	5,964,294	163,459	3,934,336	1,273,635	592,864
	13,110,278	1,008,211	7,258,514	2,373,225	2,470,328

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 all rated AA+ to BBB- rated 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, 2015, the Fund's investment in William Blair International Growth CII (\$2,768,714), Harbor International Fund #11 (\$2,777,355), Vanguard Mc Growth Index (\$2,727,026) and Vanguard Total Stock Market Index Signal (\$5,824,265) exceeded 5% of the Fund's total investments. In addition to the securities and fair values listed above, the Fund also has \$18,831,556 invested in mutual funds and \$1,725,591 invested in common stock.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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 Expected Real Rate of Return
Intermediate Fixed Income	35%	-0.3%
U.S. All-Cap Core Equity	17%	4.8%
U.S. Mid-Cap Growth Equity	8%	4.9%
U.S. Small-Cap Value Equity	5%	5.7%
U.S. Small-Cap Core Equity	5%	5.5%
Non-U.S. Large-Cap Core Equity	16%	5.3%
Non-U.S. Large-Cap Growth Equity	4%	5.0%
Non-U.S. Small-Cap Core Equity	5%	5.8%
Global Tactic Asset Allocation	5%	2.9%
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 2015 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, 2015 are listed in the table above.

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.98%. 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, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2014 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Buildings	\$ 13,538,404	-	-	13,538,404
Equipment	1,944,436	59,843	-	2,004,279
Vehicles	7,012,983	654,756	271,401	7,396,338
Infrastructure	9,069,495	-	-	9,069,495
	<u>31,565,318</u>	<u>714,599</u>	<u>271,401</u>	<u>32,008,516</u>
Less Accumulated Depreciation				
Buildings	4,763,966	232,901	-	4,996,867
Equipment	1,612,327	53,568	-	1,665,895
Vehicles	5,189,608	393,714	271,401	5,311,921
Infrastructure	3,953,183	181,390	-	4,134,573
	<u>15,519,084</u>	<u>861,573</u>	<u>271,401</u>	<u>16,109,256</u>
Total Net Capital Assets	<u>16,046,234</u>	<u>(146,974)</u>	<u>-</u>	<u>15,899,260</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 17,231
Public Safety	198,162
Public Works	491,097
Culture and Recreation	<u>155,083</u>
	<u>861,573</u>

CITY OF FREEPORT, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

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 Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	53,809	-	-	53,809
Construction in Progress	\$ 15,191,255	5,045,541	-	20,236,796
	15,245,064	5,045,541	-	20,290,605
Depreciable Capital Assets				
Buildings	25,170,917	-	-	25,170,917
Equipment	5,719,081	42,370	-	5,761,451
Infrastructure	40,915,342	-	-	40,915,342
	71,805,340	42,370	-	71,847,710
Less Accumulated Depreciation				
Buildings	8,841,779	627,221	-	9,469,000
Equipment	3,258,979	105,539	-	3,364,518
Infrastructure	14,266,196	760,505	-	15,026,701
	26,366,954	1,493,265	-	27,860,219
Total Net Depreciable Capital Assets	45,438,386	(1,450,895)	-	43,987,491
Total Net Capital Assets	60,683,450	3,594,646	-	64,278,096

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

Water Department	\$ 405,691
Sewer Department	862,672
Storm Sewer	224,902
	<u>1,493,265</u>

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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	\$ 683,433
Water Department	General	45,000
Water Department	Sewer Department	3,528,011
Water Department	Storm Sewer	515,532
Nonmajor Business-Type	Water Department	372,722
Nonmajor Governmental	General	108,965
		<u>5,253,663</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	\$ 375,684
Nonmajor Governmental	General	347,950
Nonmajor Governmental	Nonmajor Governmental	224,917
Water Department	General	45,000
Sewer Department	Nonmajor Governmental	237,070
		<u>1,230,621</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, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$8,665,000 General Obligation Refunding Bonds of 2004, due in annual installments of \$60,000 to \$800,000 plus interest at 2.50% to 4.375% through December 1, 2024.	Sewer Department	\$ 7,200,000	-	6,670,000 * 530,000	-
\$5,735,000 General Obligation Refunding Bonds of 2005, due in annual installments of \$25,000 to \$1,095,000 plus interest at 2.25% to 4.70% through December 1, 2029.	Sewer Department	5,445,000	-	5,415,000 * 30,000	-
\$10,000,000 General Obligation Refunding Bonds of 2006, due in annual installments of \$35,000 to \$645,000 plus interest at 3.75% to 4.20% through January 1, 2034.	Downtown T.I.F. Library Sewer Department Storm Sewer	312,000 1,522,000 515,248 7,305,752	- - - -	5,000 13,000 2,767 39,233	307,000 1,509,000 512,481 7,266,519
\$1,310,000 General Obligation Refunding Bonds of 2013, due in annual installments of \$270,000 to \$345,000 plus interest at 2.00% through January 1, 2017.	Downtown T.I.F. Library Sewer Department Storm Sewer	85,000 224,000 43,399 612,601	- - - -	26,000 77,000 15,855 226,145	59,000 147,000 27,544 386,456
\$1,020,000 General Obligation Bonds of 2013A, due in annual installments of \$65,000 to \$85,000 plus interest at 1.00% to 3.15% through January 1, 2028.	Fire Capital Improvements	1,020,000	-	65,000	955,000

* Refunded

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$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	-	6,760,000
\$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 Department	-	5,320,000	-	5,320,000
		24,285,000	12,080,000	13,115,000	23,250,000

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 Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$135,000 Installment Note Payable of 2001, due in monthly installments of \$951 including interest at 5.71% through March 31, 2022.	Debt Service	\$ 69,529	-	7,013	62,516
\$73,850 Installment Note Payable of 2002, due in amonthly installments of \$506 including interest at 5.37% through January 31, 2022.	Debt Service	37,467	-	4,161	33,306

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Installment Notes Payable – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending 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	\$ 205,590	-	31,956	173,634
\$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	275,496	-	41,355	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	303,126	-	104,856	198,270
\$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	592,646	-	136,456	456,190
\$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	-	540,000	52,010	487,990
		1,483,854	540,000	378,434	1,645,420

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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 schedules for the IEPA Clean Water SRF Loan Payable of 2011 and for the IEPA Drinking Water SRF Loan Payable of 2011 are not available at the time of the issuance of this report. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Illinois Environmental Protection Agency (IEPA) Clean Water SRF Loan Payable of 2011, due in semi-annual installments of \$94,956 to \$197,427, plus interest at 1.25% through August 11, 2034.	Sewer Department	\$ 3,891,322	2,938,511	94,956	6,734,877
Illinois Environmental Protection Agency (IEPA) Drinking Water SRF Loan Payable of 2011, due in semi-annual installments of \$150,486 to \$201,688, plus interest at 1.25% through July 15, 2034.	Water Department	6,714,594	436,375	150,694	7,000,275
		10,605,916	3,374,886	245,650	13,735,152

Capital Leases

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

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

Fiscal Year	Total Lease Payment
2016	\$ 93,686
2017	93,686
	187,372
Interest Portion	(4,095)
Principal Balance	183,277

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015, the City has incurred a liability of \$6,034,510 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, 2015, assets reported on the combined balance sheet which total \$9,896 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, 2015

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 Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 401,055	89,732	44,866	445,921	89,184
Net Pension Obligation	4,768,532	1,268,045	-	6,036,577	-
Net Other Post-Employment Benefits Obligation	4,289,952	636,202	-	4,926,154	-
General Obligation Bonds	3,163,000	-	186,000	2,977,000	182,000
Installment Notes Payable	1,278,264	540,000	345,851	1,472,413	417,513
Capital Leases Payable	272,242	-	88,965	183,277	90,736
	<u>14,173,045</u>	<u>2,533,979</u>	<u>665,682</u>	<u>16,041,342</u>	<u>779,433</u>
Business-Type Activities					
Compensated Absences	137,130	14,661	29,322	122,469	24,494
General Obligation Bonds	21,122,000	12,080,000	12,929,000	20,273,000	943,000
Installment Notes Payable	205,590	-	31,956	173,634	32,848
IEPA Loans Payable	10,605,916	3,374,886	245,650	13,735,152	286,189
Landfill Closure Liability	2,800,185	3,234,325	-	6,034,510	155,486
	<u>34,870,821</u>	<u>18,703,872</u>	<u>13,235,928</u>	<u>40,338,765</u>	<u>1,442,017</u>

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

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

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation		Installment Notes		General Obligation		Installment Notes	
	Bonds Payable		Payable		Bonds Payable		Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 182,000	99,458	417,513	57,167	943,000	695,545	32,848	4,584
2017	190,000	96,127	405,761	37,304	950,000	675,823	33,764	3,668
2018	205,000	92,385	327,412	20,054	990,000	654,532	34,705	2,727
2019	213,000	86,155	173,698	8,358	1,017,000	628,971	35,673	1,759
2020	218,000	79,179	122,340	3,836	1,042,000	602,323	36,644	764
2021	221,000	72,006	16,466	1,017	1,084,000	571,536	-	-
2022	231,000	64,287	9,223	161	1,104,000	539,096	-	-
2023	244,000	56,166	-	-	1,151,000	502,556	-	-
2024	245,000	47,306	-	-	1,180,000	464,197	-	-
2025	207,000	38,406	-	-	1,233,000	424,825	-	-
2026	216,000	31,086	-	-	1,349,000	383,697	-	-
2027	223,000	23,126	-	-	1,407,000	329,737	-	-
2028	232,000	14,929	-	-	1,463,000	273,457	-	-
2029	150,000	6,187	-	-	1,515,000	214,339	-	-
2030	-	-	-	-	1,575,000	153,119	-	-
2031	-	-	-	-	535,000	95,342	-	-
2032	-	-	-	-	555,000	72,870	-	-
2033	-	-	-	-	575,000	49,560	-	-
2034	-	-	-	-	605,000	25,412	-	-
Total	2,977,000	806,803	1,472,413	127,897	20,273,000	7,356,937	173,634	13,502

Conduit Debt

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

The City entered into an agreement described above with Freeport Regional Health Care Foundation on June 16, 2008. \$8,000,000 of Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation Project) of 2008 were issued in the City's name. At the same time a mortgage agreement was signed between the City and Freeport Regional Health Care. Freeport Regional Health Care used the proceeds to build a new hospital facility. The mortgage agreement is set up to cover the payments of the mortgage revenue bonds. At April 30, 2015, there was \$0 of Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation Project) of 2008 outstanding.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Net Position Classifications

Net investment in capital assets, was comprised of the following as of April 30, 2015:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 15,899,260
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2006	(1,816,000)
General Obligation Refunding Bonds of 2013	(206,000)
General Obligation Bonds of 2013A	(955,000)
Installment Note Payable of 2001	(62,516)
Installment Note Payable of 2002	(33,306)
Installment Note Payable of 2010	(234,141)
Installment Note Payable of 2012	(198,270)
Installment Note Payable of 2012	(456,190)
Installment Note Payable of 2014	(487,990)
Capital Leases Payable	<u>(183,277)</u>
Net Investment in Capital Assets	<u>11,266,570</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	64,278,096
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2006	(7,779,000)
General Obligation Refunding Bonds of 2013	(414,000)
General Obligation Refunding Bonds of 2014A	(6,760,000)
General Obligation Refunding Bonds of 2014B	(5,320,000)
IEPA Loans Payable	<u>(13,735,152)</u>
Net Investment in Capital Assets	<u>30,269,944</u>

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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	\$ 636,739	8,360	645,099
Restricted			
IMRF	-	124,054	124,054
Streets	-	501,509	501,509
Cemetery Care	-	114,342	114,342
Tourism Promotion	-	79,577	79,577
Grants	-	294,946	294,946
Drug Forfeiture	-	22,990	22,990
Downtown T.I.F. District	-	380,893	380,893
Lamm Road T.I.F. District	-	194,681	194,681
West Ave. T.I.F. District	-	44,759	44,759
Burchard Hills T.I.F. District	-	8,109	8,109
Public Library	-	905,687	905,687
Street and Police Equipment	-	321,667	321,667
	-	2,993,214	2,993,214
Committed			
Future Capital Improvements	207,827	-	207,827
Parking Lot Repairs	-	73,011	73,011
Debt Service	-	1	1
Fire Department Equipment	-	832,488	832,488
	207,827	905,500	1,113,327
Assigned			
Fire Related Safety Programs	-	8,302	8,302
Unassigned	5,166,244	-	5,166,244
Total Fund Balances	6,010,810	3,915,376	9,926,186

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

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

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

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

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015 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 2015, 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, 2013	\$ 115,000
Incurred Claims	4,385,170
Claims Paid	<u>(4,265,970)</u>
Claims Payable - April 30, 2014	234,200
Incurred Claims	3,375,950
Claims Paid	<u>(3,297,697)</u>
Claims Payable - April 30, 2015	<u>312,453</u>

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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. 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.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions

Illinois Municipal Retirement System (IMRF)

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1) who retire at or after age 60 (full benefits) or age 55 (reduced benefits) with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 (Tier 2) who retire at or after age 67 (full benefits) or age 62 (reduced benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer annual required contribution rate for calendar year 2014 was 12.13 percent.

Police Pension Plan

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.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Police Pension Plan – Continued

Plan Membership. At April 30, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	53
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>45</u>
Total	<u>100</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.

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 $\frac{1}{2}$ 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., $\frac{1}{2}$ 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 1st after the police officer 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 $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

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, 2015, the City's contribution was 52.35% of covered payroll.

Firefighters' Pension Fund

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, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	61
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>47</u>
Total	<u><u>108</u></u>

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Firefighters' Pension Plan – Continued

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 $\frac{1}{2}$ 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 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 3 percent compounded annually thereafter.

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 $\frac{1}{2}$ 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., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st 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 $\frac{1}{2}$ 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, 2015, the City's contribution was 24.29% of covered payroll.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters

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

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

Significant Investments. Information for IMRF is not available. At April 30, 2015, the Police 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:

Dodge & Cox \$3,597,203
Vanguard Mc Growth Index \$1,971,295
Vanguard 500 Index \$3,781,819

At April 30, 2015, the Firefighters' 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:

William Blair International Growth CII \$2,768,714
Harbor International Fund #11 \$2,777,355
Vanguard Mc Growth Index \$2,727,026
Vanguard Total Stock Market Index Signal \$5,824,265

Related Party Transactions. There are no securities of the employer or any other related parties included in plan assets.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2015, using the following actuarial methods and assumptions:

	Police Pension	Firefighters' Pension
Actuarial Valuation Date	4/30/2015	4/30/2015
Actuarial Cost Method	Level Dollar	Level Dollar
Asset Valuation Method	Market	Market
Actuarial Assumptions		
Interest Rate	7.00%	7.00%
Salary Increases	1.12% - 4.86%	1.12% - 4.86%
Cost of Living Adjustments	2.00%	2.00%
Inflation	2.00%	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 single discount rate used to measure the total pension liability was 7.00% for both the Police Pension Fund and the Firefighters' Pension Fund. 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, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – 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 liabilities calculated using the discount rate as well as what the net pension liabilities 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Police Pension</u>			
Net Pension Liability	\$ 25,235,010	19,557,120	14,719,777
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Firefighters' Pension</u>			
Net Pension Liability	\$ 13,633,055	8,600,623	4,323,306

Net Pension Liability

The components of the net pension liability of the City's Plans as of April 30, 2015, calculated in accordance with GASB Statement No. 67, were as follows:

	Police Pension	Firefighters' Pension	Totals
Total Pension Liability	\$ 41,895,288	42,853,632	84,748,920
Plan Fiduciary Net Position	22,338,168	34,253,009	56,591,177
City's Net Pension Liability	19,557,120	8,600,623	28,157,743
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.32%	79.93%	66.78%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the required supplementary information for additional information related to the funded status of the Fund.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Net Pension Obligation

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

	IMRF	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 531,328	2,195,150	1,311,166	4,037,644
Interest on Net Pension Obligation	20,029	194,261	120,842	335,132
Adjustment to Annual Required Contribution	(14,317)	(246,195)	(153,148)	(413,660)
Annual Pension Cost	537,040	2,143,216	1,278,860	3,959,116
Actual Contribution	531,328	1,434,033	725,710	2,691,071
Change in the NPO	5,712	709,183	553,150	1,268,045
NPO - Beginning	267,058	2,775,157	1,726,317	4,768,532
NPO - Ending	272,770	3,484,340	2,279,467	6,036,577

CITY OF FREEPORT, ILLINOIS**Notes to the Financial Statements
April 30, 2015****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued****Annual Pension Costs**

Employer contributions have been determined as follows:

	IMRF	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	12.13%	56.55%	23.580%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2014	4/30/2014	4/30/2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Level Dollar Closed Basis	Level % of Level Dollar Closed Basis
Remaining Amortization Period	29 Years	26 Years	26 Years
Asset Valuation Method	5-Year Smoothed Market	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.00%	4.00%
Inflation Rate Included	4.00%	2.00%	2.00%
Cost-of-Living Adjustments	3.00%	2.00%	2.00%

CITY OF FREEPORT, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

The trend information for each plan is as follows:

	Fiscal Year	IMRF	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2013	\$ 538,570	\$ 1,251,328	\$ 742,890
	2014	511,204	1,230,365	769,322
	2015	537,040	2,143,216	1,278,860
Actual Contributions	2013	456,674	1,343,476	1,095,584
	2014	505,611	1,496,649	782,624
	2015	531,328	1,434,033	725,710
Percentage of APC Contributed	2013	84.79%	107.36%	147.48%
	2014	98.91%	121.64%	101.73%
	2015	98.94%	66.91%	56.75%
Net Pension Obligation	2013	261,465	3,041,441	1,739,619
	2014	267,058	2,775,157	1,726,317
	2015	272,770	3,484,340	2,279,467

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The funded status for each plan is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC as disclosed in the NPO calculation.

	IMRF	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2014	4/30/2014	4/30/2014
Percent Funded	80.50%	50.61%	83.47%
Actuarial Accrued Liability for Benefits	\$13,507,870	\$37,703,699	\$38,892,500
Actuarial Value of Assets	\$10,873,642	\$19,081,372	\$32,462,908
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$2,634,228)	(\$18,622,327)	(\$6,429,592)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$4,438,625	\$2,705,870	\$2,901,253
Ratio of UAAL to Covered Payroll	59.35%	688.22%	221.61%

See the schedule of funding progress in the required supplementary information immediately following the notes to the financial statements for additional information related to the funded status of the plans.

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

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

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2015, retirees contributed \$256,474.

At April 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	43
Active Employees	<u>169</u>
Total	<u>212</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, 2015

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, 2015, was calculated as follows:

Annual Required Contribution	\$ 1,328,706
Interest on the NPO	171,599
Adjustment to the ARC	<u>(238,546)</u>
Annual OPEB Cost	1,261,759
Actual Contribution	<u>625,557</u>
Increase in the NPO	636,202
NOPEBO - Beginning	<u>4,289,952</u>
NOPEBO - Ending	<u><u>4,926,154</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
2013	\$ 594,375	\$ 300,720	50.59%	\$ 3,733,617
2014	1,018,841	462,506	45.40%	4,289,952
2015	1,261,759	625,557	49.58%	4,926,154

CITY OF FREEPORT, ILLINOIS

Notes to the Financial Statements April 30, 2015

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 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 4.0% investment rate or return and an initial healthcare trend rate of 9.0% with an ultimate healthcare inflation rate of 5.0%, a 3.0% price inflation assumption, a 4.0% wage inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015, was 30 years.

CITY OF FREEPORT, ILLINOIS

**Notes to the Financial Statements
April 30, 2015**

NOTE 4 – OTHER INFORMATION – Continued

SUBSEQUENT EVENTS

On September 8, 2015, the City approved the issuance of General Obligation Refunding Bonds of 2015A not to exceed \$9,850,000.

On September 8, 2015, the City approved the issuance of General Obligation Refunding Bonds of 2015B not to exceed \$2,600,000.

On September 8, 2015, the City approved to borrow funds from the IEPA Public Water Supply Loan Program in an amount not to exceed \$8,750,000.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefit Plan
- Schedule of Employer Contributions
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
 - 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

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2015**

Funding Progress

Actuarial Valuation Date Dec. 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ 11,024,256	\$ 13,195,289	83.55%	\$ 2,171,033	\$ 4,519,000	48.04%
2010	9,943,325	12,763,902	77.90%	2,820,577	4,395,129	64.18%
2011	10,500,214	13,654,023	76.90%	3,153,809	4,483,167	70.35%
2012	10,110,237	13,073,349	77.33%	2,963,112	4,433,733	66.83%
2013	10,773,196	13,064,445	82.46%	2,291,249	4,448,329	51.51%
2014	10,873,642	13,507,870	80.50%	2,634,228	4,438,625	59.35%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ 317,234	\$ 317,234	100.00%
2011	374,025	474,234	78.87%
2012	419,624	499,873	83.95%
2013	456,674	534,265	85.48%
2014	505,611	505,611	100.00%
2015	531,328	531,328	100.00%

CITY OF FREEPORT, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2015

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ 14,443,123	\$ 29,922,428	48.27%	\$ 15,479,305	\$ 2,970,165	521.16%
2010	15,843,333	34,227,967	46.29%	18,384,634	2,897,030	634.60%
2011	17,482,448	35,254,806	49.59%	17,772,358	2,983,941	595.60%
2012	18,263,052	34,865,833	52.38%	16,602,781	2,877,230	577.04%
2013	20,483,634	36,437,331	56.22%	15,953,697	2,809,406	567.87%
2014	19,081,372	37,703,699	50.61%	18,622,327	2,705,870	688.22%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ 1,025,810	\$ 1,341,939	76.44%
2011	1,108,745	1,382,197	80.22%
2012	1,175,463	1,585,367	74.14%
2013	1,343,476	1,305,191	102.93%
2014	1,496,649	1,287,282	116.26%
2015	1,434,033	2,195,150	65.33%

CITY OF FREEPORT, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2015**

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ 22,139,703	\$ 34,110,453	64.91%	\$ 11,970,750	\$ 2,846,313	420.57%
2010	25,430,308	35,359,086	71.92%	9,928,778	2,779,506	357.21%
2011	28,424,068	36,419,859	78.05%	7,995,791	2,862,891	279.29%
2012	29,709,123	35,357,237	84.03%	5,648,114	2,919,494	193.46%
2013	30,973,489	36,687,670	84.42%	5,714,181	2,864,256	199.50%
2014	32,462,908	38,892,500	83.47%	6,429,592	2,901,253	221.61%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ 716,721	\$ 1,097,607	65.30%
2011	906,155	1,130,535	80.15%
2012	1,211,245	1,046,125	115.78%
2013	1,095,584	778,855	140.67%
2014	782,624	801,877	97.60%
2015	725,710	1,311,166	55.35%

CITY OF FREEPORT, ILLINOIS

Other Post-Employment Benefits Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2015**

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2010	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2011	-	8,919,997	0.00%	8,919,997	10,126,575	88.09%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	14,793,816	0.00%	14,793,816	10,359,107	142.81%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	13,898,662	0.00%	13,898,662	8,457,416	164.34%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2010	\$ N/A	\$ N/A	N/A
2011	300,720	629,646	47.76%
2012	304,595	618,068	49.28%
2013	300,720	571,442	52.62%
2014	462,506	993,950	46.53%
2015	625,557	1,328,706	47.08%

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

Police Pension Fund

Required Supplementary Information Schedule of Employer Contributions April 30, 2015

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%

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: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

CITY OF FREEPORT, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2015

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%

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: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

CITY OF FREEPORT, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2015

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 589,828
Interest	2,565,871
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	574,525
Change of Assumptions	2,748,812
Benefit Payments, Including Refunds of Member Contributions	<u>(2,287,447)</u>
Net Change in Total Pension Liability	4,191,589
Total Pension Liability - Beginning	<u>37,703,699</u>
Total Pension Liability - Ending	<u><u>41,895,288</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,434,033
Contributions - Members	274,072
Contributions - Other	-
Net Investment Income	1,312,951
Benefit Payments, Including Refunds of Member Contributions	(2,287,447)
Administrative Expense	<u>(29,617)</u>
Net Change in Plan Fiduciary Net Position	703,992
Plan Net Position - Beginning	<u>21,634,176</u>
Plan Net Position - Ending	<u><u>22,338,168</u></u>
Employer's Net Pension Liability	<u><u>\$ 19,557,120</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.32%
Covered-Employee Payroll	\$ 2,739,339
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	713.94%

CITY OF FREEPORT, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2015

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 749,011
Interest	2,648,793
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(554,147)
Change of Assumptions	3,414,039
Benefit Payments, Including Refunds of Member Contributions	<u>(2,296,564)</u>
Net Change in Total Pension Liability	3,961,132
Total Pension Liability - Beginning	<u>38,892,500</u>
Total Pension Liability - Ending	<u><u>42,853,632</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 725,710
Contributions - Members	277,963
Contributions - Other	-
Net Investment Income	1,878,396
Benefit Payments, Including Refunds of Member Contributions	(2,296,564)
Administrative Expense	<u>(24,449)</u>
Net Change in Plan Fiduciary Net Position	561,056
Plan Net Position - Beginning	<u>33,691,953</u>
Plan Net Position - Ending	<u><u>34,253,009</u></u>
Employer's Net Pension Liability	<u><u>\$ 8,600,623</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.93%
Covered-Employee Payroll	\$ 2,987,121
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	287.92%

CITY OF FREEPORT, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2015**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	6.47%

CITY OF FREEPORT, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2015**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	5.98%

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, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 12,271,714	12,271,714	12,345,088
Licenses, Permits and Fees	693,265	693,265	708,901
Intergovernmental	3,569,000	3,569,000	3,677,210
Charges for Services	4,679,850	4,679,850	4,129,707
Fines and Forfeits	320,100	320,100	310,192
Interest	3,205	3,205	7,107
Miscellaneous	130,000	259,618	458,847
Total Revenues	21,667,134	21,796,752	21,637,052
Expenditures			
General Government	13,029,257	13,062,357	11,206,263
Public Safety	8,190,689	8,190,689	7,360,705
Public Works	2,068,399	2,292,399	2,385,848
Culture and Recreation	262,772	262,772	212,257
Total Expenditures	23,551,117	23,808,217	21,165,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,883,983)	(2,011,465)	471,979
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	16,701
Transfers In	321,800	321,800	375,684
Transfers Out	(440,500)	(440,500)	(392,950)
	(118,700)	(118,700)	(565)
Net Change in Fund Balance	(2,002,683)	(2,130,165)	471,414
Fund Balance - Beginning			5,539,396
Fund Balance - Ending			6,010,810

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- 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
- Statement of Changes in Assets and Liabilities – Agency Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Illinois Municipal Retirement Fund

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

Motor Fuel Tax Fund

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

Cemetery Care Fund

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

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS – Continued

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.

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 Burchard Hills TIF district.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

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.

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.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS – Continued

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, 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.

TRUST AND AGENCY FUNDS

PRIVATE PURPOSE TRUST FUNDS

Foreign Fire Insurance Fund

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

PENSION TRUST FUNDS

Police Pension Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TRUST AND AGENCY FUNDS – Continued

PENSION TRUST FUNDS – Continued

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.

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 2,266,714	2,266,714	2,275,861
Property Transfer Taxes	125,000	125,000	163,594
Retailer Occupation Taxes	7,580,000	7,580,000	7,545,933
Food and Beverage Tax	595,000	595,000	622,876
Video Gaming Tax	170,000	170,000	232,372
Telecommunications Tax	760,000	760,000	676,593
Utility Tax	455,000	455,000	486,066
Natural Gas Utility Tax	320,000	320,000	341,793
Total Taxes	12,271,714	12,271,714	12,345,088
Licenses, Permits and Fees			
Building Permit Fees	140,000	140,000	114,341
Liquor Licenses	75,000	75,000	123,885
Business Licenses and Permits	25,000	25,000	26,119
Landlord Registration Fees	50,000	50,000	39,122
Cable TV Franchise Fees	335,000	335,000	337,174
911 Dispatching Fees	68,265	68,265	68,260
Total Licenses, Permits and Fees	693,265	693,265	708,901
Intergovernmental			
State Income Tax	2,510,000	2,510,000	2,582,919
Special Use Tax	457,000	457,000	509,427
Replacement Taxes	468,000	468,000	473,790
Grant - Administration Reimbursements	34,000	34,000	4,814
Grant - SLANT Officer	40,000	40,000	-
School Resource Officer Reimbursements	-	-	34,544
IDOT Reimbursement	60,000	60,000	71,716
Total Intergovernmental	3,569,000	3,569,000	3,677,210

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Charges for Services			
Water and Sewer Service Charge	\$ 135,000	135,000	102,000
Airport Hanger Rent	100,000	100,000	95,470
Fuel Sales	132,000	132,000	615
Interfund Services	4,287,850	4,287,850	3,882,195
Other Charges for Services	25,000	25,000	49,427
Total Charges for Services	4,679,850	4,679,850	4,129,707
Fines and Forfeitures			
Fines - Circuit Court	320,100	320,100	310,192
Interest	3,205	3,205	7,107
Miscellaneous			
Reimbursement - Fire Training	10,000	10,000	-
Reimbursement - Police Training	10,000	10,000	1,285
Reimbursement - Traffic Signal Maintenance	10,000	10,000	27,476
Reimbursement - Other Sources	-	129,618	185,459
Miscellaneous Local Sources	100,000	100,000	244,627
Total Miscellaneous	130,000	259,618	458,847
Total Revenues	21,667,134	21,796,752	21,637,052

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
General Government			
City Council			
Personal Services	\$ 30,400	30,400	30,399
Contractual Services	14,000	14,000	3,637
Equipment, Furniture and Fixtures	1,700	1,700	1,935
	46,100	46,100	35,971
Commissions			
Personal Services	4,325	4,325	3,600
Contractual Services	18,000	18,000	12,903
Commodities	500	500	375
	22,825	22,825	16,878
City Clerk			
Personal Services	58,312	58,312	58,440
Contractual Services	9,100	9,100	4,564
Commodities	2,400	2,400	1,715
Equipment, Furniture and Fixtures	2,350	2,350	-
	72,162	72,162	64,719
Mayor			
Personal Services	153,341	153,341	139,288
Contractual Services	21,400	21,400	14,134
Commodities	6,200	6,200	2,366
Equipment, Furniture and Fixtures	3,000	3,000	195
	183,941	183,941	155,983
Office of Management and Budget			
Personal Services	165,379	159,379	146,815
Contractual Services	2,850	7,850	5,898
Commodities	2,750	2,750	1,236
Equipment, Furniture and Fixtures	3,500	4,500	3,063
	174,479	174,479	157,012

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
General Government - Continued			
Treasurer			
Personal Services	\$ 56,958	56,958	57,083
Contractual Services	2,475	2,475	1,722
Commodities	1,175	1,175	949
Equipment, Furniture and Fixtures	1,750	1,750	538
	<u>62,358</u>	<u>62,358</u>	<u>60,292</u>
Hearing Administration			
Contractual Services	<u>4,300</u>	<u>11,300</u>	<u>10,240</u>
General Government Building			
Contractual Services	192,500	192,500	138,023
Commodities	11,250	11,250	7,589
	<u>203,750</u>	<u>203,750</u>	<u>145,612</u>
Management Information Systems			
Contractual Services	35,000	35,000	509
Commodities	5,500	5,500	(4,548)
Equipment, Furniture and Fixtures	15,000	15,000	2,899
	<u>55,500</u>	<u>55,500</u>	<u>(1,140)</u>
Community Development			
Personal Services	180,374	206,474	213,627
Contractual Services	100,600	100,500	86,354
Commodities	3,200	3,200	2,254
Equipment, Furniture and Fixtures	3,000	3,100	4,886
	<u>287,174</u>	<u>313,274</u>	<u>307,121</u>
Neighborhood Housing Development			
Contractual Services	<u>150,000</u>	<u>150,000</u>	<u>79,906</u>

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
General Government - Continued			
Human Resources			
Personal Services	\$ 60,512	60,512	57,363
Contractual Services	20,900	20,900	12,124
Commodities	2,700	2,700	1,014
Equipment, Furniture and Fixtures	1,800	1,800	320
	<u>85,912</u>	<u>85,912</u>	<u>70,821</u>
Interdepartmental Expenditures			
Personal Services	6,432,655	6,432,655	5,718,604
Contractual Services	544,900	544,900	391,265
Commodities	145,500	145,500	8,369
	<u>7,123,055</u>	<u>7,123,055</u>	<u>6,118,238</u>
Health Care			
Personal Services	4,190,000	4,190,000	3,679,656
Contractual Services	98,000	98,000	92,482
	<u>4,288,000</u>	<u>4,288,000</u>	<u>3,772,138</u>
Judiciary and Legal			
Personal Services	150,951	150,951	131,218
Contractual Services	109,850	109,850	76,975
Commodities	7,400	7,400	4,279
Equipment, Furniture and Fixtures	1,500	1,500	-
	<u>269,701</u>	<u>269,701</u>	<u>212,472</u>
Total General Government	<u>13,029,257</u>	<u>13,062,357</u>	<u>11,206,263</u>

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Public Safety			
Buildings			
Personal Services	\$ 123,394	123,394	63,710
Contractual Services	23,920	23,920	21,137
Commodities	3,500	3,500	1,514
Equipment, Furniture and Fixtures	33,300	33,300	274
	184,114	184,114	86,635
Police Department			
Personal Services	4,167,782	4,167,782	3,689,407
Contractual Services	257,134	257,134	176,882
Commodities	167,000	167,000	124,959
Equipment, Furniture and Fixtures	60,000	60,000	50,700
	4,651,916	4,651,916	4,041,948
Fire Department			
Personal Services	3,160,434	3,160,434	3,063,021
Contractual Services	95,125	95,125	90,268
Commodities	95,600	95,600	75,775
Equipment, Furniture and Fixtures	3,500	3,500	3,058
	3,354,659	3,354,659	3,232,122
Total Public Safety	8,190,689	8,190,689	7,360,705
Public Works			
Department of Public Works			
Personal Services	51,790	51,790	50,419
Contractual Services	55,000	55,000	3,923
Commodities	1,400	1,400	634
Equipment, Furniture and Fixtures	1,500	1,500	-
	109,690	109,690	54,976
Street Department			
Personal Services	722,509	722,509	708,351
Contractual Services	186,300	186,300	200,328
Commodities	457,700	457,700	469,849
Equipment, Furniture and Fixtures	2,500	2,500	-
	1,369,009	1,369,009	1,378,528

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Public Works - Continued			
Traffic Engineering			
Contractual Services	\$ 18,500	18,500	14,345
Commodities	7,500	7,500	909
	<u>26,000</u>	<u>26,000</u>	<u>15,254</u>
Street Lights			
Contractual Services	22,500	22,500	130,491
Commodities	227,000	227,000	197,882
	<u>249,500</u>	<u>249,500</u>	<u>328,373</u>
Airport Authority			
Contractual Services	118,250	118,250	134,925
Commodities	30,950	30,950	34,067
Other Charges	-	-	33,240
	<u>149,200</u>	<u>149,200</u>	<u>202,232</u>
Capital Improvements			
Bike Trails			
Contractual Services	150,000	374,000	394,658
Sidewalk Program			
Contractual Services	15,000	15,000	11,827
	<u>165,000</u>	<u>389,000</u>	<u>406,485</u>
Total Public Works	<u>2,068,399</u>	<u>2,292,399</u>	<u>2,385,848</u>
Culture and Recreation			
Social Services			
Personal Services	50,412	50,412	45,310
Contractual Services	10,000	10,000	5,598
Commodities	4,450	4,450	1,227
Equipment, Furniture and Fixtures	1,700	1,700	-
	<u>66,562</u>	<u>66,562</u>	<u>52,135</u>

CITY OF FREEPORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
City Cemetery			
Personal Services	\$ 48,329	48,329	45,255
Contractual Services	6,000	6,000	2,315
Commodities	2,750	2,750	2,243
Equipment, Furniture and Fixtures	2,500	2,500	437
	<u>59,579</u>	<u>59,579</u>	<u>50,250</u>
Forestry			
Personal Services	103,081	103,081	97,501
Contractual Services	20,550	20,550	4,379
Commodities	12,000	12,000	7,992
Equipment, Furniture and Fixtures	1,000	1,000	-
	<u>136,631</u>	<u>136,631</u>	<u>109,872</u>
Total Culture and Recreation	<u>262,772</u>	<u>262,772</u>	<u>212,257</u>
Total Expenditures	<u>23,551,117</u>	<u>23,808,217</u>	<u>21,165,073</u>

CITY OF FREEPORT, ILLINOIS**Nonmajor Governmental Funds****Combining Balance Sheet
April 30, 2015**

	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS				
Cash and Investments	\$ 2,452,298	-	993,566	3,445,864
Receivables - Net of Allowances				
Property Taxes	1,088,605	-	-	1,088,605
Accounts	1,183,138	-	190,874	1,374,012
Due to Other Funds	-	108,965	-	108,965
Prepays	4,520	-	3,840	8,360
Total Assets	4,728,561	108,965	1,188,280	6,025,806
LIABILITIES				
Accounts Payable	223,298	-	30,285	253,583
Accrued Payroll	40,491	-	-	40,491
Due to Other Funds	574,469	108,964	-	683,433
Other Payables	44,318	-	-	44,318
Total Liabilities	882,576	108,964	30,285	1,021,825
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	1,088,605	-	-	1,088,605
Total Liabilities and Deferred Inflows of Resources	1,971,181	108,964	30,285	2,110,430
FUND BALANCES				
Nonspendable	4,520	-	3,840	8,360
Restricted	2,671,547	-	321,667	2,993,214
Committed	73,011	1	832,488	905,500
Assigned	8,302	-	-	8,302
Total Fund Balances	2,757,380	1	1,157,995	3,915,376
Total Liabilities and Fund Balances	4,728,561	108,965	1,188,280	6,025,806

CITY OF FREEPORT, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2015

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes	\$ 2,403,465	-	-	2,403,465
Licenses, Permits and Fees	31,114	-	683,188	714,302
Intergovernmental	2,360,396	-	240,313	2,600,709
Interest	1,596	27	1,187	2,810
Miscellaneous	1,074,992	-	25	1,075,017
Total Revenues	5,871,563	27	924,713	6,796,303
Expenditures				
General Government	1,364,134	-	-	1,364,134
Public Safety	43,102	-	-	43,102
Public Works	2,396,065	-	-	2,396,065
Culture and Recreation	1,094,709	-	-	1,094,709
Capital Outlay	16,204	-	805,381	821,585
Debt Service				
Principal Retirement	241,312	379,504	-	620,816
Interest and Fiscal Charges	50,180	131,374	-	181,554
Total Expenditures	5,205,706	510,878	805,381	6,521,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	665,857	(510,851)	119,332	274,338
Other Financing Sources (Uses)				
Debt Issuance	-	-	540,000	540,000
Transfers In	223,800	349,067	-	572,867
Transfers Out	(392,204)	-	(445,467)	(837,671)
	(168,404)	349,067	94,533	275,196
Net Change in Fund Balances	497,453	(161,784)	213,865	549,534
Fund Balances - Beginning	2,259,927	161,785	944,130	3,365,842
Fund Balances - Ending	2,757,380	1	1,157,995	3,915,376

CITY OF FREEPORT, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet
April 30, 2015**

See Following Page

CITY OF FREEPORT, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2015

	Illinois Municipal Retirement	Motor Fuel Tax	Cemetery Care	Tourism Promotion	Grant Funds
ASSETS					
Cash and Investments	\$ 140,734	441,880	114,342	79,577	-
Receivables - Net of Allowances					
Property Taxes	134,648	-	-	-	-
Accounts	-	59,629	-	-	1,112,923
Prepays	-	-	-	-	-
Total Assets	275,382	501,509	114,342	79,577	1,112,923
LIABILITIES					
Accounts Payable	-	-	-	-	199,190
Accrued Payroll	16,680	-	-	-	-
Due to Other Funds	-	-	-	-	574,469
Other Payables	-	-	-	-	44,318
Total Liabilities	16,680	-	-	-	817,977
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	134,648	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	151,328	-	-	-	817,977
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	124,054	501,509	114,342	79,577	294,946
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total Fund Balances	124,054	501,509	114,342	79,577	294,946
Total Liabilities and Fund Balances	275,382	501,509	114,342	79,577	1,112,923

Motor Vehicle	Drug Forfeiture	Fire Public Safety	Downtown T.I.F. District	Lamm Road T.I.F. District	West Ave. T.I.F. District	Burchard Hills T.I.F. District	Public Library	Totals
73,011	22,990	8,302	380,893	194,681	44,759	8,109	943,020	2,452,298
-	-	-	-	-	-	-	953,957	1,088,605
-	-	-	-	-	-	-	10,586	1,183,138
-	-	-	-	-	-	-	4,520	4,520
73,011	22,990	8,302	380,893	194,681	44,759	8,109	1,912,083	4,728,561
-	-	-	-	-	-	-	24,108	223,298
-	-	-	-	-	-	-	23,811	40,491
-	-	-	-	-	-	-	-	574,469
-	-	-	-	-	-	-	-	44,318
-	-	-	-	-	-	-	47,919	882,576
-	-	-	-	-	-	-	953,957	1,088,605
-	-	-	-	-	-	-	1,001,876	1,971,181
-	-	-	-	-	-	-	4,520	4,520
-	22,990	-	380,893	194,681	44,759	8,109	905,687	2,671,547
73,011	-	-	-	-	-	-	-	73,011
-	-	8,302	-	-	-	-	-	8,302
73,011	22,990	8,302	380,893	194,681	44,759	8,109	910,207	2,757,380
73,011	22,990	8,302	380,893	194,681	44,759	8,109	1,912,083	4,728,561

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, 2015

	Illinois Municipal Retirement	Motor Fuel Tax	Cemetery Care	Tourism Promotion	Grant Fund
Revenues					
Taxes	\$ 258,037	-	-	184,303	-
Licenses, Permits and Fees	-	-	3,750	-	-
Intergovernmental	-	857,982	-	-	1,423,960
Interest	42	64	-	208	-
Miscellaneous	-	709,283	-	-	-
Total Revenues	258,079	1,567,329	3,750	184,511	1,423,960
Expenditures					
Current					
General Government	360,148	-	-	223,600	780,386
Public Safety	-	-	-	-	25,596
Public Works	-	1,490,664	-	-	471,532
Culture and Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	360,148	1,490,664	-	223,600	1,277,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,069)	76,665	3,750	(39,089)	146,446
Other Financing Sources (Uses)					
Transfers In	64,250	159,550	-	-	-
Transfers Out	-	(168,882)	-	-	-
	64,250	(9,332)	-	-	-
Net Change in Fund Balances	(37,819)	67,333	3,750	(39,089)	146,446
Fund Balances - Beginning	161,873	434,176	110,592	118,666	148,500
Fund Balances - Ending	124,054	501,509	114,342	79,577	294,946

Motor Vehicle	Drug Forfeiture	Fire Public Safety	Downtown T.I.F. District	Lamm Road T.I.F. District	West Ave. T.I.F. District	Burchard Hills T.I.F. District	Public Library	Totals
-	-	-	236,958	611,610	39,578	1,951	1,071,028	2,403,465
6,000	-	-	-	-	-	-	21,364	31,114
-	14,359	-	-	-	-	-	64,095	2,360,396
9	-	-	77	108	11	1	1,076	1,596
-	-	410	-	-	-	-	365,299	1,074,992
6,009	14,359	410	237,035	611,718	39,589	1,952	1,522,862	5,871,563
-	-	-	-	-	-	-	-	1,364,134
-	15,783	1,723	-	-	-	-	-	43,102
-	-	-	125,654	274,492	33,235	488	-	2,396,065
-	-	-	-	-	-	-	1,094,709	1,094,709
-	-	-	-	-	-	-	16,204	16,204
-	-	-	-	241,312	-	-	-	241,312
-	-	-	-	50,180	-	-	-	50,180
-	15,783	1,723	125,654	565,984	33,235	488	1,110,913	5,205,706
6,009	(1,424)	(1,313)	111,381	45,734	6,354	1,464	411,949	665,857
-	-	-	-	-	-	-	-	223,800
-	-	-	(63,772)	(159,550)	-	-	-	(392,204)
-	-	-	(63,772)	(159,550)	-	-	-	(168,404)
6,009	(1,424)	(1,313)	47,609	(113,816)	6,354	1,464	411,949	497,453
67,002	24,414	9,615	333,284	308,497	38,405	6,645	498,258	2,259,927
73,011	22,990	8,302	380,893	194,681	44,759	8,109	910,207	2,757,380

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 257,000	257,000	258,037
Interest	100	100	42
Total Revenues	257,100	257,100	258,079
Expenditures			
General Government	400,000	400,000	360,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,900)	(142,900)	(102,069)
Other Financing Sources			
Transfers In	64,250	64,250	64,250
Net Change in Fund Balance	(78,650)	(78,650)	(37,819)
Fund Balance - Beginning			161,873
Fund Balance - Ending			124,054

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 745,000	846,000	857,982
Interest	100	100	64
Miscellaneous	460,000	1,328,833	709,283
Total Revenues	1,205,100	2,174,933	1,567,329
Expenditures			
Public Works	1,375,000	1,620,000	1,490,664
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,900)	554,933	76,665
Other Financing Sources (Uses)			
Transfers In	175,000	420,000	159,550
Transfers Out	-	(969,000)	(168,882)
	175,000	(549,000)	(9,332)
Net Change in Fund Balance	5,100	5,933	67,333
Fund Balance - Beginning			434,176
Fund Balance - Ending			501,509

CITY OF FREEPORT, ILLINOIS

Cemetery Care - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 5,000	5,000	3,750
Expenditures			
General Government	-	-	-
Net Change in Fund Balance	<u>5,000</u>	<u>5,000</u>	3,750
Fund Balance - Beginning			<u>110,592</u>
Fund Balance - Ending			<u>114,342</u>

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 18,250	18,250	184,303
Interest	250	250	208
Total Revenues	18,500	18,500	184,511
Expenditures			
General Government	250,600	250,600	223,600
Net Change in Fund Balance	(232,100)	(232,100)	(39,089)
Fund Balance - Beginning			118,666
Fund Balance - Ending			79,577

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 4,565,500	4,590,500	1,423,960
Expenditures			
General Government	2,198,000	2,198,000	780,386
Public Safety	520,000	545,000	25,596
Public Works	1,860,000	1,860,000	471,532
Total Expenditures	4,578,000	4,603,000	1,277,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,500)	(12,500)	146,446
Other Financing Sources (Uses)			
Transfers In	37,500	37,500	-
Transfers Out	(25,000)	(25,000)	-
	12,500	12,500	-
Net Change in Fund Balance	-	-	146,446
Fund Balance - Beginning			148,500
Fund Balance - Ending			294,946

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 6,000	6,000	6,000
Interest	15	15	9
Total Revenues	6,015	6,015	6,009
Expenditures			
Public Works	-	-	-
Net Change in Fund Balance	6,015	6,015	6,009
Fund Balance - Beginning			67,002
Fund Balance - Ending			73,011

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 50,000	50,000	14,359
Interest	500	500	-
Miscellaneous	15,000	15,000	-
Total Revenues	65,500	65,500	14,359
Expenditures			
Public Safety	65,000	65,000	15,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	500	(1,424)
Other Financing (Uses)			
Transfers Out	(65,000)	(65,000)	-
Net Change in Fund Balance	<u>(64,500)</u>	<u>(64,500)</u>	(1,424)
Fund Balance - Beginning			<u>24,414</u>
Fund Balance - Ending			<u>22,990</u>

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 5	5	-
Miscellaneous	500	500	410
Total Revenues	505	505	410
Expenditures			
Public Safety			
Contractual Services	2,000	2,000	1,723
Net Change in Fund Balance	(1,495)	(1,495)	(1,313)
Fund Balance - Beginning			9,615
Fund Balance - Ending			8,302

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 267,106	267,106	236,958
Interest	100	100	77
Total Revenues	267,206	267,206	237,035
Expenditures			
Public Works			
Contractual Services	325,000	325,000	125,654
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,794)	(57,794)	111,381
Other Financing (Uses)			
Transfers Out	(367,000)	(367,000)	(63,772)
Net Change in Fund Balance	<u>(424,794)</u>	<u>(424,794)</u>	47,609
Fund Balance - Beginning			<u>333,284</u>
Fund Balance - Ending			<u><u>380,893</u></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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 641,815	641,815	611,610
Interest	150	150	108
Total Revenues	641,965	641,965	611,718
Expenditures			
Public Works			
Contractual Services	945,000	945,000	274,492
Debt Service			
Principal Retirement	-	-	241,312
Interest and Fiscal Charges	-	-	50,180
Total Expenditures	945,000	945,000	565,984
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,035)	(303,035)	45,734
Other Financing (Uses)			
Transfers Out	(175,000)	(175,000)	(159,550)
Net Change in Fund Balance	(478,035)	(478,035)	(113,816)
Fund Balance - Beginning			308,497
Fund Balance - Ending			194,681

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 44,956	44,956	39,578
Interest	100	100	11
Total Revenues	45,056	45,056	39,589
Expenditures			
Public Works			
Contractual Services	90,000	90,000	33,235
Net Change in Fund Balance	(44,944)	(44,944)	6,354
Fund Balance - Beginning			38,405
Fund Balance - Ending			44,759

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 3,023	3,023	1,951
Interest	50	50	1
Total Revenues	3,073	3,073	1,952
Expenditures			
Public Works			
Contractual Services	9,500	9,500	488
Net Change in Fund Balance	(6,427)	(6,427)	1,464
Fund Balance - Beginning			6,645
Fund Balance - Ending			8,109

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, 2015

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,014,301	1,014,301	1,018,384
Personal Property Replacement Taxes	50,000	50,000	52,644
Licenses, Permits and Fees	20,000	20,000	21,364
Intergovernmental	54,000	54,000	64,095
Interest	575	575	1,076
Miscellaneous	39,000	39,000	365,299
Total Revenues	1,177,876	1,177,876	1,522,862
Expenditures			
Culture and Recreation			
Personnel	740,100	740,100	671,858
Contractual Services	224,050	249,050	245,266
Commodities	230,450	220,450	177,585
Capital Outlay	36,000	46,000	16,204
Total Expenditures	1,230,600	1,255,600	1,110,913
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,724)	(77,724)	411,949
Other Financing (Uses)			
Transfers Out	(25,000)	-	-
Net Change in Fund Balance	(77,724)	(77,724)	411,949
Fund Balance - Beginning			498,258
Fund Balance - Ending			910,207

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 50	50	27
Expenditures			
Debt Service			
Principal Retirement	472,700	417,117	379,504
Interest and Fiscal Charges	86,200	194,093	131,374
Total Expenditures	558,900	611,210	510,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	(558,850)	(611,160)	(510,851)
Other Financing Sources			
Transfers In	563,200	563,200	349,067
Net Change in Fund Balance	4,350	(47,960)	(161,784)
Fund Balance - Beginning			161,785
Fund Balance - Ending			1

CITY OF FREEPORT, ILLINOIS**Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet
April 30, 2015**

	Fire Capital Improvements	Equipment Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 694,606	298,960	993,566
Receivables - Net of Allowances			
Accounts	168,167	22,707	190,874
Prepays	3,840	-	3,840
Total Assets	866,613	321,667	1,188,280
LIABILITIES			
Accounts Payable	30,285	-	30,285
FUND BALANCES			
Nonspendable	3,840	-	3,840
Restricted	-	321,667	321,667
Committed	832,488	-	832,488
Total Fund Balances	836,328	321,667	1,157,995
Total Liabilities and Fund Balances	866,613	321,667	1,188,280

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, 2015**

	Fire Capital Improvements	Equipment Capital Projects	Totals
Revenues			
Licenses, Permits and Fees	\$ 672,036	11,152	683,188
Intergovernmental	-	240,313	240,313
Interest	1,152	35	1,187
Miscellaneous	-	25	25
Total Revenues	673,188	251,525	924,713
Expenditures			
Capital Outlay	674,737	130,644	805,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,549)	120,881	119,332
Other Financing Sources (Uses)			
Debt Issuance	540,000	-	540,000
Transfers Out	(445,467)	-	(445,467)
	94,533	-	94,533
Net Change in Fund Balances	92,984	120,881	213,865
Fund Balances - Beginning	743,344	200,786	944,130
Fund Balances - Ending	836,328	321,667	1,157,995

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 550,000	550,000	672,036
Interest	1,200	1,200	1,152
Total Revenues	551,200	551,200	673,188
Expenditures			
Capital Outlay			
Contractual Services	116,000	116,000	48,736
Machinery and Equipment	41,000	41,000	40,995
Vehicles	613,500	613,500	585,006
Total Expenditures	770,500	770,500	674,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,300)	(219,300)	(1,549)
Other Financing Sources (Uses)			
Debt Issuance	525,000	525,000	540,000
Transfers Out	(528,500)	(528,500)	(445,467)
	(3,500)	(3,500)	94,533
Net Change in Fund Balance	(222,800)	(222,800)	92,984
Fund Balance - Beginning			743,344
Fund Balance - Ending			836,328

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, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 10,000	10,000	11,152
Intergovernmental	240,000	240,000	240,313
Interest	50	50	35
Miscellaneous	-	-	25
Total Revenues	250,050	250,050	251,525
Expenditures			
Capital Outlay	405,000	405,000	130,644
Net Change in Fund Balance	(154,950)	(154,950)	120,881
Fund Balance - Beginning			200,786
Fund Balance - Ending			321,667

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, 2015**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,911,500	2,911,500	3,365,387
Operating Expenses			
Operations			
Personnel	1,131,250	1,131,250	965,713
Contractual Services	335,250	335,250	421,531
Commodities	595,100	595,100	314,673
Miscellaneous	34,000	449,000	32,664
Capital Outlay	1,300,000	734,306	-
Depreciation	-	-	405,691
Total Operating Expenses	3,395,600	3,244,906	2,140,272
Operating Income (Loss)	(484,100)	(333,406)	1,225,115
Nonoperating Revenues (Expenses)			
Interest Income	-	-	190
Connection Fees	-	-	8,632
Other Income	-	-	55,960
Interest Expense	-	(150,694)	(67,728)
	-	(150,694)	(2,946)
Income (Loss) Before Transfers	(484,100)	(484,100)	1,222,169
Transfer In	-	-	45,000
Change in Net Position	(484,100)	(484,100)	1,267,169
Net Position - Beginning			19,228,029
Net Position - Ending			20,495,198

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, 2015**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 3,225,000	3,225,000	3,014,810
Operating Expenses			
Operations			
Personnel	1,583,500	1,583,500	1,347,092
Contractual Services	420,000	420,000	743,344
Commodities	806,250	806,250	293,029
Miscellaneous	666,650	1,566,650	18,730
Capital Outlay	1,300,000	400,000	-
Depreciation	-	-	862,672
Total Operating Expenses	4,776,400	4,776,400	3,264,867
Operating (Loss)	(1,551,400)	(1,551,400)	(250,057)
Nonoperating Revenues (Expenses)			
Interest Income	-	-	4,083
Connection Fees	-	-	352
Other Income	10,000	10,000	14,679
Bond Premium	-	-	266,819
Interest Expense	(575,000)	(575,000)	(323,939)
Loss on Bond Refunding	-	-	(261,819)
	(565,000)	(565,000)	(299,825)
Income (Loss) Before Contributions and Transfers	(2,116,400)	(2,116,400)	(549,882)
Capital Grant	950,000	950,000	676,451
Transfer In	-	-	237,070
Change in Net Position	(1,166,400)	(1,166,400)	363,639
Net Position - Beginning			12,520,522
Net Position - Ending			12,884,161

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, 2015**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 695,000	695,000	754,528
Operating Expenses			
Operations			
Personnel	53,850	70,850	46,944
Contractual Services	3,500	13,500	5,363
Commodities	41,250	16,250	15,381
Miscellaneous	322,000	320,000	500
Capital Outlay	15,000	15,000	-
Depreciation	-	-	224,902
Total Operating Expenses	435,600	435,600	293,090
Operating Income	259,400	259,400	461,438
Nonoperating Revenues (Expenses)			
Interest Income	250	250	88
Interest Expense	(325,000)	(325,000)	(308,054)
	(324,750)	(324,750)	(307,966)
Change in Net Position	(65,350)	(65,350)	153,472
Net Position - Beginning			583,078
Net Position - Ending			736,550

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, 2015**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 430,000	436,400	242,503
Operating Expenses			
Operations			
Contractual Services	431,100	431,400	3,455,609
Operating Income (Loss)	(1,100)	5,000	(3,213,106)
Nonoperating Revenues (Expenses)			
Interest Income	-	-	14
Interest Expense	-	(6,100)	(5,476)
	-	(6,100)	(5,462)
Change in Net Position	(1,100)	(1,100)	(3,218,568)
Net Position - Beginning			(3,036,867)
Net Position - Ending			(6,255,435)

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, 2015**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,565,000	1,565,000	1,554,187
Operating Expenses			
Operations			
Contractual Services	1,538,000	1,538,000	1,397,732
Operating Income	27,000	27,000	156,455
Nonoperating Revenues			
Interest Income	25	25	14
Change in Net Position	<u>27,025</u>	<u>27,025</u>	156,469
Net Position - Beginning			<u>259,276</u>
Net Position - Ending			<u>415,745</u>

CITY OF FREEPORT, ILLINOIS**Foreign Fire Insurance - Private Purpose Trust Fund****Schedule of Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2015**

	Budget		Actual
	Original	Final	
Additions			
Foreign Fire Insurance	\$ 30,000	30,000	32,332
Investment Income			
Interest Earned	-	-	7
Net Change in Fair Value	-	-	-
	-	-	7
Less Investment Expenses	-	-	-
Net Investment Income	-	-	7
Total Additions	30,000	30,000	32,339
Deductions			
Other Charges and Services			
Contractual Services	3,000	3,300	3,463
Supplies	15,500	15,200	8,253
Capital Outlay	20,000	20,000	7,178
Total Deductions	38,500	38,500	18,894
Change in Net Position	(8,500)	(8,500)	13,445
Net Position - Beginning			35,558
Net Position - Ending			49,003

CITY OF FREEPORT, ILLINOIS**Pension Trust Funds****Combining Statement of Fiduciary Net Position
April 30, 2015**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 383,717	483,676	867,393
Investments			
U.S. Government and Agency Obligations	3,482,070	6,556,806	10,038,876
State and Local Obligations	363,146	589,178	952,324
Corporate Obligations	3,841,641	5,964,294	9,805,935
Common Stock	1,848,861	1,725,591	3,574,452
Mutual Funds	12,364,456	18,831,556	31,196,012
Receivables - Net of Allowances			
Accrued Interest	54,277	101,908	156,185
NET POSITION			
Restricted for Pensions	22,338,168	34,253,009	56,591,177

CITY OF FREEPORT, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2015

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,434,033	725,710	2,159,743
Contributions - Plan Members	274,072	277,963	552,035
Total Contributions	1,708,105	1,003,673	2,711,778
Investment Income			
Interest Earned	54,115	99,582	153,697
Net Change in Fair Value	1,324,105	1,872,910	3,197,015
	1,378,220	1,972,492	3,350,712
Less Investment Expenses	(65,269)	(94,096)	(159,365)
Net Investment Income	1,312,951	1,878,396	3,191,347
Total Additions	3,021,056	2,882,069	5,903,125
Deductions			
Administration	29,617	24,449	54,066
Benefits and Refunds	2,287,447	2,296,564	4,584,011
Total Deductions	2,317,064	2,321,013	4,638,077
Change in Fiduciary Net Position	703,992	561,056	1,265,048
Net Position Restricted for Pensions - Beginning	21,634,176	33,691,953	55,326,129
Net Position Restricted for Pensions - Ending	22,338,168	34,253,009	56,591,177

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, 2015**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,429,429	1,429,429	1,434,033
Contributions - Plan Members	310,000	310,000	274,072
Total Contributions	1,739,429	1,739,429	1,708,105
Investment Income			
Interest Earned	648,419	648,419	54,115
Net Change in Fair Value	-	-	1,324,105
	648,419	648,419	1,378,220
Less Investment Expenses	-	-	(65,269)
Net Investment Income	648,419	648,419	1,312,951
Total Additions	2,387,848	2,387,848	3,021,056
Deductions			
Administration	152,350	152,350	29,617
Benefits and Refunds	2,310,000	2,310,000	2,287,447
Total Deductions	2,462,350	2,462,350	2,317,064
Change in Fiduciary Net Position	(74,502)	(74,502)	703,992
Net Position Restricted for Pensions - Beginning			21,634,176
Net Position Restricted for Pensions - Ending			22,338,168

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, 2015**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 723,376	723,376	725,710
Contributions - Plan Members	285,000	285,000	277,963
Total Contributions	1,008,376	1,008,376	1,003,673
Investment Income			
Interest Earned	1,350,000	1,350,000	99,582
Net Change in Fair Value	-	-	1,872,910
	1,350,000	1,350,000	1,972,492
Less Investment Expenses	-	-	(94,096)
Net Investment Income	1,350,000	1,350,000	1,878,396
Total Additions	2,358,376	2,358,376	2,882,069
Deductions			
Administration	165,400	165,400	24,449
Benefits and Refunds	2,850,000	2,850,000	2,296,564
Total Deductions	3,015,400	3,015,400	2,321,013
Change in Fiduciary Net Position	(657,024)	(657,024)	561,056
Net Position Restricted for Pensions - Beginning			33,691,953
Net Position Restricted for Pensions - Ending			34,253,009

CITY OF FREEPORT, ILLINOIS

Revolving Loan - Agency Fund

**Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2015**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 163,730	61,786	-	225,516
Receivables - Net of Allowances				
Loans	291,024	-	52,740	238,284
Total Assets	454,754	61,786	52,740	463,800
LIABILITIES				
Due to Others	454,754	11,158	2,112	463,800

SUPPLEMENTAL SCHEDULES

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2006

April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2016	\$ 60,000	388,300	448,300	2015	194,150	2016	194,150
2017	150,000	385,900	535,900	2016	192,950	2017	192,950
2018	460,000	380,275	840,275	2017	190,138	2018	190,137
2019	475,000	362,795	837,795	2018	181,398	2019	181,397
2020	495,000	344,270	839,270	2019	172,135	2020	172,135
2021	515,000	324,965	839,965	2020	162,483	2021	162,482
2022	535,000	304,365	839,365	2021	152,183	2022	152,182
2023	560,000	282,965	842,965	2022	141,483	2023	141,482
2024	575,000	260,565	835,565	2023	130,283	2024	130,282
2025	550,000	237,565	787,565	2024	118,783	2025	118,782
2026	575,000	215,565	790,565	2025	107,783	2026	107,782
2027	595,000	192,565	787,565	2026	96,283	2027	96,282
2028	625,000	168,765	793,765	2027	84,383	2028	84,382
2029	645,000	142,984	787,984	2028	71,492	2029	71,492
2030	510,000	116,378	626,378	2029	58,189	2030	58,189
2031	535,000	95,340	630,340	2030	47,670	2031	47,670
2032	555,000	72,870	627,870	2031	36,435	2032	36,435
2033	575,000	49,560	624,560	2032	24,780	2033	24,780
2034	605,000	25,410	630,410	2033	12,705	2034	12,705
	<u>9,595,000</u>	<u>4,351,402</u>	<u>13,946,402</u>		<u>2,175,706</u>		<u>2,175,696</u>

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2013 April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Dec. 1	Amount
2016	\$ 350,000	12,400	362,400	2015	6,200	2016	6,200
2017	270,000	5,400	275,400	2016	2,700	2017	2,700
	620,000	17,800	637,800		8,900		8,900

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2013A

April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2016	\$ 65,000	22,945	87,945	2015	11,473	2016	11,472
2017	65,000	22,293	87,293	2016	11,147	2017	11,146
2018	65,000	21,385	86,385	2017	10,693	2018	10,692
2019	70,000	20,475	90,475	2018	10,238	2019	10,237
2020	70,000	19,075	89,075	2019	9,538	2020	9,537
2021	70,000	17,675	87,675	2020	8,838	2021	8,837
2022	70,000	15,995	85,995	2021	7,998	2022	7,997
2023	75,000	14,315	89,315	2022	7,158	2023	7,157
2024	75,000	12,215	87,215	2023	6,108	2024	6,107
2025	80,000	10,115	90,115	2024	5,058	2025	5,057
2026	80,000	7,875	87,875	2025	3,938	2026	3,937
2027	85,000	5,355	90,355	2026	2,678	2027	2,677
2028	85,000	2,678	87,678	2027	1,339	2028	1,339
	<u>955,000</u>	<u>192,396</u>	<u>1,147,396</u>		<u>96,204</u>		<u>96,192</u>

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2014A April 30, 2015

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 Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2016	\$ 610,000	170,975	780,975	2015	85,488	2015	85,487
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>6,760,000</u>	<u>1,056,625</u>	<u>7,816,625</u>		<u>528,315</u>		<u>528,310</u>

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2014B

April 30, 2015

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 Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2016	\$ 40,000	200,382	240,382	2015	100,191	2015	100,191
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>5,320,000</u>	<u>2,545,517</u>	<u>7,865,517</u>		<u>1,272,755</u>		<u>1,272,762</u>

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2001 April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 8,715	3,324	12,039
2017	8,562	2,850	11,412
2018	9,064	2,348	11,412
2019	9,595	1,817	11,412
2020	10,158	1,254	11,412
2021	10,753	659	11,412
2022	5,669	96	5,765
	62,516	12,348	74,864

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2002

April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 4,390	1,682	6,072
2017	4,632	1,440	6,072
2018	4,887	1,185	6,072
2019	4,715	851	5,566
2020	5,415	656	6,071
2021	5,713	358	6,071
2022	3,554	65	3,619
	33,306	6,237	39,543

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2010

April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Oct. 28	Amount	Apr. 28	Amount
2016	\$ 32,848	4,584	37,432	2015	2,405	2016	2,179
2017	33,764	3,668	37,432	2016	1,950	2017	1,718
2018	34,705	2,727	37,432	2017	1,483	2018	1,244
2019	35,673	1,759	37,432	2018	1,002	2019	757
2020	36,644	764	37,408	2019	508	2020	256
	<u>173,634</u>	<u>13,502</u>	<u>187,136</u>		<u>7,348</u>		<u>6,154</u>

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2010

April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Oct. 28	Amount	Apr. 28	Amount
2016	\$ 43,080	9,230	52,310	2015	4,835	2016	4,395
2017	44,878	7,432	52,310	2016	3,945	2017	3,487
2018	46,750	5,560	52,310	2017	3,019	2018	2,541
2019	48,701	3,609	52,310	2018	2,053	2019	1,556
2020	50,732	1,577	52,309	2019	1,048	2020	529
	<u>234,141</u>	<u>27,408</u>	<u>261,549</u>		<u>14,900</u>		<u>12,508</u>

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2012 April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 111,242	10,252	121,494
2017	87,028	3,478	90,506
	198,270	13,730	212,000

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2012

April 30, 2015

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 144,766	25,232	169,998
2017	153,581	16,416	169,997
2018	157,843	7,062	164,905
	456,190	48,710	504,900

CITY OF FREEPORT, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Note Payable of 2014 April 30, 2015

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 Year	Requirements		
	Principal	Interest	Totals
2016	\$ 105,320	7,447	112,767
2017	107,080	5,688	112,768
2018	108,868	3,899	112,767
2019	110,687	2,081	112,768
2020	56,035	349	56,384
	487,990	19,464	507,454