

# CITY OF FREEPORT, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2017

# CITY OF FREEPORT, ILLINOIS

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

October 30, 2017

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017, 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, 2017**

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Our discussion and analysis of the City of Freeport's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2017. 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 increased as a result of this year's operations. Net position of the governmental activities decreased by \$4,331,117 or 32.6 percent and net position of business-type activities increased by \$5,144,745, or 18.1 percent.
- During the year, government-wide revenues for the primary government totaled \$36,807,786 while expenses totaled \$35,994,158, resulting in an increase to net position of \$813,628.
- The City's net position totaled \$15,971,219 on April 30, 2017, which includes \$45,551,580 net investment in capital assets, \$4,994,336 subject to external restrictions, and (\$34,574,697) 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 \$514,623 resulting in ending fund balance of \$6,913,600 an increase of 8.0 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, 2017**

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

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

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

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

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

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

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

# **CITY OF FREEPORT, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2017**

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

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

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

The City of Freeport maintains eighteen 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 seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 - 11 of this report.

##### **Proprietary Funds**

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

##### **Fiduciary Funds**

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 71 of this report.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### USING THIS ANNUAL REPORT – Continued

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F., police and firefighter employee pension obligations, other post-employment benefit obligations and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 72 - 81 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 82 - 123 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City of Freeport, assets/deferred outflows exceeded liabilities/deferred inflows by \$15,971,219.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current/Other Assets	\$ 14,387,457	14,455,116	7,714,218	8,276,560	22,101,675	22,731,676
Capital Assets	18,770,828	17,186,704	68,165,751	64,304,405	86,936,579	81,491,109
Total Assets	33,158,285	31,641,820	75,879,969	72,580,965	109,038,254	104,222,785
Deferred Outflows	4,744,871	5,906,156	683,372	800,753	5,428,243	6,706,909
Total Assets/Deferred Outflows	37,903,156	37,547,976	76,563,341	73,381,718	114,466,497	110,929,694
Long-Term Debt	47,493,683	44,702,767	38,888,860	40,367,541	86,382,543	85,070,308
Other Liabilities	2,515,068	2,353,995	3,761,083	4,577,942	6,276,151	6,931,937
Total Liabilities	50,008,751	47,056,762	42,649,943	44,945,483	92,658,694	92,002,245
Deferred Inflows	5,504,166	3,769,858	332,418	-	5,836,584	3,769,858
Total Liabilities	55,512,917	50,826,620	42,982,361	44,945,483	98,495,278	95,772,103
Net Position						
Net Investment in Capital Assets	13,073,358	13,538,093	32,478,222	29,147,986	45,551,580	42,686,079
Restricted	1,881,382	2,370,143	3,112,954	3,605,215	4,994,336	5,975,358
Unrestricted (Deficit)	(32,564,501)	(29,186,880)	(2,010,196)	(4,316,966)	(34,574,697)	(33,503,846)
Total Net Position	(17,609,761)	(13,278,644)	33,580,980	28,436,235	15,971,219	15,157,591

A large portion of the City's net position, \$45,551,580, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF FREEPORT, ILLINOIS

## Management's Discussion and Analysis April 30, 2017

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$4,994,336, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$34,574,697), represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. At year-end, the City is able to report positive balances in all categories of net position for both the governmental and the business-type activities, and was able to do so in the prior fiscal year as well.

	Change in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 2,708,872	3,424,463	9,718,365	9,113,530	12,427,237	12,537,993
Operating Grants/Contrib.	2,502,404	2,224,161	-	-	2,502,404	2,224,161
Capital Grants/Contrib.	411,019	423,847	98,202	532,814	509,221	956,661
General Revenues						
Property Taxes	4,483,497	4,463,922	-	-	4,483,497	4,463,922
Retailers Occupation Tax	7,573,731	7,533,554	-	-	7,573,731	7,533,554
Income Taxes	2,417,429	2,622,429	-	-	2,417,429	2,622,429
State Sales and Use Taxes	626,495	588,308	-	-	626,495	588,308
Replacement Taxes	540,059	380,679	-	-	540,059	380,679
Other Taxes	2,539,894	2,496,347	-	-	2,539,894	2,496,347
Interest Income	35,740	15,012	9,182	3,235	44,922	18,247
Miscellaneous	431,948	916,984	2,710,949	342,713	3,142,897	1,259,697
Total Revenues	24,271,088	25,089,706	12,536,698	9,992,292	36,807,786	35,081,998
Expenses						
General Government	6,387,767	11,204,465	-	-	6,387,767	11,204,465
Public Safety	14,485,021	12,526,550	-	-	14,485,021	12,526,550
Public Works	5,921,421	4,383,911	-	-	5,921,421	4,383,911
Culture and Recreation	1,661,309	1,444,113	-	-	1,661,309	1,444,113
Interest on Long-Term Debt	146,687	126,691	-	-	146,687	126,691
Water Department	-	-	2,513,361	2,544,737	2,513,361	2,544,737
Sewer Department	-	-	4,017,074	4,159,456	4,017,074	4,159,456
Storm Sewer	-	-	661,787	591,893	661,787	591,893
Landfill Closure	-	-	(1,201,212)	(21,304)	(1,201,212)	(21,304)
Nonmajor	-	-	1,400,943	1,395,229	1,400,943	1,395,229
Total Expenses	28,602,205	29,685,730	7,391,953	8,670,011	35,994,158	38,355,741
Change in Net Position Before Transfers	(4,331,117)	(4,596,024)	5,144,745	1,322,281	813,628	(3,273,743)
Transfers	-	980,038	-	(980,038)	-	-
Change in Net Position	(4,331,117)	(3,615,986)	5,144,745	342,243	813,628	(3,273,743)
Net Position - Beginning	(13,278,644)	(9,662,658)	28,436,235	28,093,992	15,157,591	18,431,334
Net Position - Ending	(17,609,761)	(13,278,644)	33,580,980	28,436,235	15,971,219	15,157,591

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the City of Freeport's governmental activities decreased by 32.6 percent ((\$17,609,761) balance in 2017 compared to (\$13,278,644) in 2016). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled (\$32,564,501) at April 30, 2017.

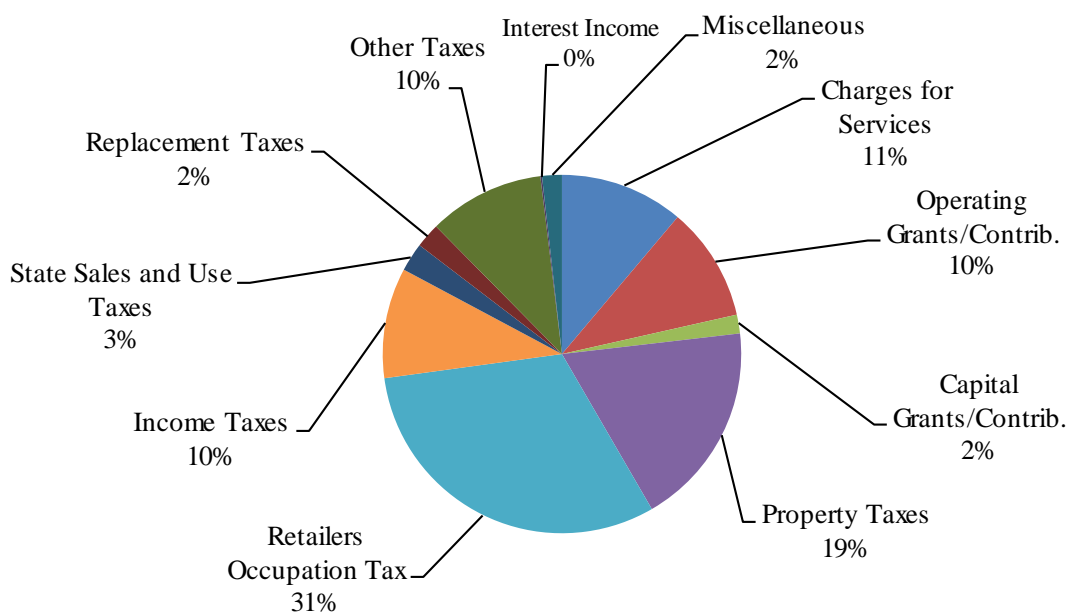
Net position of the business-type activities increased by 18.1 percent (\$28,436,235 in 2016 compared to \$33,580,980 in 2017).

#### Governmental Activities

Revenues for governmental activities totaled \$24,271,088, while the cost of all governmental functions totaled \$28,602,205. This results in a deficit of \$4,331,117. In 2016, revenues of \$25,089,706 fell short of expenses of \$29,685,730, resulting in a deficit of \$4,596,024, prior to transfers in of \$980,038.

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

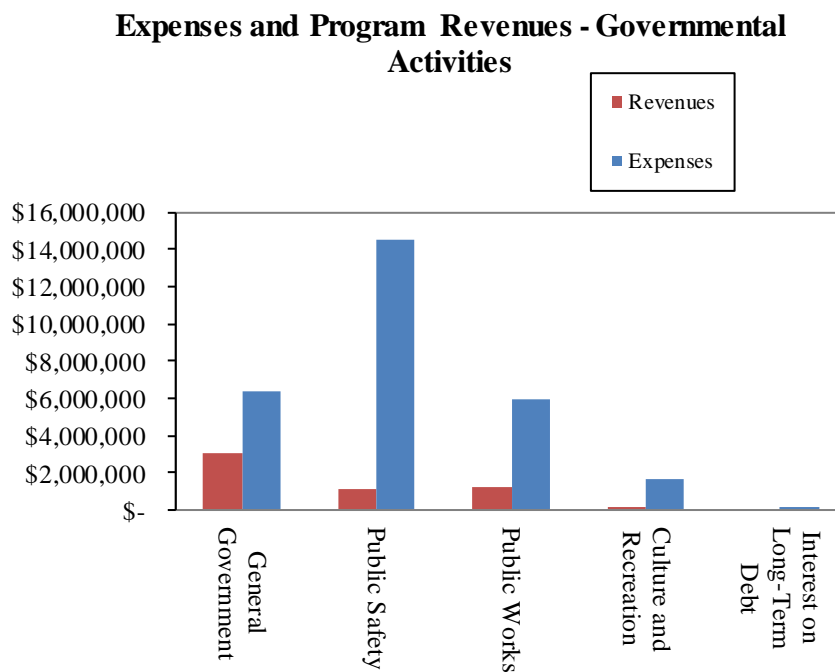
### Management's Discussion and Analysis April 30, 2017

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Governmental Activities – Continued

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



##### Business-Type Activities

Business-Type activities posted total revenues of \$12,536,698, while the cost of all business-type activities totaled \$7,391,953. This results in a surplus of \$5,144,745. In 2016, revenues of \$9,992,292 were more than expenses of \$8,670,011, resulting in a surplus of \$1,322,281, prior to transfers out of \$980,038.

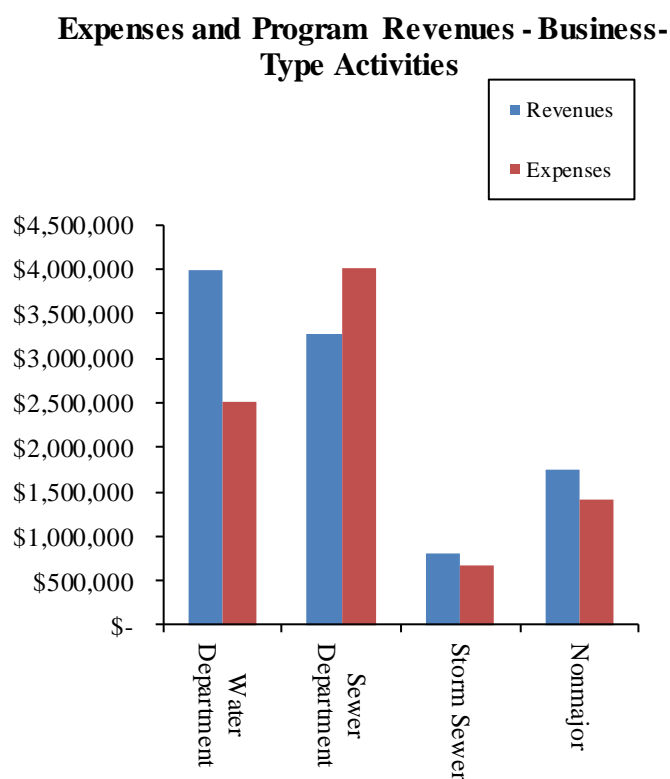
## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Business-Type Activities – Continued



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

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

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

##### Governmental Funds

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

The City's governmental funds reported combining ending fund balances of \$9,230,514, which is \$213,236, or 2.3 percent lower than last year's total of \$9,443,750. Of the \$9,230,514 total, \$6,623,606, or approximately 71.8 percent, of the fund balance constitutes unassigned fund balance.

## **CITY OF FREEPORT, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2017**

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

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

The General Fund reported a positive change in fund balance for the year of \$514,623, an increase of 8.0 percent. The increase was primarily due to a debt issuance of \$2,645,000 in the current fiscal year.

The General Fund is the chief operating fund of the City. At April 30, 2017, unassigned fund balance in the General Fund was \$6,623,606 which represents 95.8 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 31.3 percent of total General Fund expenditures.

##### **Proprietary Funds**

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

The City reports the Water Department Fund, Sewer Department Fund, Storm Sewer Fund, and Landfill Closure Fund as major proprietary funds. The Water Department Fund accounts for all of the operations of the municipal water and the Sewer Department Fund accounts for all of the operations of the sewer system. Water is sold to all municipal customers at a rate of \$0.00179 per gallon and a rate of \$0.0042 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 \$25,412,189, while the previous fiscal year reported a net position of \$21,307,315. Unrestricted net position in the Water Department Fund totaled \$7,449,261 at April 30, 2017.

The net position in the Sewer Department Fund during the current fiscal year was \$10,754,909, while the previous fiscal year reported a net position of \$11,317,936. Unrestricted net position in the Sewer Department Fund totaled (\$5,398,334) at April 30, 2017.

The net position in the Storm Sewer Fund during the current fiscal year was \$1,329,870, while the previous fiscal year reported a net position of \$1,279,401. Unrestricted net position in the Sewer Department Fund totaled (\$145,135) at April 30, 2017.

The net position in the Landfill Closure Fund during the current fiscal year was (\$4,473,607), while the previous fiscal year reported a net position of (\$5,950,600). Unrestricted net position in the Landfill Closure Fund totaled (\$4,473,607) at April 30, 2017.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made budget amendments to the General Fund at the end of the fiscal year. General Fund actual revenues for the year totaled \$18,631,329, compared to budgeted revenues of \$19,812,830, which is 6.0 percent lower than budgeted revenues. The variance is due primarily to the charges for services, intergovernmental, and miscellaneous revenues coming in under budget by \$730,199, \$205,259, and \$131,285, respectively.

The General Fund actual expenditures for the year were \$21,138,707, compared to budgeted expenditures of \$22,854,342, which is 7.5 percent lower than budgeted expenditures. The general government, public safety, public works, and culture and recreation function's actual expenditures were lower than budgeted expenditures by \$520,064, \$713,803, \$537,336, and \$18,416, respectively.

#### 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, 2017 was \$86,936,579 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ -	-	53,809	53,809	53,809	53,809
Construction in Progress	-	661,668	8,309,832	2,802,289	8,309,832	3,463,957
Buildings	10,764,116	8,214,135	11,838,793	12,244,180	22,602,909	20,458,315
Equipment	423,348	600,414	8,061,840	8,469,725	8,485,188	9,070,139
Vehicles	1,827,085	1,996,518	-	-	1,827,085	1,996,518
Infrastructure	5,756,279	5,713,969	39,901,477	40,734,402	45,657,756	46,448,371
Total	18,770,828	17,186,704	68,165,751	64,304,405	86,936,579	81,491,109

This year's major additions included:

Governmental Activities		Business-Type Activities	
Building	\$ 2,366,800	Construction in Progress	<u>\$ 5,725,767</u>
Vehicles	208,165		
Infrastructure	<u>56,719</u>		
	<u>2,631,684</u>		

Additional information on the City of Freeport's capital assets can be found in note 3 on pages 38 - 39 of this report.

## CITY OF FREEPORT, ILLINOIS

### Management's Discussion and Analysis April 30, 2017

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#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Debt Administration

At year-end, the City of Freeport had total outstanding debt of \$42,442,021 as compared to \$38,945,816 the previous year, an increase of 9.0 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 5,069,650	2,783,909	18,255,350	19,221,091	23,325,000	22,005,000
Installment Notes Payable	627,820	864,702	107,022	140,786	734,842	1,005,488
TIF Revenue Note	950,000	-	-	-	950,000	-
IEPA Loans Payable	-	-	17,432,179	15,935,328	17,432,179	15,935,328
Total	6,647,470	3,648,611	35,794,551	35,297,205	42,442,021	38,945,816

Additional information on the City of Freeport's long-term debt can be found in Note 3 on pages 41 - 49 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 national rate, but the same or lower than the state rate. With economic challenges, the City has placed increased focus on expense management and organizational review resulting in increases in the 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 and sewer utilities and investing in economic development programs that will provide the stimulus the City needs.

#### REQUESTS FOR INFORMATION

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

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

**CITY OF FREEPORT, ILLINOIS**

**Statement of Net Position  
April 30, 2017**

	Governmental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 7,005,360	2,642,766	9,648,126
Restricted Cash and Investments	-	3,112,954	3,112,954
Receivables - Net of Allowances			
Property Taxes	3,373,730	-	3,373,730
Accounts	1,548,025	-	1,548,025
Accrued Interest	-	1,345,464	1,345,464
Other	619,350	-	619,350
Due from Other Governments	1,475,087	534,651	2,009,738
Internal Balances	66,667	(66,667)	-
Prepays/Inventories	299,238	145,050	444,288
Total Current Assets	14,387,457	7,714,218	22,101,675
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	8,363,641	8,363,641
Depreciable	35,124,768	90,662,754	125,787,522
Accumulated Depreciation	(16,353,940)	(30,860,644)	(47,214,584)
Total Noncurrent Assets	18,770,828	68,165,751	86,936,579
Total Assets	33,158,285	75,879,969	109,038,254
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	1,205,026	683,372	1,888,398
Deferred Items - Police Pension	1,594,264	-	1,594,264
Deferred Items - Firefighters' Pension	1,945,581	-	1,945,581
Total Deferred Outflows of Resources	4,744,871	683,372	5,428,243
Total Assets and Deferred Outflows of Resources	37,903,156	76,563,341	114,466,497

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

	Governmental Activities	Business- Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 1,355,455	1,063,172	2,418,627
Accrued Payroll	376,091	71,886	447,977
Deposits Payable	-	248,288	248,288
Accrued Interest	110,996	265,271	376,267
Other Payables	51,667	40,999	92,666
Current Portion of Long-Term Debt	620,859	2,071,467	2,692,326
Total Current Liabilities	2,515,068	3,761,083	6,276,151
Noncurrent Liabilities			
Compensated Absences Payable	356,793	105,328	462,121
Net Pension Liability - IMRF	1,179,889	669,116	1,849,005
Net Pension Liability - Police Pension	22,019,361	-	22,019,361
Net Pension Liability - Firefighters' Pension	11,341,111	-	11,341,111
Net Other Post-Employment			
Benefits Obligation Payable	6,480,720	-	6,480,720
General Obligation Bonds Payable	4,849,650	17,180,350	22,030,000
Installment Notes Payable	316,159	-	316,159
TIF Revenue Note	950,000	-	950,000
IEPA Loans Payable	-	16,778,479	16,778,479
Notes Payable	-	72,317	72,317
Landfill Closure Liability	-	4,083,270	4,083,270
Total Noncurrent Liabilities	47,493,683	38,888,860	86,382,543
Total Liabilities	50,008,751	42,649,943	92,658,694
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	3,373,730	-	3,373,730
Deferred Items - IMRF	586,169	332,418	918,587
Deferred Items - Police Pension	589,800	-	589,800
Deferred Items - Firefighters' Pension	954,467	-	954,467
Total Deferred Inflows of Resources	5,504,166	332,418	5,836,584
Total Liabilities and Deferred Inflows of Resources	55,512,917	42,982,361	98,495,278
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,073,358	32,478,222	45,551,580
Restricted			
Property Taxes - Special Revenues	1,367,055	-	1,367,055
Capital Projects	388,882	-	388,882
Cemetery Care	125,445	-	125,445
Bond Ordinance	-	3,112,954	3,112,954
Unrestricted (Deficit)	(32,564,501)	(2,010,196)	(34,574,697)
Total Net Position	(17,609,761)	33,580,980	15,971,219

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, 2017

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 6,387,767	1,347,072	1,489,629	239,576
Public Safety	14,485,021	989,267	113,686	-
Public Works	5,921,421	352,738	715,078	171,443
Culture and Recreation	1,661,309	19,795	184,011	-
Interest on Long-Term Debt	146,687	-	-	-
Total Governmental Activities	28,602,205	2,708,872	2,502,404	411,019
Business-Type Activities				
Water Department	2,513,361	3,977,617	-	-
Sewer Department	4,017,074	3,278,064	-	-
Storm Sewer	661,787	712,185	-	98,202
Landfill Closure	(1,201,212)	275,201	-	-
Health and Environment	1,400,943	1,475,298	-	-
Total Business-Type Activities	7,391,953	9,718,365	-	98,202
Total Primary Government	35,994,158	12,427,237	2,502,404	509,221

### General Revenues

#### Taxes

Property

Retailers Occupation Tax

Other

Intergovernmental - Unrestricted

Income Taxes

State Sales and Use

Replacement Taxes

Interest

Miscellaneous

Change in Net Position

Net Position - Beginning

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
(3,311,490)	-	(3,311,490)
(13,382,068)	-	(13,382,068)
(4,682,162)	-	(4,682,162)
(1,457,503)	-	(1,457,503)
(146,687)	-	(146,687)
(22,979,910)	-	(22,979,910)
-	1,464,256	1,464,256
-	(739,010)	(739,010)
-	148,600	148,600
-	1,476,413	1,476,413
-	74,355	74,355
-	2,424,614	2,424,614
(22,979,910)	2,424,614	(20,555,296)
4,483,497	-	4,483,497
7,573,731	-	7,573,731
2,539,894	-	2,539,894
2,417,429	-	2,417,429
626,495	-	626,495
540,059	-	540,059
35,740	9,182	44,922
431,948	2,710,949	3,142,897
18,648,793	2,720,131	21,368,924
(4,331,117)	5,144,745	813,628
(13,278,644)	28,436,235	15,157,591
(17,609,761)	33,580,980	15,971,219

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

**CITY OF FREEPORT, ILLINOIS**

**Balance Sheet - Governmental Funds  
April 30, 2017**

	General	Nonmajor	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 4,817,998	2,187,362	7,005,360
Receivables - Net of Allowances			
Property Taxes	2,423,604	950,126	3,373,730
Accounts	429,072	1,118,953	1,548,025
Other	619,350	-	619,350
Due from Other Governments	1,475,087	-	1,475,087
Due from Other Funds	718,335	66,442	784,777
Prepays	289,994	9,244	299,238
Total Assets	10,773,440	4,332,127	15,105,567
<b>LIABILITIES</b>			
Accounts Payable	929,420	384,401	1,313,821
Accrued Payroll	352,073	24,018	376,091
Due to Other Funds	108,076	651,668	759,744
Other Payables	46,667	5,000	51,667
Total Liabilities	1,436,236	1,065,087	2,501,323
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	2,423,604	950,126	3,373,730
Total Liabilities and Deferred Inflows of Resources	3,859,840	2,015,213	5,875,053
<b>FUND BALANCES</b>			
Nonspendable	289,994	9,244	299,238
Restricted	-	1,881,382	1,881,382
Committed	-	422,747	422,747
Assigned	-	3,541	3,541
Unassigned	6,623,606	-	6,623,606
Total Fund Balances	6,913,600	2,316,914	9,230,514
Total Liabilities, Deferred Inflows of Resources and Fund Balances	10,773,440	4,332,127	15,105,567

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, 2017

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<b>Total Governmental Fund Balances</b>	<b>\$ 9,230,514</b>
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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.	18,770,828
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Deferred outflows (inflows) of resources related to the pensions not  
reported in the funds.

Deferred Items - IMRF	618,857
Deferred Items - Police Pension	1,004,464
Deferred Items - Firefighters' Pension	991,114

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

Compensated Absences Payable	(445,991)
Net Pension Liability - IMRF	(1,179,889)
Net Pension Liability - Police Pension	(22,019,361)
Net Pension Liability - Firefighters' Pension	(11,341,111)
Net Other Post-Employment Benefit Obligation	(6,480,720)
General Obligation Bonds Payable	(5,069,650)
Installment Notes Payable	(627,820)
TIF Revenue Note	(950,000)
Accrued Interest Payable	(110,996)

<b>Net Position of Governmental Activities</b>	<b><u>(17,609,761)</u></b>
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The notes to the financial statements are an integral part of this statement.

# CITY OF FREEPORT, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2017

	General	Nonmajor	Totals
Revenues			
Taxes	\$ 12,512,842	2,084,280	14,597,122
Licenses, Permits and Fees	864,038	723,603	1,587,641
Intergovernmental	3,868,660	2,628,746	6,497,406
Charges for Services	872,455	-	872,455
Fines and Forfeits	248,776	-	248,776
Interest	23,343	12,397	35,740
Miscellaneous	241,215	190,733	431,948
Total Revenues	18,631,329	5,639,759	24,271,088
Expenditures			
Current			
General Government	5,578,315	2,008,000	7,586,315
Public Safety	12,505,948	73,469	12,579,417
Public Works	2,606,818	2,719,298	5,326,116
Culture and Recreation	373,642	1,099,600	1,473,242
Capital Outlay	-	450,117	450,117
Debt Service			
Principal Retirement	31,000	565,141	596,141
Interest and Fiscal Charges	42,984	95,739	138,723
Total Expenditures	21,138,707	7,011,364	28,150,071
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,507,378)	(1,371,605)	(3,878,983)
Other Financing Sources (Uses)			
Disposal of Capital Assets	2,983	-	2,983
Debt Issuance	2,645,000	950,000	3,595,000
Premium on Debt Issuance	67,764	-	67,764
Transfers In	632,455	583,487	1,215,942
Transfers Out	(326,201)	(889,741)	(1,215,942)
	3,022,001	643,746	3,665,747
Net Change in Fund Balances	514,623	(727,859)	(213,236)
Fund Balances - Beginning	6,398,977	3,044,773	9,443,750
Fund Balances - Ending	6,913,600	2,316,914	9,230,514

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, 2017

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (213,236)</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

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

Capital Outlays	2,631,684
Depreciation Expense	(1,044,819)
Disposals - Cost	(128,181)
Disposals - Accumulated Depreciation	125,440

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

Change in Deferred Items - IMRF	(1,009,105)
Change in Deferred Items - Police Pension	(1,019,913)
Change in Deferred Items - Firefighters' Pension	(839,033)

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	(8,564)
Deductions to Net Pension Liability - IMRF	927,586
Deductions to Net Pension Liability - Police Pension	163,519
Deductions to Net Pension Liability - Firefighters' Pension	30,132
Additions to Net Other Post-Employment Benefit Obligations	(872,040)
Retirement of Debt	596,141
Debt Issuance	(3,595,000)

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.

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(75,728)

**Changes in Net Position of Governmental Activities**

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**(4,331,117)**

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, 2017**

		Water Department
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$	2,334,566
Restricted Cash and Investments		1,251,006
Receivables - Net of Allowances		
Accounts		583,259
Due from Other Governments		-
Due from Other Funds		5,867,832
Inventories		11,389
Total Current Assets		<u>10,048,052</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable		7,630,895
Depreciable		28,971,295
Accumulated Depreciation		<u>(8,799,286)</u>
Total Noncurrent Assets		<u>27,802,904</u>
Total Assets		<u>37,850,956</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Items - IMRF		<u>267,282</u>
Total Assets/ Deferred Outflows of Resources		<u>38,118,238</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		405,314
Accrued Payroll		25,865
Deposits Payable		241,403
Accrued Interest		23,196
Due to Other Funds		474,776
Other Payables		-
Current Portion of Long-Term Debt		<u>337,950</u>
Total Current Liabilities		<u>1,508,504</u>
Noncurrent Liabilities		
Compensated Absences Payable		42,232
Net Pension Liability - IMRF		261,706
General Obligation Bonds Payable		-
IEPA Loans Payable		10,763,591
Notes Payable		-
Landfill Closure Liability		-
Total Noncurrent Liabilities		<u>11,067,529</u>
Total Liabilities		<u>12,576,033</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Items - IMRF		<u>130,016</u>
Total Liabilities and Deferred Inflows of Resources		<u>12,706,049</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		16,711,922
Restricted - Bond Ordinance		1,251,006
Unrestricted (Deficit)		<u>7,449,261</u>
Total Net Position		<u>25,412,189</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
-	-	79,950	228,250	2,642,766
1,171,480	690,468	-	-	3,112,954
523,022	239,183	-	-	1,345,464
534,651	-	-	-	534,651
-	-	-	447,676	6,315,508
133,661	-	-	-	145,050
2,362,814	929,651	79,950	675,926	14,096,393
732,746	-	-	-	8,363,641
51,444,822	10,246,637	-	-	90,662,754
(19,617,858)	(2,443,500)	-	-	(30,860,644)
32,559,710	7,803,137	-	-	68,165,751
34,922,524	8,732,788	79,950	675,926	82,262,144
395,938	20,152	-	-	683,372
35,318,462	8,752,940	79,950	675,926	82,945,516
498,962	53	40,536	118,307	1,063,172
43,977	2,044	-	-	71,886
6,885	-	-	-	248,288
162,316	79,759	-	-	265,271
5,617,726	289,673	-	-	6,382,175
-	-	40,999	-	40,999
1,036,401	380,681	316,435	-	2,071,467
7,366,267	752,210	397,970	118,307	10,143,258
60,370	2,726	-	-	105,328
387,679	19,731	-	-	669,116
10,541,750	6,638,600	-	-	17,180,350
6,014,888	-	-	-	16,778,479
-	-	72,317	-	72,317
-	-	4,083,270	-	4,083,270
17,004,687	6,661,057	4,155,587	-	38,888,860
24,370,954	7,413,267	4,553,557	118,307	49,032,118
192,599	9,803	-	-	332,418
24,563,553	7,423,070	4,553,557	118,307	49,364,536
14,981,763	784,537	-	-	32,478,222
1,171,480	690,468	-	-	3,112,954
(5,398,334)	(145,135)	(4,473,607)	557,619	(2,010,196)
10,754,909	1,329,870	(4,473,607)	557,619	33,580,980

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, 2017**

	<u>Water Department</u>
Operating Revenues	
Charges for Services	<u>\$ 3,977,617</u>
Operating Expenses	
Operations	1,793,478
Depreciation	<u>638,520</u>
Total Operating Expenses	<u>2,431,998</u>
Operating Income (Loss)	<u>1,545,619</u>
Nonoperating Revenues (Expenses)	
Interest Income	461
Connection Fees	-
Other Income	2,640,157
Interest Expense	<u>(81,363)</u>
	<u>2,559,255</u>
Income (Loss) Before Contributions	4,104,874
Capital Grant	<u>-</u>
Change in Net Position	4,104,874
Net Position - Beginning	<u>21,307,315</u>
Net Position - Ending	<u><u>25,412,189</u></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
3,273,955	712,185	275,201	1,475,298	9,714,256
2,570,545	168,795	(1,210,720)	1,400,943	4,723,041
996,844	229,057	-	-	1,864,421
3,567,389	397,852	(1,210,720)	1,400,943	6,587,462
(293,434)	314,333	1,485,921	74,355	3,126,794
6,989	71	580	1,081	9,182
4,109	-	-	-	4,109
70,792	-	-	-	2,710,949
(449,685)	(263,935)	(9,508)	-	(804,491)
(367,795)	(263,864)	(8,928)	1,081	1,919,749
(661,229)	50,469	1,476,993	75,436	5,046,543
98,202	-	-	-	98,202
(563,027)	50,469	1,476,993	75,436	5,144,745
11,317,936	1,279,401	(5,950,600)	482,183	28,436,235
10,754,909	1,329,870	(4,473,607)	557,619	33,580,980

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, 2017**

	<u>Water Department</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 7,273,133
Payments to Suppliers	(2,496,386)
Payments to Employees	(622,557)
	<u>4,154,190</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(4,890,084)
Payment of Debt Principal	(323,336)
Capital Grants	-
Proceeds of Debt Issuance	2,142,455
Interest and Fiscal Charges	(81,363)
	<u>(3,152,328)</u>
Cash Flows from Investing Activities	
Interest Received	<u>461</u>
Net Change in Cash and Cash Equivalents	1,002,323
Cash and Cash Equivalents - Beginning	<u>2,583,249</u>
Cash and Cash Equivalents - Ending	<u><u>3,585,572</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	1,545,619
Adjustments to Reconcile Operating Income	
Income to Net Cash Provided by	
(Used in) Operating Activities:	
Depreciation	638,520
Other Income	2,640,157
Other (Expenses)	26,238
(Increase) Decrease in Current Assets	655,359
Increase (Decrease) in Current Liabilities	(1,351,703)
Net Cash Provided by Operating Activities	<u><u>4,154,190</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
3,197,618	900,388	275,201	1,406,345	13,052,685
(417,989)	(275,692)	1,201,247	(1,395,934)	(3,384,754)
(957,719)	(49,162)	-	-	(1,629,438)
1,821,910	575,534	1,476,448	10,411	8,038,493
(835,683)	-	-	-	(5,725,767)
(1,029,534)	(258,475)	(1,457,659)	-	(3,069,004)
98,202	-	-	-	98,202
-	-	-	-	2,142,455
(449,685)	(263,935)	(9,508)	-	(804,491)
(2,216,700)	(522,410)	(1,467,167)	-	(7,358,605)
6,989	71	580	1,081	9,182
(387,801)	53,195	9,861	11,492	689,070
1,559,281	637,273	70,089	216,758	5,066,650
1,171,480	690,468	79,950	228,250	5,755,720
(293,434)	314,333	1,485,921	74,355	3,126,794
996,844	229,057	-	-	1,864,421
74,901	-	-	-	2,715,058
49,224	6,840	-	-	82,302
(151,238)	188,203	-	(68,953)	623,371
1,145,613	(162,899)	(9,473)	5,009	(373,453)
1,821,910	575,534	1,476,448	10,411	8,038,493

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, 2017**

	Private Purpose Trust	Pension Trust	Agency
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 58,222	1,763,072	300,442
Investments			
U.S. Government and Agency Obligations	-	8,024,940	-
State and Local Obligations	-	979,857	-
Corporate Obligations	-	9,433,976	-
Common Stocks	-	4,817,320	-
Mutual Funds	-	31,168,549	-
Receivables - Net of Allowances			
Accrued Interest	-	142,428	-
Loans	-	-	168,948
Due from Other Funds	-	41,634	-
Total Assets	58,222	56,371,776	469,390
<b>LIABILITIES</b>			
Accounts Payable	2,493	-	-
Due to Others	-	-	469,390
Total Liabilities	2,493	-	469,390
<b>NET POSITION</b>			
Net Position Restricted for Pensions	55,729	56,371,776	

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, 2017

	Private Purpose Trust	Pension Trust
Additions		
Foreign Fire Insurance	\$ 33,858	-
Contributions - Employer	-	2,332,679
Contributions - Plan Members	-	562,769
Other Income	3,322	356
Total Contributions	37,180	2,895,804
Investment Income		
Interest Earned	262	1,407,209
Net Change in Fair Value	-	3,746,415
	262	5,153,624
Less Investment Expenses	-	(163,471)
Net Investment Income	262	4,990,153
Total Additions	37,442	7,885,957
Deductions		
Administration	-	50,573
Benefits and Refunds	-	4,896,173
Other Charges and Services	22,560	-
Total Deductions	22,560	4,946,746
Change in Fiduciary Net Position	14,882	2,939,211
Net Position - Beginning	40,847	53,432,565
Net Position - Ending	55,729	56,371,776

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

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

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

#### **REPORTING ENTITY**

The City's financial reporting entity comprises the following:

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

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

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's 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, 2017**

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

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

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

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

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

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

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, public works, culture and recreation, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions 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, 2017**

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

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

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

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

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

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

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

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

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

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

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

##### **Governmental Funds**

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

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds – Continued

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

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

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

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

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

##### Proprietary Funds

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

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

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Fiduciary Funds

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

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

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

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

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

##### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

##### Measurement Focus

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

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

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

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

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

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

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

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

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

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

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

# **CITY OF FREEPORT, ILLINOIS**

## **Notes to the Financial Statements April 30, 2017**

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

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

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

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

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

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

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

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### **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.

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

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

##### **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.

##### **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.

# **CITY OF FREEPORT, ILLINOIS**

## **Notes to the Financial Statements April 30, 2017**

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

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

##### **Capital Assets – Continued**

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.

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

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

##### **Compensated Absences**

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

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

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

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

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

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

##### **Long-Term Obligations – Continued**

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.

##### **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.



# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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

#### BUDGETARY INFORMATION – Continued

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.

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, 2017. 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.
- The City did not budget for the IMRF Fund or the Motor Vehicle Fund, as both funds were closed during the year.

#### DEFICIT NET POSITION

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

<u>Fund</u>	<u>Deficit</u>
Landfill Closure	\$ 4,473,607

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

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

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

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

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, 2017

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

##### DEPOSITS AND INVESTMENTS – Continued

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

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

*Deposits.* At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$7,794,337 and the bank balances totaled \$8,176,730. Additionally, the City has \$4,908,183 invested in the Illinois Funds, with an average maturity of less than one year and is measured at net asset value per share determined by the pool and \$58,560 invested in Savings Bonds, with average maturities of one to five years and are valued using other observable inputs (Level 2 inputs).

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

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit risk. At year-end, the City's investment in the Illinois Funds has a rating of AAAM by Standard & Poor's.

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

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

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City's total investments. At year-end, the City does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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 \$906,092 and the bank balances totaled \$840,143.

*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	\$ 2,915,645	864,159	1,169,378	560,830	321,278
U. S. Agencies	214,142	-	74,557	7	139,578
State and Local Obligations	384,007	50,606	147,758	-	185,643
Corporate Obligations	3,778,037	688,724	2,515,823	465,064	108,426
	7,291,831	1,603,489	3,907,516	1,025,901	754,925

The Fund has the following recurring fair value measurements as of April 30, 2017:

Investments by Fair Value Level	April 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 2,915,645	2,915,645	-	-
U.S. Agencies	214,142	-	214,142	-
State and Local Obligations	384,007	-	384,007	-
Corporate Bonds	3,778,037	-	3,778,037	-
Equity Securities				
Common Stock	1,772,353	1,772,353	-	-
Mutual Funds	12,493,981	12,493,981	-	-
Total Investments by Fair Value Level	21,558,165	17,181,979	4,376,186	-

*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.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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

*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 A1 to Baa3 by Moody's, state and local obligations were either not rated or rated Aaa to Aa2 by Moody's, and U.S. Agencies were either not rated or rated Aaa by Moody's.

*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 year-end, the Fund does not have any investments over 5 percent of the net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). In addition to the securities and fair values listed above, the Fund also has \$12,493,981 invested in mutual funds and \$1,772,353 invested in common stock.

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%	0.2%
U.S. All-Cap Core Equity	17%	5.1%
U.S. Mid-Cap Growth Equity	8%	5.2%
U.S. Small-Cap Value Equity	5%	5.8%
Non-U.S. Large-Cap Core Equity	16%	5.1%
Non-U.S. Large-Cap Growth Equity	4%	0.0%
Non-U.S. Small-Cap Core Equity	5%	5.9%
Global Tactic Asset Allocation	5%	2.8%
Core Real Estate	5%	5.4%
Cash and Cash Equivalents	0%	0.0%

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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.* 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 2017 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, 2017 are listed in the table above.

#### Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### 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 \$856,980 and the bank balances totaled \$866,862.

*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	\$ 4,253,076	534,767	2,211,319	1,205,182	301,808
U. S. Agencies	642,077	-	324,204	354	317,519
State and Local Obligations	595,850	80,969	252,196	22,679	240,006
Corporate Obligations	5,655,939	989,298	3,626,892	922,305	117,444
	11,146,942	1,605,034	6,414,611	2,150,520	976,777

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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

The Fund has the following recurring fair value measurements as of April 30, 2017:

Investments by Fair Value Level	April 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 4,253,076	4,253,076	-	-
U.S. Agencies	642,077	-	642,077	-
State and Local Obligations	595,850	-	595,850	-
Corporate Bonds	5,655,939	-	5,655,939	-
Equity Securities				
Common Stock	3,044,967	3,044,967	-	-
Mutual Funds	18,674,568	18,674,568	-	-
Total Investments by Fair Value Level	32,866,477	25,972,611	6,893,866	-

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

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

*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.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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

##### DEPOSITS AND INVESTMENTS – Continued

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

*Concentration Risk.* The Fund's investment policy does not address concentration risk. At year-end, the Fund does not have any investments over 5 percent of the net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). In addition to the securities and fair values listed above, the Fund also has \$18,674,568 invested in mutual funds and \$3,044,967 invested in common stock. 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%	0.2%
U.S. All-Cap Core Equity	17%	5.1%
U.S. Mid-Cap Growth Equity	8%	5.2%
U.S. Small-Cap Value Equity	5%	5.8%
Non-U.S. Large-Cap Core Equity	16%	5.1%
Non-U.S. Large-Cap Growth Equity	4%	0.0%
Non-U.S. Small-Cap Core Equity	5%	5.9%
Global Tactic Asset Allocation	5%	2.8%
Core Real Estate	5%	5.4%
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 2017 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, 2017 are listed in the table above.

##### Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.20%. 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, 2017

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

#### PROPERTY TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Stephenson County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 661,668	-	661,668	-
Depreciable Capital Assets				
Buildings	13,325,091	3,028,468	-	16,353,559
Equipment	2,309,322	-	-	2,309,322
Vehicles	6,062,338	208,165	128,181	6,142,322
Infrastructure	10,262,846	56,719	-	10,319,565
	<u>31,959,597</u>	<u>3,293,352</u>	<u>128,181</u>	<u>35,124,768</u>
Less Accumulated Depreciation				
Buildings	5,302,938	286,505	-	5,589,443
Equipment	1,708,908	177,066	-	1,885,974
Vehicles	4,065,820	374,857	125,440	4,315,237
Infrastructure	4,356,895	206,391	-	4,563,286
	<u>15,434,561</u>	<u>1,044,819</u>	<u>125,440</u>	<u>16,353,940</u>
Total Net Depreciable Capital Assets	<u>16,525,036</u>	<u>2,248,533</u>	<u>2,741</u>	<u>18,770,828</u>
Total Net Capital Assets	<u>17,186,704</u>	<u>2,248,533</u>	<u>664,409</u>	<u>18,770,828</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 20,896
Public Safety	240,309
Public Works	595,547
Culture and Recreation	<u>188,067</u>
	<u>1,044,819</u>

**CITY OF FREEPORT, ILLINOIS****Notes to the Financial Statements  
April 30, 2017****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	2,802,289	5,725,767	218,224	8,309,832
	<u>2,856,098</u>	<u>5,725,767</u>	<u>218,224</u>	<u>8,363,641</u>
Depreciable Capital Assets				
Buildings	18,051,212	-	-	18,051,212
Equipment	14,946,104	80,726	-	15,026,830
Infrastructure	57,447,214	137,498	-	57,584,712
	<u>90,444,530</u>	<u>218,224</u>	<u>-</u>	<u>90,662,754</u>
Less Accumulated Depreciation				
Buildings	5,807,032	405,387	-	6,212,419
Equipment	6,476,379	488,611	-	6,964,990
Infrastructure	16,712,812	970,423	-	17,683,235
	<u>28,996,223</u>	<u>1,864,421</u>	<u>-</u>	<u>30,860,644</u>
Total Net Depreciable Capital Assets	<u>61,448,307</u>	<u>(1,646,197)</u>	<u>-</u>	<u>59,802,110</u>
Total Net Capital Assets	<u>64,304,405</u>	<u>4,079,570</u>	<u>218,224</u>	<u>68,165,751</u>

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

Water Department	\$ 638,520
Sewer Department	996,844
Storm Sewer	<u>229,057</u>
	<u>1,864,421</u>

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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	\$ 651,668
General	Water Department	27,100
General	Sewer Department	39,567
Water Department	Sewer Department	5,578,159
Water Department	Storm Sewer	289,673
Nonmajor Business-Type	Water Department	447,676
Nonmajor Governmental	General	66,442
Police Pension	General	19,220
Firefighters' Pension	General	22,414
		<u>7,141,919</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	\$ 632,455
Nonmajor Governmental	General	326,201
Nonmajor Governmental	Nonmajor Governmental	257,286
		<u>1,215,942</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, 2017

### 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
\$1,310,000 General Obligation Refunding Bonds of 2013, due in annual installments of \$270,000 to \$345,000 plus interest at 2.00% through January 1, 2017.	Debt Service Sewer Department Storm Sewer	\$ 106,000 11,255 152,745	- - -	106,000 11,255 152,745	- - -
\$1,020,000 General Obligation Bonds of 2013A, due in annual installments of \$65,000 to \$85,000 plus interest at 1.00% to 3.15% through January 1, 2028.	Debt Service	890,000	-	65,000	825,000
\$6,760,000 General Obligation Refunding Bonds of 2014A, due in annual installments of \$610,000 to \$765,000 plus interest at 2.00% to 3.00% through December 1, 2024.	Sewer Department	6,150,000	-	620,000	5,530,000
\$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	5,280,000	-	35,000	5,245,000

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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
\$9,530,000 General Obligation Refunding Bonds of 2015A, due in annual installments of \$115,000 to \$270,000 plus interest at 2.00% to 4.00% through January 1, 2034.	Debt Service Sewer Department Storm Sewer	\$ 1,787,909 502,761 7,124,330	- - -	33,259 41,011 105,730	1,754,650 461,750 7,018,600
\$2,490,000 General Obligation Bonds of 2016, due in annual installments of \$60,000 to \$175,000 plus interest at 1.85% to 4.00% through January 1, 2036.	Debt Service	-	2,490,000	-	2,490,000
		22,005,000	2,490,000	1,170,000	23,325,000

##### 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	\$ 54,587	-	8,562	46,025
\$73,850 Installment Note Payable of 2002, due in monthly installments of \$506 including interest at 5.37% through January 31, 2022.	Debt Service	28,993	-	4,632	24,361

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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	\$ 140,786	-	33,764	107,022
\$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	87,028	-	87,028	-
\$1,230,724 Installment Note Payable of 2012, due in semi-annual installments of \$84,999 including interest at 6.00% through January 15, 2018.	Lamm Road TIF	311,424	-	153,582	157,842
\$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	382,670	-	107,078	275,592
\$155,000 Installment Note Payable of 2017, due in annual installments of \$31,000, with no interest, through March 31, 2021.	Debt Service	-	155,000	31,000	124,000
		1,005,488	155,000	425,646	734,842

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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

#### LONG-TERM DEBT – Continued

##### IEPA Loans Payable

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

Issue	Fund Debt 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 \$202,279, plus interest at 1.25% through August 21, 2034.	Sewer Department	\$ 6,663,465	-	322,268	6,341,197
Illinois Environmental Protection Agency (IEPA) Drinking Water SRF Loan Payable of 2011, due in semi-annual installments of \$202,949, plus interest at 1.25% through July 15, 2034.	Water Department	6,685,557	-	323,336	6,362,221
Illinois Environmental Protection Agency (IEPA) Water Distribution System Loan Payable of 2016, due in semi-annual installments, plus interest at 1.86% through November 1, 2037.	Water Department	2,586,306	2,142,455	-	4,728,761
		15,935,328	2,142,455	645,604	17,432,179

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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

##### LONG-TERM DEBT – Continued

##### Tax Increment Revenue Note

The City issued a tax increment revenue note to JJ Freeport Venture, LLC to reimburse them for the construction and development of a shopping center. The note will be repaid only from 75% of the tax increment generated by the development. Tax increment revenue notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$950,000 Interest Free Meadows TIF Revenue Note, Series 2017 due in annual installments through February 1, 2028.	Meadows T.I.F District	\$ -	950,000	-	950,000

##### 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, 2017, the City has incurred a liability of \$4,365,000 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, 2017, assets reported on the combined balance sheet which total \$79,950 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.



# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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
<b>Governmental Activities</b>					
Compensated Absences	\$ 437,427	17,128	8,564	445,991	89,198
Net Pension Liabilities					
IMRF	2,107,475	-	927,586	1,179,889	-
Police Pension	22,182,880	-	163,519	22,019,361	-
Firefighters' Pension	11,371,243	-	30,132	11,341,111	-
Net Other Post-Employment					
Benefits Obligation	5,608,680	872,040	-	6,480,720	-
General Obligation Bonds	2,783,909	2,490,000	204,259	5,069,650	220,000
Installment Notes Payable	864,702	155,000	391,882	627,820	311,661
TIF Revenue Note	-	950,000	-	950,000	-
	<u>45,356,316</u>	<u>4,484,168</u>	<u>1,725,942</u>	<u>48,114,542</u>	<u>620,859</u>
<b>Business-Type Activities</b>					
Compensated Absences	129,411	4,498	2,249	131,660	26,332
Net Pension Liability - IMRF	1,036,613	-	367,497	669,116	-
General Obligation Bonds	19,221,091	-	965,741	18,255,350	1,075,000
Installment Notes Payable	140,786	-	33,764	107,022	34,705
IEPA Loans Payable	15,935,328	2,142,455	645,604	17,432,179	653,700
Landfill Closure Liability	5,788,895	-	1,423,895	4,365,000	281,730
	<u>42,252,124</u>	<u>2,146,953</u>	<u>3,438,750</u>	<u>40,960,327</u>	<u>2,071,467</u>

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

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

##### **LONG-TERM DEBT – Continued**

##### **Long-Term Liability Activity – Continued**

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

##### **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, 2017

### 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			
	General Obligation Bonds Payable		Installment Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 220,000	199,925	311,661	14,495
2019	275,000	152,306	156,416	4,836
2020	276,900	146,331	102,610	2,260
2021	283,800	140,309	47,466	1,018
2022	286,650	133,537	10,086	161
2023	301,400	126,680	-	-
2024	303,300	118,749	-	-
2025	307,600	110,759	-	-
2026	310,450	102,420	-	-
2027	324,250	92,557	-	-
2028	329,950	81,870	-	-
2029	253,750	70,954	-	-
2030	232,150	62,154	-	-
2031	236,900	54,268	-	-
2032	250,700	44,792	-	-
2033	258,550	34,764	-	-
2034	273,300	24,732	-	-
2035	170,000	13,800	-	-
2036	175,000	7,000	-	-
Totals	5,069,650	1,717,907	628,239	22,770

**CITY OF FREEPORT, ILLINOIS**

**Notes to the Financial Statements**  
**April 30, 2017**

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

**LONG-TERM DEBT – Continued**

**Debt Service Requirements to Maturity – Continued**

Fiscal Year	Business-Type Activities					
	General Obligation Bonds Payable		Installment Notes Payable		IEPA Loans Payable *	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,075,000	600,266	34,705	2,727	653,700	156,755
2019	1,090,000	578,766	35,673	1,759	661,897	148,558
2020	1,108,100	554,940	36,644	764	670,195	140,260
2021	1,141,200	527,358	-	-	678,599	131,856
2022	1,163,350	496,842	-	-	687,107	123,348
2023	1,213,600	462,261	-	-	695,724	114,731
2024	1,236,700	425,934	-	-	704,448	106,007
2025	1,247,400	388,914	-	-	713,281	97,174
2026	1,359,550	352,018	-	-	722,225	88,230
2027	1,415,750	297,636	-	-	731,280	79,175
2028	1,475,050	241,006	-	-	740,450	70,005
2029	1,526,250	182,004	-	-	749,735	60,720
2030	1,457,850	120,954	-	-	759,136	51,319
2031	413,100	68,498	-	-	768,654	41,801
2032	429,300	51,974	-	-	778,292	32,163
2033	441,450	34,802	-	-	788,052	22,403
2034	461,700	18,468	-	-	797,933	12,522
2035	-	-	-	-	402,710	2,517
Totals	18,255,350	5,402,641	107,022	5,250	12,703,418	1,479,544

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

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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

#### NET POSITION/FUND BALANCES

##### Net Position Classifications

Net investment in capital assets, was comprised of the following as of April 30, 2017:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 18,770,828
Less Capital Related Debt:	
General Obligation Bonds of 2013A	(825,000)
General Obligation Refunding Bonds of 2015A	(1,754,650)
General Obligation Bonds of 2016	(2,490,000)
Installment Note Payable of 2001	(46,025)
Installment Note Payable of 2002	(24,361)
Installment Note Payable of 2012	(157,842)
Installment Note Payable of 2014	(275,592)
Installment Note Payable of 2017	<u>(124,000)</u>
Net Investment in Capital Assets	<u><u>13,073,358</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	68,165,751
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2014A	(5,530,000)
General Obligation Refunding Bonds of 2014B	(5,245,000)
General Obligation Refunding Bonds of 2015A	(7,480,350)
IEPA Loans Payable	<u>(17,432,179)</u>
Net Investment in Capital Assets	<u><u>32,478,222</u></u>

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### 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	\$ 289,994	9,244	299,238
Restricted			
Property Taxes			
Streets	-	92,598	92,598
Tourism Promotion	-	89,078	89,078
Grants	-	22,685	22,685
Drug Forfeiture	-	30,366	30,366
Downtown T.I.F. District	-	77,639	77,639
Lamm Road T.I.F. District	-	137,492	137,492
West Ave. T.I.F. District	-	17,082	17,082
Burchard Hills T.I.F. District	-	9,053	9,053
Meadows T.I.F. District	-	952	952
Public Library	-	890,110	890,110
Capital Projects			
Street and Police Equipment	-	388,882	388,882
Cemetery Care	-	125,445	125,445
	-	1,881,382	1,881,382
Committed			
Debt Service	-	33,057	33,057
Fire Department Equipment	-	389,690	389,690
	-	422,747	422,747
Assigned			
Fire Related Safety Programs	-	3,541	3,541
Unassigned	6,623,606	-	6,623,606
Total Fund Balances	6,913,600	2,316,914	9,230,514

## **CITY OF FREEPORT, ILLINOIS**

### **Notes to the Financial Statements April 30, 2017**

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

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

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

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

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

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

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

#### **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, 2017 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.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### RISK MANAGEMENT – Continued

The City is exposed to various risks of loss related to illness of employees. The City is self-insured for health insurance risks and has established a risk financing fund, Health Care, for these risks. It is accounted for in the General Fund where assets are set aside for claims settlements. Under this program, the Fund provides coverage up to a maximum of \$90,000 for each health claim. The City purchases commercial insurance to claims in excess of the coverages provided by the Fund. During fiscal year 2016, five of the City's claims exceeded its stop loss limits and it received \$108,728 in reinsurance settlements. Settled claims in each of the prior three fiscal years did not exceed commercial coverage.

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

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

Claims Payable - April 30, 2015	\$ 312,453
Incurred Claims	2,987,128
Claims Paid	<u>(3,064,819)</u>
Claims Payable - April 30, 2016	234,762
Incurred Claims	3,657,801
Claims Paid	<u>(3,707,460)</u>
Claims Payable - April 30, 2017	<u>185,103</u>

#### 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.



## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

##### 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. A separate report is issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the City of Freeport, 524 W. Stephenson Street, Freeport, Illinois 61032. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

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

###### Plan Descriptions

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

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

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

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

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

##### Plan Descriptions – Continued

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

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

*Plan Membership.* As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	135
Inactive Plan Members Entitled to but not yet Receiving Benefits	42
Active Plan Members	<u>92</u>
Total	<u>269</u>

*Contributions.* As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for the year was 19.37% of covered payroll.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

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

##### Plan Descriptions – Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

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

##### Discount Rate

The discount rate used to measure the total pension liability was 7.50% and the discount rate in the prior valuation was 7.48%. 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, 2017

### NOTE 4 – OTHER INFORMATION – Continued

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

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

##### Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset) \$	5,725,968	1,849,005	(1,321,209)

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 32,193,902	29,049,814	3,144,088
Changes for the Year:			
Service Cost	502,838	-	502,838
Interest on the Total Pension Liability	2,361,936	-	2,361,936
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,199,861)	-	(1,199,861)
Changes of Assumptions	(71,839)	-	(71,839)
Contributions - Employer	-	814,899	(814,899)
Contributions - Employees	-	195,240	(195,240)
Net Investment Income	-	2,000,789	(2,000,789)
Benefit Payments, including Refunds of Employee Contributions	(1,737,278)	(1,737,278)	-
Other (Net Transfer)	-	(122,771)	122,771
Net Changes	(144,204)	1,150,879	(1,295,083)
Balances at December 31, 2016	32,049,698	30,200,693	1,849,005

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### NOTE 4 – OTHER INFORMATION – Continued

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

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

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

For the year ended April 30, 2017, the City recognized pension expense of \$971,309. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 377,749	(866,696)	(488,947)
Change in Assumptions	33,787	(51,891)	(18,104)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,336,715	-	1,336,715
Total Pension Expense to be Recognized in Future Periods	1,748,251	(918,587)	829,664
Pension Contributions Made Subsequent to the Measurement Date	140,147	-	140,147
Total Deferred Amounts Related to IMRF	1,888,398	(918,587)	969,811

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

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 328,281
2019	248,695
2020	223,473
2021	29,215
2022	-
Thereafter	-
Total	829,664

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan

##### Plan Descriptions

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

*Plan Membership.* At April 30, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	56
Inactive Plan Members Entitled to but not yet Receiving Benefits	16
Active Plan Members	<u>45</u>
Total	<u><u>117</u></u>

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

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

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Police Pension Plan – Continued

#### Plan Descriptions – Continued

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

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2017, the City's contribution was 48.82% of covered payroll.

*Concentrations.* At year end, the Pension Plan does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	1.12% to 4.86%
Cost of Living Adjustments	2.00%
Inflation	2.00%

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

##### Discount Rate

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



# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 28,066,333	22,019,361	17,110,200

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2016	\$ 43,343,077	21,160,197	22,182,880
Changes for the Year:			
Service Cost	601,839	-	601,839
Interest on the Total Pension Liability	2,956,927	-	2,956,927
Difference Between Expected and Actual Experience of the Total Pension Liability	56,949	-	56,949
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,397,742	(1,397,742)
Contributions - Employees	-	281,209	(281,209)
Contributions - Other Income	-	188	(188)
Net Investment Income	-	2,125,176	(2,125,176)
Benefit Payments, including Refunds of Employee Contributions	(2,402,773)	(2,402,773)	-
Administrative Expense	-	(25,081)	25,081
Net Changes	1,212,942	1,376,461	(163,519)
Balances at April 30, 2017	44,556,019	22,536,658	22,019,361

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

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

For the year ended April 30, 2017, the City recognized pension expense of \$856,394. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 232,353	-	232,353
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,361,911	(589,800)	772,111
Total Deferred Amounts Related to Police Pension	1,594,264	(589,800)	1,004,464

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

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	\$ 339,610
2019	339,610
2020	339,608
2021	(114,357)
2022	33,090
Thereafter	66,903
Total	1,004,464

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Fund

##### Plan Descriptions

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

*Plan Membership.* At April 30, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	60
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Active Plan Members	<u>49</u>
Total	<u><u>112</u></u>

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

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3percent compounded annually thereafter.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Firefighters' Pension Plan – Continued

#### Plan Descriptions – Continued

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

*Contributions.* Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2017, the City's contribution was 30.42% of covered payroll.

*Significant Investments.* At year end, the Pension Plan does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Firefighters' Pension Plan – Continued

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	1.12% to 4.86%
Cost of Living Adjustments	2.00%
Inflation	2.00%

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

#### Discount Rate

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

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

##### Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 16,527,879	11,341,111	6,916,419

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2016	\$ 43,643,611	32,272,368	11,371,243
Changes for the Year:			
Service Cost	753,261	-	753,261
Interest on the Total Pension Liability	2,975,058	-	2,975,058
Difference Between Expected and Actual Experience of the Total Pension Liability	297,699	-	297,699
Changes of Assumptions	-	-	-
Contributions - Employer	-	934,937	(934,937)
Contributions - Employees	-	281,560	(281,560)
Contributions - Other Income	-	168	(168)
Net Investment Income	-	2,864,977	(2,864,977)
Benefit Payments, including Refunds of Employee Contributions	(2,493,400)	(2,493,400)	-
Administrative Expense	-	(25,492)	25,492
Net Changes	1,532,618	1,562,750	(30,132)
Balances at April 30, 2017	45,176,229	33,835,118	11,341,111

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

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

For the year ended April 30, 2017, the City recognized pension expense of \$808,901. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 255,220	(351,591)	(96,371)
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,690,361	(602,876)	1,087,485
Total Deferred Amounts Related to Firefighters' Pension	1,945,581	(954,467)	991,114

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

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2018	\$ 383,137
2019	383,137
2020	383,133
2021	(180,318)
2022	(20,800)
Thereafter	42,825
Total	991,114

# CITY OF FREEPORT, ILLINOIS

## Notes to the Financial Statements April 30, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

All retirees contribute 70% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2017, retirees contributed \$213,046.

At April 30, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	29
Active Employees	<u>157</u>
Total	<u>186</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, 2017

### 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, 2017, was calculated as follows:

Annual Required Contribution	\$ 1,494,244
Interest on the NPO	219,845
Adjustment to the ARC	<u>(418,171)</u>
Annual OPEB Cost	1,295,918
Actual Contribution	<u>423,878</u>
Increase in the NPO	872,040
NOPEBO - Beginning	<u>5,608,680</u>
NOPEBO - Ending	<u><u>6,480,720</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
2015	\$ 1,261,759	\$ 625,557	49.58%	\$ 4,926,154
2016	1,358,127	675,602	49.75%	5,608,680
2017	1,295,918	423,878	32.71%	6,480,720

## CITY OF FREEPORT, ILLINOIS

### Notes to the Financial Statements April 30, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of April 30, 2017 was as follows:

Actuarial Accrued Liability (AAL)	\$ 14,826,200
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 14,826,200
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 7,845,697
UAAL as a Percentage of Covered Payroll	188.97%

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, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate or return and an initial healthcare trend rate of 8.50% with an ultimate healthcare inflation rate of 4.50%, a 2.50% price inflation assumption, a 3.00% wage inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2017, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

### Notes to the Required Supplementary Information

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

**CITY OF FREEPORT, ILLINOIS**

**Other Post-Employment Benefits Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2017**

<b>Funding Progress</b>						
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)
2012	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2013	-	14,793,816	0.00%	14,793,816	10,359,107	142.81%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	13,898,662	0.00%	13,898,662	8,457,416	164.34%
2016	N/A	N/A	N/A	N/A	N/A	N/A
2017	-	14,826,200	0.00%	14,826,200	7,845,697	188.97%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2012	\$ 304,595	\$ 618,068	49.28%
2013	300,720	571,442	52.62%
2014	462,506	993,950	46.53%
2015	625,557	1,328,706	47.08%
2016	675,302	1,435,002	47.06%
2017	423,878	1,494,244	28.37%

The City is required to have the actuarial valuation performed biennially.

N/A - Not Available

## CITY OF FREEPORT, ILLINOIS

### Illinois Municipal Retirement Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2017

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
2016	\$ 523,016	\$ 523,016	\$ -	\$ 4,640,775	11.27%
2017	480,027	814,899	334,872	4,207,073	19.37%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMFR specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

#### Note:

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

## CITY OF FREEPORT, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2017

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	\$ 1,287,282	\$ 1,434,033	\$ 146,751	\$ 2,739,339	52.35%
2016	1,591,398	1,605,261	13,863	2,791,060	57.51%
2017	2,195,150	1,397,742	(797,408)	2,863,010	48.82%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 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 Combined Healthy Mortality Table

Note:

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

## CITY OF FREEPORT, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2017

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	\$ 801,877	\$ 725,710	\$ (76,167)	\$ 2,987,121	24.29%
2016	711,579	717,781	6,202	2,980,504	24.08%
2017	1,311,166	934,937	(376,229)	3,073,292	30.42%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	24 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 Combined Healthy Mortality Table

#### Note:

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

# CITY OF FREEPORT, ILLINOIS

## Illinois Municipal Retirement Fund

### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2017

	December 31, 2015	December 31, 2016
Total Pension Liability		
Service Cost	\$ 488,728	502,838
Interest	2,222,934	2,361,936
Differences Between Expected and Actual Experience	828,549	(1,199,861)
Change of Assumptions	74,109	(71,839)
Benefit Payments, Including Refunds of Member Contributions	(1,630,359)	(1,737,278)
Net Change in Total Pension Liability	1,983,961	(144,204)
Total Pension Liability - Beginning	30,209,941	32,193,902
Total Pension Liability - Ending	32,193,902	32,049,698
Plan Fiduciary Net Position		
Contributions - Employer	\$ 523,016	814,899
Contributions - Members	211,676	195,240
Net Investment Income	143,432	2,000,789
Benefit Payments, Including Refunds of Member Contributions	(1,630,359)	(1,737,278)
Other (Net Transfer)	667,825	(122,771)
Net Change in Plan Fiduciary Net Position	(84,410)	1,150,879
Plan Net Position - Beginning	29,134,224	29,049,814
Plan Net Position - Ending	29,049,814	30,200,693
Employers Net Pension Liability	\$ 3,144,088	1,849,005
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.23%	94.23%
Covered-Employee Payroll	\$ 4,640,775	4,207,073
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	67.75%	43.95%

#### Note:

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



**CITY OF FREEPORT, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2017**

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 589,828	596,733	601,839
Interest	2,565,871	2,860,656	2,956,927
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	574,525	234,995	56,949
Change of Assumptions	2,748,812	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,287,447)	(2,244,595)	(2,402,773)
Net Change in Total Pension Liability	4,191,589	1,447,789	1,212,942
Total Pension Liability - Beginning	37,703,699	41,895,288	43,343,077
Total Pension Liability - Ending	41,895,288	43,343,077	44,556,019
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,434,033	1,605,261	1,397,742
Contributions - Members	274,072	275,215	281,209
Contributions - Other Income	-	-	188
Net Investment Income	1,312,951	(786,689)	2,125,176
Benefit Payments, Including Refunds of Member Contributions	(2,287,447)	(2,244,595)	(2,402,773)
Administrative Expense	(29,617)	(27,163)	(25,081)
Net Change in Plan Fiduciary Net Position	703,992	(1,177,971)	1,376,461
Plan Net Position - Beginning	21,634,176	22,338,168	21,160,197
Plan Net Position - Ending	22,338,168	21,160,197	22,536,658
Employer's Net Pension Liability	\$ 19,557,120	22,182,880	22,019,361
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.32%	48.82%	50.58%
Covered-Employee Payroll	\$ 2,739,339	2,791,060	2,863,010
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	713.94%	794.78%	769.10%

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

# CITY OF FREEPORT, ILLINOIS

## Firefighters' Pension Fund

### Required Supplementary Information

### Schedule of Changes in the Employer's Net Pension Liability

April 30, 2017

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 749,011	737,347	753,261
Interest	2,648,793	2,923,551	2,975,058
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(554,147)	(495,747)	297,699
Change of Assumptions	3,414,039	-	-
Benefit Payments, Including Refunds of Member Contributions	(2,296,564)	(2,375,172)	(2,493,400)
Net Change in Total Pension Liability	3,961,132	789,979	1,532,618
Total Pension Liability - Beginning	38,892,500	42,853,632	43,643,611
Total Pension Liability - Ending	42,853,632	43,643,611	45,176,229
Plan Fiduciary Net Position			
Contributions - Employer	\$ 725,710	717,781	934,937
Contributions - Members	277,963	281,865	281,560
Contributions - Other Income	-	-	168
Net Investment Income	1,878,396	(578,247)	2,864,977
Benefit Payments, Including Refunds of Member Contributions	(2,296,564)	(2,375,172)	(2,493,400)
Administrative Expense	(24,449)	(26,868)	(25,492)
Net Change in Plan Fiduciary Net Position	561,056	(1,980,641)	1,562,750
Plan Net Position - Beginning	33,691,953	34,253,009	32,272,368
Plan Net Position - Ending	34,253,009	32,272,368	33,835,118
Employer's Net Pension Liability	\$ 8,600,623	11,371,243	11,341,111
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.93%	73.95%	74.90%
Covered-Employee Payroll	\$ 2,987,121	2,980,504	3,073,292
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	287.92%	381.52%	369.02%

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

**CITY OF FREEPORT, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
April 30, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	6.47%
2016	(3.30%)
2017	10.40%

Note:

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

**CITY OF FREEPORT, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Schedule of Investment Returns**

**April 30, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	5.98%
2016	(1.60%)
2017	9.20%

**Note:**

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

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 13,243,041	13,243,041	12,512,842
Licenses, Permits and Fees	838,260	838,260	864,038
Intergovernmental	4,073,919	4,073,919	3,868,660
Charges for Services	734,000	995,110	872,455
Fines and Forfeits	286,500	286,500	248,776
Interest	3,500	3,500	23,343
Miscellaneous	372,500	372,500	241,215
Total Revenues	19,551,720	19,812,830	18,631,329
Expenditures			
General Government	5,762,403	6,098,379	5,578,315
Public Safety	13,211,751	13,219,751	12,505,948
Public Works	3,141,954	3,144,154	2,606,818
Culture and Recreation	391,558	392,058	373,642
Debt Service			
Principal Retirement	-	-	31,000
Interest and Fiscal Charges	-	-	42,984
Total Expenditures	22,507,666	22,854,342	21,138,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,955,946)	(3,041,512)	(2,507,378)
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	2,983
Debt Issuance	2,724,780	2,724,780	2,645,000
Premium on Debt Issuance	-	-	67,764
Transfers In	879,871	879,871	632,455
Transfers Out	(481,845)	(481,845)	(326,201)
	3,122,806	3,122,806	3,022,001
Net Change in Fund Balance	166,860	81,294	514,623
Fund Balance - Beginning			6,398,977
Fund Balance - Ending			6,913,600

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

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

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

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## **GENERAL FUND**

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

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## **SPECIAL REVENUE FUNDS**

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

### **Illinois Municipal Retirement Fund**

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

### **Motor Fuel Tax Fund**

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

### **Tourism Promotion Fund**

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

### **Grant Fund**

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

### **Motor Vehicle Fund**

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

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

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## **SPECIAL REVENUE FUNDS – Continued**

### **Drug Forfeiture Fund**

The Drug Forfeiture Fund is used to account for the excess property acquired during a drug related crime.

### **Fire Public Safety Fund**

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

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

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

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

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

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

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

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

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

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

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



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

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## **SPECIAL REVENUE FUNDS – Continued**

### **Public Library Fund**

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

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### **DEBT SERVICE FUND**

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

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### **CAPITAL PROJECTS FUNDS**

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

#### **Fire Capital Improvements Fund**

The Fire Capital Improvements Fund is used to account for the purchase of capital equipment for the Fire Department.

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

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

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### **PERMANENT FUND**

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

#### **Cemetery Care Fund**

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

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

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## **ENTERPRISE FUNDS**

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

### **Water Department Fund**

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

### **Sewer Department Fund**

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

### **Storm Sewer Fund**

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

### **Landfill Closure Fund**

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

### **Health and Environmental Fund**

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

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## **TRUST AND AGENCY FUNDS**

### **PRIVATE PURPOSE TRUST FUND**

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

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

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

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

### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the City'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 City through an annual property tax levy.

#### **Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the City'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 City through an annual property tax levy.

### **AGENCY FUNDS**

#### **Revolving Loan Fund**

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

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**CITY OF FREEPORT, ILLINOIS****General Fund****Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 2,448,041	2,448,041	2,459,224
Property Transfer Taxes	130,000	130,000	203,685
Retailer Occupation Taxes	8,055,000	8,055,000	7,573,731
Food and Beverage Tax	650,000	650,000	673,433
Video Gaming Tax	320,000	320,000	315,603
Telecommunications Tax	700,000	700,000	504,155
Utility Tax	555,000	555,000	471,025
Natural Gas Utility Tax	385,000	385,000	311,986
Total Taxes	13,243,041	13,243,041	12,512,842
Licenses, Permits and Fees			
Building Permit Fees	195,000	195,000	250,758
Liquor Licenses	119,000	119,000	122,755
Business Licenses and Permits	28,000	28,000	35,736
Landlord Registration Fees	70,000	70,000	59,610
Cable TV Franchise Fees	358,000	358,000	343,404
911 Dispatching Fees	68,260	68,260	51,775
Total Licenses, Permits and Fees	838,260	838,260	864,038
Intergovernmental			
State Income Tax	2,835,476	2,835,476	2,417,429
Special Use Tax	617,193	617,193	626,495
Replacement Taxes	474,750	474,750	540,059
Grant - SLANT Officer	35,000	35,000	45,586
School Resource Officer Reimbursements	45,000	45,000	42,849
Sustained Traffic Enforcement PR	2,500	2,500	9,598
Grant - Airport	-	-	121,399
IDOT Reimbursement	64,000	64,000	65,245
Total Intergovernmental	4,073,919	4,073,919	3,868,660

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Charges for Services			
Water and Sewer Service Charge	\$ 102,000	102,000	102,000
Airport Hanger Rent	100,000	100,000	90,654
Fuel Sales	9,500	9,500	11,326
Interfund Services	383,000	644,110	643,928
Other Charges for Services	139,500	139,500	24,547
Total Charges for Services	734,000	995,110	872,455
Fines and Forfeitures			
Fines - Circuit Court	286,500	286,500	248,776
Interest	3,500	3,500	23,343
Miscellaneous			
Reimbursement - Traffic Signal Maintenance	3,000	3,000	(3,478)
Reimbursement - Other Sources	275,000	275,000	117,631
Miscellaneous Local Sources	94,500	94,500	127,062
Total Miscellaneous	372,500	372,500	241,215
Total Revenues	19,551,720	19,812,830	18,631,329

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
General Government			
City Council			
Personal Services	\$ 32,821	32,821	32,620
Contractual Services	19,500	19,500	5,822
	52,321	52,321	38,442
Commissions			
Personal Services	4,855	4,855	4,618
Contractual Services	14,900	14,900	12,324
Commodities	375	375	-
	20,130	20,130	16,942
City Clerk			
Personal Services	151,573	151,573	141,985
Contractual Services	4,500	4,500	3,846
Commodities	1,900	1,900	1,970
Equipment, Furniture and Fixtures	1,000	1,000	932
	158,973	158,973	148,733
Mayor			
Personal Services	191,791	197,791	190,294
Contractual Services	9,000	9,000	6,545
Commodities	2,300	2,300	1,764
	203,091	209,091	198,603
Office of Management and Budget			
Personal Services	211,566	249,487	226,238
Contractual Services	83,000	83,000	61,956
Commodities	2,700	2,700	1,496
Equipment, Furniture and Fixtures	1,000	1,000	269
	298,266	336,187	289,959

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
General Government - Continued			
Treasurer			
Personal Services	\$ 83,039	83,439	79,990
Contractual Services	2,541	2,541	2,038
Commodities	915	915	886
	86,495	86,895	82,914
Hearing Administration			
Contractual Services	10,000	10,000	5,974
General Government Building			
Contractual Services	185,500	185,500	147,932
Commodities	20,300	17,600	1,868
Capital Outlay	2,495,000	2,597,567	2,261,229
	2,700,800	2,800,667	2,411,029
Management Information Systems			
Contractual Services	20,000	20,000	1,793
Equipment, Furniture and Fixtures	110,000	110,000	5,390
	130,000	130,000	7,183
Community Development			
Personal Services	260,621	208,700	187,002
Contractual Services	15,800	15,800	9,812
Commodities	2,900	2,900	1,593
Equipment, Furniture and Fixtures	4,600	4,600	2,860
	283,921	232,000	201,267
Neighborhood Housing Development			
Contractual Services	125,000	125,000	122,990

## CITY OF FREEPORT, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
General Government - Continued			
Human Resources			
Personal Services	\$ 84,506	86,006	85,085
Contractual Services	12,000	12,000	11,556
Commodities	2,050	2,050	1,984
	98,556	100,056	98,625
Interdepartmental Expenditures			
Personal Services	494,150	405,250	613,157
Contractual Services	596,800	596,800	499,474
Commodities	5,900	5,900	5,769
	1,096,850	1,007,950	1,118,400
Health Care			
Personal Services	300,000	561,109	556,892
Contractual Services	-	-	4,218
	300,000	561,109	561,110
Judiciary and Legal			
Contractual Services	198,000	268,000	275,938
Commodities	-	-	206
	198,000	268,000	276,144
Total General Government	5,762,403	6,098,379	5,578,315



# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Public Safety			
Buildings			
Personal Services	\$ 133,382	134,882	133,688
Contractual Services	29,275	29,275	24,456
Commodities	1,650	3,150	2,004
Equipment, Furniture and Fixtures	5,400	5,400	4,640
	169,707	172,707	164,788
Police Department			
Personal Services	7,263,749	7,263,749	6,618,556
Contractual Services	169,883	169,883	145,464
Commodities	133,200	133,200	112,597
Equipment, Furniture and Fixtures	15,200	15,200	13,768
	7,582,032	7,582,032	6,890,385
Fire Department			
Personal Services	5,293,462	5,298,462	5,289,716
Contractual Services	87,250	87,250	85,284
Commodities	77,700	77,700	74,460
Equipment, Furniture and Fixtures	1,600	1,600	1,315
	5,460,012	5,465,012	5,450,775
Total Public Safety	13,211,751	13,219,751	12,505,948
Public Works			
Department of Public Works			
Personal Services	191,985	192,985	188,640
Contractual Services	1,500	1,500	1,422
Commodities	750	750	220
	194,235	195,235	190,282
Street Department			
Personal Services	1,130,247	1,130,247	988,989
Contractual Services	188,370	183,200	125,376
Commodities	483,000	443,000	360,908
Equipment, Furniture and Fixtures	2,500	1,500	-
	1,804,117	1,757,947	1,475,273

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Public Works - Continued			
Traffic Engineering			
Contractual Services	\$ 16,000	18,911	20,988
Commodities	2,500	4,759	4,964
	18,500	23,670	25,952
Street Lights			
Contractual Services	6,000	8,200	6,982
Commodities	233,000	273,000	298,628
	239,000	281,200	305,610
Airport Authority			
Contractual Services	127,202	127,202	122,950
Commodities	23,900	23,900	20,769
Other Charges	40,000	40,000	34,646
Equipment, Furniture and Fixtures	5,000	5,000	4,685
Capital Outlay	400,000	400,000	250,347
	596,102	596,102	433,397
Capital Improvements			
Bike Trails			
Contractual Services	275,000	275,000	169,674
Sidewalk Program			
Contractual Services	15,000	15,000	6,630
	290,000	290,000	176,304
Total Public Works	3,141,954	3,144,154	2,606,818
Culture and Recreation			
Social Services			
Personal Services	69,993	69,993	67,538
Contractual Services	5,500	5,500	4,589
Commodities	1,325	1,825	1,466
Equipment, Furniture and Fixtures	1,500	1,000	245
	78,318	78,318	73,838

# CITY OF FREEPORT, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
City Cemetery			
Personal Services	\$ 89,413	89,413	86,394
Contractual Services	4,500	4,500	4,251
Commodities	3,150	3,150	2,498
Equipment, Furniture and Fixtures	500	500	200
	97,563	97,563	93,343
Forestry			
Personal Services	173,677	174,177	171,369
Contractual Services	36,500	36,500	29,101
Commodities	5,500	5,500	5,991
	215,677	216,177	206,461
Total Culture and Recreation	391,558	392,058	373,642
Debt Service			
Principal Retirement	-	-	31,000
Interest and Fiscal Charges	-	-	42,984
	-	-	73,984
Total Expenditures	22,507,666	22,854,342	21,138,707

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Governmental Funds

### Combining Balance Sheet

April 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent Cemetery Care	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 1,454,732	33,057	573,762	125,811	2,187,362
Receivables - Net of Allowances					
Property Taxes	950,126	-	-	-	950,126
Accounts	896,999	-	221,954	-	1,118,953
Due from Other Funds	56,719	-	9,723	-	66,442
Prepays	9,244	-	-	-	9,244
Total Assets	3,367,820	33,057	805,439	125,811	4,332,127
<b>LIABILITIES</b>					
Accounts Payable	357,534	-	26,867	-	384,401
Accrued Payroll	24,018	-	-	-	24,018
Due to Other Funds	651,302	-	-	366	651,668
Other Payables	5,000	-	-	-	5,000
Total Liabilities	1,037,854	-	26,867	366	1,065,087
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	950,126	-	-	-	950,126
Total Liabilities and Deferred Inflows of Resources	1,987,980	-	26,867	366	2,015,213
<b>FUND BALANCES</b>					
Nonspendable	9,244	-	-	-	9,244
Restricted	1,367,055	-	388,882	125,445	1,881,382
Committed	-	33,057	389,690	-	422,747
Assigned	3,541	-	-	-	3,541
Total Fund Balances	1,379,840	33,057	778,572	125,445	2,316,914
Total Liabilities and Fund Balances	3,367,820	33,057	805,439	125,811	4,332,127

# CITY OF FREEPORT, ILLINOIS

## Nonmajor Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent Cemetery Care	Totals
Revenues					
Taxes	\$ 2,084,280	-	-		2,084,280
Licenses, Permits and Fees	19,795	-	699,238	4,570	723,603
Intergovernmental	2,389,170	-	239,576	-	2,628,746
Interest	9,684	49	2,664	-	12,397
Miscellaneous	190,733	-	-	-	190,733
Total Revenues	4,693,662	49	941,478	4,570	5,639,759
Expenditures					
General Government	2,008,000	-	-	-	2,008,000
Public Safety	73,469	-	-	-	73,469
Public Works	2,719,298	-	-	-	2,719,298
Culture and Recreation	1,099,600	-	-	-	1,099,600
Capital Outlay	9,429	-	440,688	-	450,117
Debt Service					
Principal Retirement	240,610	324,531	-	-	565,141
Interest and Fiscal Charges	19,894	75,845	-	-	95,739
Total Expenditures	6,170,300	400,376	440,688	-	7,011,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,476,638)	(400,327)	500,790	4,570	(1,371,605)
Other Financing Sources (Uses)					
Debt Issuance	950,000	-	-	-	950,000
Transfers In	183,111	400,376	-	-	583,487
Transfers Out	(209,678)	-	(680,063)	-	(889,741)
	923,433	400,376	(680,063)	-	643,746
Net Change in Fund Balances	(553,205)	49	(179,273)	4,570	(727,859)
Fund Balances - Beginning	1,933,045	33,008	957,845	120,875	3,044,773
Fund Balances - Ending	1,379,840	33,057	778,572	125,445	2,316,914

**CITY OF FREEPORT, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet  
April 30, 2017**

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**See Following Page**

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental - Special Revenue Funds****Combining Balance Sheet****April 30, 2017**

	Illinois Municipal Retirement	Motor Fuel Tax	Tourism Promotion	Grant Funds	Motor Vehicle
<b>ASSETS</b>					
Cash and Investments	\$ -	139,031	89,078	23,635	-
Receivables - Net of Allowances					
Property Taxes	-	-	-	-	-
Accounts	-	56,134	-	831,295	-
Due from Other Funds	-	-	-	56,719	-
Prepays	-	-	-	-	-
Total Assets	-	195,165	89,078	911,649	-
<b>LIABILITIES</b>					
Accounts Payable	-	-	-	334,320	-
Accrued Payroll	-	-	-	909	-
Due to Other Funds	-	102,567	-	548,735	-
Other Payables	-	-	-	5,000	-
Total Liabilities	-	102,567	-	888,964	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	102,567	-	888,964	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	92,598	89,078	22,685	-
Assigned	-	-	-	-	-
Total Fund Balances	-	92,598	89,078	22,685	-
Total Liabilities and Fund Balances	-	195,165	89,078	911,649	-

Drug Forfeiture	Fire Public Safety	Downtown T.I.F. District	Lamm Road T.I.F. District	West Ave. T.I.F. District	Burchard		Public Library	Totals
					Hills T.I.F. District	Meadows T.I.F. District		
30,366	3,541	85,549	137,492	17,837	9,053	952	918,198	1,454,732
-	-	-	-	-	-	-	950,126	950,126
-	-	-	-	-	-	-	9,570	896,999
-	-	-	-	-	-	-	-	56,719
-	-	-	-	-	-	-	9,244	9,244
30,366	3,541	85,549	137,492	17,837	9,053	952	1,887,138	3,367,820
-	-	7,910	-	755	-	-	14,549	357,534
-	-	-	-	-	-	-	23,109	24,018
-	-	-	-	-	-	-	-	651,302
-	-	-	-	-	-	-	-	5,000
-	-	7,910	-	755	-	-	37,658	1,037,854
-	-	-	-	-	-	-	950,126	950,126
-	-	7,910	-	755	-	-	987,784	1,987,980
-	-	-	-	-	-	-	9,244	9,244
30,366	-	77,639	137,492	17,082	9,053	952	890,110	1,367,055
-	3,541	-	-	-	-	-	-	3,541
30,366	3,541	77,639	137,492	17,082	9,053	952	899,354	1,379,840
30,366	3,541	85,549	137,492	17,837	9,053	952	1,887,138	3,367,820



# 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, 2017

	Illinois Municipal Retirement	Motor Fuel Tax	Tourism Promotion	Grant Fund	Motor Vehicle
Revenues					
Taxes	\$ -	-	209,955	-	-
Licenses, Permits and Fees	-	-	-	-	-
Intergovernmental	-	649,833	-	1,699,469	-
Interest	-	924	237	-	335
Miscellaneous	-	145,090	-	-	-
Total Revenues	-	795,847	210,192	1,699,469	335
Expenditures					
Current					
General Government	-	-	215,600	1,792,400	-
Public Safety	-	-	-	45,590	-
Public Works	-	796,906	-	171,443	-
Culture and Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	-	796,906	215,600	2,009,433	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,059)	(5,408)	(309,964)	335
Other Financing Sources (Uses)					
Debt Issuance	-	-	-	-	-
Transfers In	38,460	-	-	144,651	-
Transfers Out	-	(73,016)	-	-	(79,439)
	38,460	(73,016)	-	144,651	(79,439)
Net Change in Fund Balances	38,460	(74,075)	(5,408)	(165,313)	(79,104)
Fund Balances - Beginning	(38,460)	166,673	94,486	187,998	79,104
Fund Balances - Ending	-	92,598	89,078	22,685	-

Drug Forfeiture	Fire Public Safety	Downtown T.I.F. District	Lamm Road T.I.F. District	West Ave. T.I.F. District	Burchard		Public Library	Totals
					Hills T.I.F. District	Meadows T.I.F. District		
-	-	192,927	620,731	58,301	1,546	4,582	996,238	2,084,280
-	-	-	-	-	-	-	19,795	19,795
20,105	-	-	-	-	-	-	19,763	2,389,170
-	21	1,133	1,502	303	46	12	5,171	9,684
-	50	-	-	-	-	-	45,593	190,733
20,105	71	194,060	622,233	58,604	1,592	4,594	1,086,560	4,693,662
-	-	-	-	-	-	-	-	2,008,000
25,663	2,216	-	-	-	-	-	-	73,469
-	-	315,306	391,604	89,663	487	953,889	-	2,719,298
-	-	-	-	-	-	-	1,099,600	1,099,600
-	-	-	-	-	-	-	9,429	9,429
-	-	-	240,610	-	-	-	-	240,610
-	-	-	19,894	-	-	-	-	19,894
25,663	2,216	315,306	652,108	89,663	487	953,889	1,109,029	6,170,300
(5,558)	(2,145)	(121,246)	(29,875)	(31,059)	1,105	(949,295)	(22,469)	(1,476,638)
-	-	-	-	-	-	950,000	-	950,000
-	-	-	-	-	-	-	-	183,111
-	-	(57,223)	-	-	-	-	-	(209,678)
-	-	(57,223)	-	-	-	950,000	-	923,433
(5,558)	(2,145)	(178,469)	(29,875)	(31,059)	1,105	705	(22,469)	(553,205)
35,924	5,686	256,108	167,367	48,141	7,948	247	921,823	1,933,045
30,366	3,541	77,639	137,492	17,082	9,053	952	899,354	1,379,840

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 635,000	635,000	649,833
Interest	40	40	924
Miscellaneous	15,000	117,567	145,090
Total Revenues	650,040	752,607	795,847
Expenditures			
Public Works	777,000	797,363	796,906
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,960)	(44,756)	(1,059)
Other Financing Sources (Uses)			
Transfers In	127,000	127,000	-
Transfers Out	-	-	(73,016)
	127,000	127,000	(73,016)
Net Change in Fund Balance	40	82,244	(74,075)
Fund Balance - Beginning			166,673
Fund Balance - Ending			92,598

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 184,000	184,000	209,955
Interest	210	210	237
Total Revenues	184,210	184,210	210,192
Expenditures			
General Government	238,180	238,180	215,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,970)	(53,970)	(5,408)
Other Financing Sources			
Transfers In	54,180	54,180	-
Net Change in Fund Balance	210	210	(5,408)
Fund Balance - Beginning			94,486
Fund Balance - Ending			89,078

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 3,727,121	3,727,121	1,699,469
Expenditures			
General Government	3,506,372	3,506,372	1,792,400
Public Safety	195,134	200,509	45,590
Public Works	171,444	171,444	171,443
Total Expenditures	3,872,950	3,878,325	2,009,433
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,829)	(151,204)	(309,964)
Other Financing Sources			
Transfers In	147,327	147,327	144,651
Net Change in Fund Balance	1,498	(3,877)	(165,313)
Fund Balance - Beginning			187,998
Fund Balance - Ending			22,685

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 15,000	15,000	20,105
Expenditures			
Public Safety	15,000	26,314	25,663
Net Change in Fund Balance	-	(11,314)	(5,558)
Fund Balance - Beginning			35,924
Fund Balance - Ending			30,366

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ 2	2	21
Miscellaneous	500	500	50
Total Revenues	502	502	71
Expenditures			
Public Safety			
Contractual Services	5,500	5,500	2,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,998)	(4,998)	(2,145)
Other Financing Sources			
Transfers In	4,998	4,998	-
Net Change in Fund Balance	-	-	(2,145)
Fund Balance - Beginning			5,686
Fund Balance - Ending			3,541

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 198,245	198,245	192,927
Interest	195	195	1,133
Total Revenues	198,440	198,440	194,060
Expenditures			
Public Works			
Contractual Services	404,745	404,745	315,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	(206,305)	(206,305)	(121,246)
Other Financing Sources (Uses)			
Transfers In	265,361	265,361	-
Transfers Out	(59,056)	(59,056)	(57,223)
	206,305	206,305	(57,223)
Net Change in Fund Balance	-	-	(178,469)
Fund Balance - Beginning			256,108
Fund Balance - Ending			77,639



**CITY OF FREEPORT, ILLINOIS****Lamm Road 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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 619,619	619,619	620,731
Interest	205	205	1,502
Total Revenues	619,824	619,824	622,233
Expenditures			
Public Works			
Contractual Services	529,002	529,002	391,604
Debt Service			
Principal Retirement	240,609	240,609	240,610
Interest and Fiscal Charges	19,894	19,894	19,894
Total Expenditures	789,505	789,505	652,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,681)	(169,681)	(29,875)
Other Financing Sources (Uses)			
Transfers In	194,681	194,681	-
Transfers Out	(25,000)	(25,000)	-
	169,681	169,681	-
Net Change in Fund Balance	-	-	(29,875)
Fund Balance - Beginning			167,367
Fund Balance - Ending			137,492

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 60,131	60,131	58,301
Interest	30	30	303
Total Revenues	60,161	60,161	58,604
Expenditures			
Public Works			
Contractual Services	104,920	104,920	89,663
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,759)	(44,759)	(31,059)
Other Financing Sources			
Transfers In	44,759	44,759	-
Net Change in Fund Balance	-	-	(31,059)
Fund Balance - Beginning			48,141
Fund Balance - Ending			17,082

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 2,000	2,000	1,546
Interest	5	5	46
Total Revenues	2,005	2,005	1,592
Expenditures			
Public Works			
Contractual Services	10,114	10,114	487
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,109)	(8,109)	1,105
Other Financing Sources			
Transfers In	8,109	8,109	-
Net Change in Fund Balance	-	-	1,105
Fund Balance - Beginning			7,948
Fund Balance - Ending			9,053

# CITY OF FREEPORT, ILLINOIS

## Meadows T.I.F. District - Special Revenue Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 3,888	3,888	4,582
Interest	1	1	12
Total Revenues	3,889	3,889	4,594
Expenditures			
Public Works			
Contractual Services	3,889	3,889	3,889
Payment to Developer	-	-	950,000
Total Expenditures	3,889	3,889	953,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(949,295)
Other Financing Sources			
Debt Issuance	-	-	950,000
Net Change in Fund Balance	-	-	705
Fund Balance - Beginning			247
Fund Balance - Ending			952

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 931,902	931,902	936,231
Personal Property Replacement Taxes	48,950	48,950	60,007
Licenses, Permits and Fees	20,000	20,000	19,795
Intergovernmental	54,000	54,000	19,763
Interest	1,275	1,275	5,171
Miscellaneous	42,000	62,000	45,593
Total Revenues	1,098,127	1,118,127	1,086,560
Expenditures			
Culture and Recreation			
Personnel	738,355	758,355	724,137
Contractual Services	247,750	247,750	225,310
Commodities	198,300	196,700	150,153
Capital Outlay	13,000	14,600	9,429
Total Expenditures	1,197,405	1,217,405	1,109,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,278)	(99,278)	(22,469)
Other Financing Sources			
Transfers In	95,625	95,625	-
Net Change in Fund Balance	(3,653)	(3,653)	(22,469)
Fund Balance - Beginning			921,823
Fund Balance - Ending			899,354

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	49
Expenditures			
Debt Service			
Principal Retirement	357,447	357,447	324,531
Interest and Fiscal Charges	116,002	116,002	75,845
Total Expenditures	473,449	473,449	400,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	(473,449)	(473,449)	(400,327)
Other Financing Sources			
Transfers In	474,699	474,699	400,376
Net Change in Fund Balance	1,250	1,250	49
Fund Balance - Beginning			33,008
Fund Balance - Ending			33,057

**CITY OF FREEPORT, ILLINOIS****Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet****April 30, 2017**

	Fire Capital Improvements	Equipment Capital Projects	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 205,647	368,115	573,762
Receivables - Net of Allowances			
Accounts	201,187	20,767	221,954
Due from Other Funds	9,723	-	9,723
Total Assets	416,557	388,882	805,439
<b>LIABILITIES</b>			
Accounts Payable	26,867	-	26,867
<b>FUND BALANCES</b>			
Restricted	-	388,882	388,882
Committed	389,690	-	389,690
Total Fund Balances	389,690	388,882	778,572
Total Liabilities and Fund Balances	416,557	388,882	805,439

# 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, 2017

	Fire Capital Improvements	Equipment Capital Projects	Totals
Revenues			
Licenses, Permits and Fees	\$ 688,716	10,522	699,238
Intergovernmental	-	239,576	239,576
Interest	889	1,775	2,664
Total Revenues	689,605	251,873	941,478
Expenditures			
Capital Outlay	207,552	233,136	440,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	482,053	18,737	500,790
Other Financing (Uses)			
Transfers Out	(680,063)	-	(680,063)
Net Change in Fund Balances	(198,010)	18,737	(179,273)
Fund Balances - Beginning	587,700	370,145	957,845
Fund Balances - Ending	389,690	388,882	778,572



**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 685,000	685,000	688,716
Interest	1,000	1,000	889
Total Revenues	686,000	686,000	689,605
Expenditures			
Capital Outlay			
Contractual Services	80,100	80,100	82,380
Buildings	44,000	44,000	44,070
Machinery and Equipment	80,000	80,000	45,165
Vehicles	36,000	36,000	35,937
Total Expenditures	240,100	240,100	207,552
Excess (Deficiency) of Revenues Over (Under) Expenditures	445,900	445,900	482,053
Other Financing Sources (Uses)			
Transfers In	260,224	260,224	-
Transfers Out	(706,124)	(706,124)	(680,063)
	(445,900)	(445,900)	(680,063)
Net Change in Fund Balance	-	-	(198,010)
Fund Balance - Beginning			587,700
Fund Balance - Ending			389,690

**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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 10,000	10,000	10,522
Intergovernmental	240,000	240,000	239,576
Interest	30	30	1,775
Total Revenues	250,030	250,030	251,873
Expenditures			
Capital Outlay	352,300	352,300	233,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,270)	(102,270)	18,737
Other Financing Sources			
Transfers In	102,300	102,300	-
Net Change in Fund Balance	30	30	18,737
Fund Balance - Beginning			370,145
Fund Balance - Ending			388,882

**CITY OF FREEPORT, ILLINOIS**

**Cemetery Care - Permanent Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Licenses, Permits and Fees	\$ 6,500	6,500	4,570
Expenditures			
General Government	-	-	-
Net Change in Fund Balance	<u>6,500</u>	<u>6,500</u>	4,570
Fund Balance - Beginning			<u>120,875</u>
Fund Balance - Ending			<u>125,445</u>

**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, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 3,505,140	3,505,140	3,977,617
Operating Expenses			
Operations			
Personnel	1,183,232	1,183,232	1,013,390
Contractual Services	442,000	442,000	326,782
Commodities	618,100	618,100	411,926
Miscellaneous	11,500	11,500	37,525
Capital Outlay	285,500	285,500	3,855
Depreciation	406,700	406,700	638,520
Total Operating Expenses	2,947,032	2,947,032	2,431,998
Operating Income	558,108	558,108	1,545,619
Nonoperating Revenues (Expenses)			
Interest Income	48	48	461
Connection Fees	2,207	2,207	-
Other Income	41,805	41,805	2,640,157
Interest Expense	(175,000)	(175,000)	(81,363)
	(130,940)	(130,940)	2,559,255
Change in Net Position	427,168	427,168	4,104,874
Net Position - Beginning			21,307,315
Net Position - Ending			25,412,189

**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, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 3,074,454	3,074,454	3,273,955
Operating Expenses			
Operations			
Personnel	1,384,815	1,584,815	1,568,728
Contractual Services	347,800	365,500	390,017
Commodities	667,750	667,750	588,099
Miscellaneous	5,150	5,150	21,540
Capital Outlay	12,500	12,500	2,161
Depreciation	909,200	1,063,400	996,844
Total Operating Expenses	3,327,215	3,699,115	3,567,389
Operating (Loss)	(252,761)	(624,661)	(293,434)
Nonoperating Revenues (Expenses)			
Interest Income	1,847	1,847	6,989
Connection Fees	1,108	1,108	4,109
Other Income	1,500	1,500	70,792
Interest Expense	(325,770)	(458,475)	(449,685)
	(321,315)	(454,020)	(367,795)
Income (Loss) Before Contributions	(574,076)	(1,078,681)	(661,229)
Capital Grant	565,000	565,000	98,202
Change in Net Position	(9,076)	(513,681)	(563,027)
Net Position - Beginning			11,317,936
Net Position - Ending			10,754,909

**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, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 725,153	725,153	712,185
Operating Expenses			
Operations			
Personnel	93,019	93,019	88,043
Contractual Services	67,000	67,000	59,909
Commodities	19,500	19,500	19,956
Miscellaneous	500	500	887
Depreciation	250,000	250,000	229,057
Total Operating Expenses	430,019	430,019	397,852
Operating Income	295,134	295,134	314,333
Nonoperating Revenues (Expenses)			
Interest Income	97	97	71
Interest Expense	(295,439)	(295,439)	(263,935)
	(295,342)	(295,342)	(263,864)
Change in Net Position	(208)	(208)	50,469
Net Position - Beginning			1,279,401
Net Position - Ending			1,329,870

**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, 2017**

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services	\$ 285,500	285,500	275,201
Operating Expenses			
Operations			
Commodities	235,000	235,000	(1,210,720)
Operating Income	50,500	50,500	1,485,921
Nonoperating Revenues (Expenses)			
Interest Income	10	10	580
Interest Expense	(37,432)	(37,432)	(9,508)
	(37,422)	(37,422)	(8,928)
Income Before Transfers	13,078	13,078	1,476,993
Transfers In	25,000	25,000	-
Change in Net Position	38,078	38,078	1,476,993
Net Position - Beginning			(5,950,600)
Net Position - Ending			(4,473,607)

## 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, 2017

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,416,000	1,416,000	1,475,298
Operating Expenses			
Operations			
Contractual Services	1,395,673	1,405,835	1,400,943
Operating Income	20,327	10,165	74,355
Nonoperating Revenues			
Interest Income	150	150	1,081
Change in Net Position	20,477	10,315	75,436
Net Position - Beginning			482,183
Net Position - Ending			557,619



# 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, 2017

	Budget		Actual
	Original	Final	
Additions			
Foreign Fire Insurance	\$ 67,770	67,770	33,858
Other Income	-	-	3,322
	67,770	67,770	37,180
Investment Income			
Interest Earned	30	30	262
Net Change in Fair Value	-	-	-
	30	30	262
Less Investment Expenses	-	-	-
Net Investment Income	30	30	262
Total Additions	67,800	67,800	37,442
Deductions			
Other Charges and Services			
Contractual Services	11,000	11,000	2,072
Supplies	14,800	14,800	10,936
Capital Outlay	42,000	42,000	9,552
Total Deductions	67,800	67,800	22,560
Change in Net Position	-	-	14,882
Net Position - Beginning			40,847
Net Position - Ending			55,729

**CITY OF FREEPORT, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position  
April 30, 2017**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 906,092	856,980	1,763,072
Investments			
U.S. Government and Agency Obligations	3,129,787	4,895,153	8,024,940
State and Local Obligations	384,007	595,850	979,857
Corporate Obligations	3,778,037	5,655,939	9,433,976
Common Stock	1,772,353	3,044,967	4,817,320
Mutual Funds	12,493,981	18,674,568	31,168,549
Receivables - Net of Allowances			
Accrued Interest	53,181	89,247	142,428
Due from Other Funds	19,220	22,414	41,634
<b>NET POSITION</b>			
Net Position Restricted for Pensions	22,536,658	33,835,118	56,371,776

# CITY OF FREEPORT, ILLINOIS

## Pension Trust Funds

### Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2017

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,397,742	934,937	2,332,679
Contributions - Plan Members	281,209	281,560	562,769
Other Income	188	168	356
Total Contributions	1,679,139	1,216,665	2,895,804
Investment Income			
Interest Earned	607,151	800,058	1,407,209
Net Change in Fair Value	1,582,841	2,163,574	3,746,415
	2,189,992	2,963,632	5,153,624
Less Investment Expenses	(64,816)	(98,655)	(163,471)
Net Investment Income	2,125,176	2,864,977	4,990,153
Total Additions	3,804,315	4,081,642	7,885,957
Deductions			
Administration	25,081	25,492	50,573
Benefits and Refunds	2,402,773	2,493,400	4,896,173
Total Deductions	2,427,854	2,518,892	4,946,746
Change in Fiduciary Net Position	1,376,461	1,562,750	2,939,211
Net Position Restricted for Pensions			
Beginning	21,160,197	32,272,368	53,432,565
Ending	22,536,658	33,835,118	56,371,776

# 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, 2017

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,859,174	1,859,174	1,397,742
Contributions - Plan Members	283,899	283,899	281,209
Other Income	-	-	188
Total Contributions	2,143,073	2,143,073	1,679,139
Investment Income			
Interest Earned	670,145	670,145	607,151
Net Change in Fair Value	-	-	1,582,841
	670,145	670,145	2,189,992
Less Investment Expenses	(80,000)	(80,000)	(64,816)
Net Investment Income	590,145	590,145	2,125,176
Total Additions	2,733,218	2,733,218	3,804,315
Deductions			
Administration	51,895	51,895	25,081
Benefits and Refunds	2,640,000	2,640,000	2,402,773
Total Deductions	2,691,895	2,691,895	2,427,854
Change in Fiduciary Net Position	41,323	41,323	1,376,461
Net Position Restricted for Pensions			
Beginning			21,160,197
Ending			22,536,658

# 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, 2017

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,001,449	1,001,449	934,937
Contributions - Plan Members	276,272	276,272	281,560
Other Income	-	-	168
Total Contributions	1,277,721	1,277,721	1,216,665
Investment Income			
Interest Earned	1,027,590	1,027,590	800,058
Net Change in Fair Value	-	-	2,163,574
	1,027,590	1,027,590	2,963,632
Less Investment Expenses	(110,000)	(110,000)	(98,655)
Net Investment Income	917,590	917,590	2,864,977
Total Additions	2,195,311	2,195,311	4,081,642
Deductions			
Administration	53,420	53,420	25,492
Benefits and Refunds	3,022,274	3,022,274	2,493,400
Total Deductions	3,075,694	3,075,694	2,518,892
Change in Fiduciary Net Position	(880,383)	(880,383)	1,562,750
Net Position Restricted for Pensions			
Beginning			32,272,368
Ending			33,835,118

**CITY OF FREEPORT, ILLINOIS**

**Revolving Loan - Agency Fund**

**Schedule of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2017**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Cash and Investments	\$ 277,761	22,681	-	300,442
Receivables - Net of Allowances				
Loans	189,072	-	20,124	168,948
Total Assets	466,833	22,681	20,124	469,390
<b>LIABILITIES</b>				
Due to Others	466,833	7,394	4,837	469,390

## **SUPPLEMENTAL SCHEDULES**

**CITY OF FREEPORT, ILLINOIS****Schedule of Long-Term Debt Requirements****General Obligation Bonds of 2013A****April 30, 2017**

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 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
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
	825,000	147,158	972,158		73,584		73,574



# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2014A

April 30, 2017

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
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>5,530,000</u>	<u>726,875</u>	<u>6,256,875</u>		<u>363,439</u>		<u>363,436</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2014B

April 30, 2017

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
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>5,245,000</u>	<u>2,145,553</u>	<u>7,390,553</u>		<u>1,072,773</u>		<u>1,072,780</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2015A

April 30, 2017

Date of Issue	November 12, 2015
Date of Maturity	January 1, 2034
Authorized Issue	\$9,530,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2018	\$ 500,000	314,825	814,825	2017	157,413	2018	157,412
2019	500,000	304,825	804,825	2018	152,413	2019	152,412
2020	510,000	292,325	802,325	2019	146,163	2020	146,162
2021	520,000	279,575	799,575	2020	139,788	2021	139,787
2022	535,000	263,975	798,975	2021	131,988	2022	131,987
2023	560,000	247,925	807,925	2022	123,963	2023	123,962
2024	570,000	231,125	801,125	2023	115,563	2024	115,562
2025	540,000	214,025	754,025	2024	107,013	2025	107,012
2026	555,000	198,365	753,365	2025	99,183	2026	99,182
2027	575,000	176,165	751,165	2026	88,083	2027	88,082
2028	605,000	153,165	758,165	2027	76,583	2028	76,582
2029	625,000	128,965	753,965	2028	64,483	2029	64,482
2030	485,000	103,965	588,965	2029	51,983	2030	51,982
2031	510,000	84,565	594,565	2030	42,283	2031	42,282
2032	530,000	64,166	594,166	2031	32,083	2032	32,083
2033	545,000	42,965	587,965	2032	21,483	2033	21,482
2034	570,000	22,800	592,800	2033	11,400	2034	11,400
	<u>9,235,000</u>	<u>3,123,721</u>	<u>12,358,721</u>		<u>1,561,868</u>		<u>1,561,853</u>
	1,754,650	593,508	2,348,158	Debt Service			
	461,750	156,186	617,936	Sewer Department			
	<u>7,018,600</u>	<u>2,374,027</u>	<u>9,392,627</u>	Storm Sewer			
	<u>9,235,000</u>	<u>3,123,721</u>	<u>12,358,721</u>				

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Bonds of 2016

April 30, 2017

Date of Issue	June 2, 2016
Date of Maturity	January 1, 2036
Authorized Issue	\$2,490,000
Denomination of Bonds	\$5,000
Interest Rates	1.85% to 4.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2018	\$ 60,000	118,724	178,724	2017	81,166	2018	37,558
2019	110,000	73,915	183,915	2018	36,958	2019	36,957
2020	110,000	71,715	181,715	2019	35,858	2020	35,857
2021	115,000	69,515	184,515	2020	34,758	2021	34,757
2022	115,000	67,387	182,387	2021	33,694	2022	33,693
2023	120,000	65,260	185,260	2022	32,630	2023	32,630
2024	120,000	62,620	182,620	2023	31,310	2024	31,310
2025	125,000	59,980	184,980	2024	29,990	2025	29,990
2026	125,000	56,855	181,855	2025	28,428	2026	28,427
2027	130,000	53,730	183,730	2026	26,865	2027	26,865
2028	130,000	50,090	180,090	2027	25,045	2028	25,045
2029	135,000	46,450	181,450	2028	23,225	2029	23,225
2030	140,000	42,400	182,400	2029	21,200	2030	21,200
2031	140,000	38,200	178,200	2030	19,100	2031	19,100
2032	150,000	32,600	182,600	2031	16,300	2032	16,300
2033	155,000	26,600	181,600	2032	13,300	2033	13,300
2033	165,000	20,400	185,400	2033	10,200	2034	10,200
2035	170,000	13,800	183,800	2034	6,900	2035	6,900
2036	175,000	7,000	182,000	2035	3,500	2036	3,500
	<u>2,490,000</u>	<u>977,241</u>	<u>3,467,241</u>		<u>510,427</u>		<u>466,814</u>

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2001

April 30, 2017

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

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

Fiscal Year	Requirements		
	Principal	Interest	Totals
2018	\$ 9,064	2,348	11,412
2019	9,595	1,817	11,412
2020	10,158	1,254	11,412
2021	10,753	659	11,412
2022	6,455	96	6,551
	46,025	6,174	52,199

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2002

April 30, 2017

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

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

Fiscal Year	Requirements		
	Principal	Interest	Totals
2018	\$ 4,887	1,185	6,072
2019	5,134	938	6,072
2020	5,415	657	6,072
2021	5,713	359	6,072
2022	3,631	65	3,696
	24,780	3,204	27,984

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2010

April 30, 2017

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

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Oct. 28	Amount	Apr. 28	Amount
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
	107,022	5,250	112,272		2,993		2,257

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2012

April 30, 2017

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

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

Fiscal Year	Requirements		
	Principal	Interest	Totals
2018	\$ 157,842	7,062	164,904



## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2014 April 30, 2017

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

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

Fiscal Year	Requirements		
	Principal	Interest	Totals
2018	\$ 108,868	3,900	112,768
2019	110,687	2,081	112,768
2020	56,037	349	56,386
	275,592	6,330	281,922

## CITY OF FREEPORT, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### Installment Note Payable of 2017

April 30, 2017

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Date of Issue	February 16, 2017
Date of Maturity	March 31, 2021
Authorized Issue	\$155,000
Interest Rate	0.00%
Principal Maturity Date	March 31
Payable at	Northern Illinois Service Co.

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

Fiscal Year	Requirements		
	Principal	Interest	Totals
2018	\$ 31,000	-	31,000
2019	31,000	-	31,000
2020	31,000	-	31,000
2021	31,000	-	31,000
	124,000	-	124,000

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### IEPA Clean Water SRF Loan Payable of 2011

April 30, 2017

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

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 18	Amount	Feb. 18	Amount
2018	\$ 326,309	78,248	404,557	2017	39,632	2018	38,616
2019	330,401	74,156	404,557	2018	37,593	2019	36,563
2020	334,543	70,014	404,557	2019	35,528	2020	34,486
2021	338,738	65,819	404,557	2020	33,437	2021	32,382
2022	342,985	61,572	404,557	2021	31,320	2022	30,252
2023	347,286	57,271	404,557	2022	29,176	2023	28,095
2024	351,641	52,916	404,557	2023	27,006	2024	25,910
2025	356,050	48,507	404,557	2024	24,808	2025	23,699
2026	360,515	44,042	404,557	2025	22,583	2026	21,459
2027	365,035	39,522	404,557	2026	20,330	2027	19,192
2028	369,612	34,945	404,557	2027	18,048	2028	16,897
2029	374,247	30,310	404,557	2028	15,738	2029	14,572
2030	378,940	25,617	404,557	2029	13,399	2030	12,218
2031	383,691	20,866	404,557	2030	11,031	2031	9,835
2032	388,502	16,055	404,557	2031	8,633	2032	7,422
2033	393,374	11,183	404,557	2032	6,204	2033	4,979
2034	398,306	6,251	404,557	2033	3,746	2034	2,505
2035	201,022	1,256	202,278	2034	1,256	2035	-
	<u>6,341,197</u>	<u>738,550</u>	<u>7,079,747</u>		<u>379,468</u>		<u>359,082</u>

# CITY OF FREEPORT, ILLINOIS

## Schedule of Long-Term Debt Requirements

### IEPA Drinking Water SRF Loan Payable of 2011

April 30, 2017

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

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 15	Amount	Jan. 15	Amount
2018	\$ 327,391	78,507	405,898	2017	39,764	2018	38,743
2019	331,496	74,402	405,898	2018	37,718	2019	36,684
2020	335,652	70,246	405,898	2019	35,646	2020	34,600
2021	339,861	66,037	405,898	2020	33,548	2021	32,489
2022	344,122	61,776	405,898	2021	31,424	2022	30,352
2023	348,438	57,460	405,898	2022	29,273	2023	28,187
2024	352,807	53,091	405,898	2023	27,095	2024	25,996
2025	357,231	48,667	405,898	2024	24,890	2025	23,777
2026	361,710	44,188	405,898	2025	22,658	2026	21,530
2027	366,245	39,653	405,898	2026	20,397	2027	19,256
2028	370,838	35,060	405,898	2027	18,108	2028	16,952
2029	375,488	30,410	405,898	2028	15,790	2029	14,620
2030	380,196	25,702	405,898	2029	13,443	2030	12,259
2031	384,963	20,935	405,898	2030	11,067	2031	9,868
2032	389,790	16,108	405,898	2031	8,661	2032	7,447
2033	394,678	11,220	405,898	2032	6,225	2033	4,995
2034	399,627	6,271	405,898	2033	3,758	2034	2,513
2035	201,688	1,261	202,949	2034	1,261	2035	-
	<u>6,362,221</u>	<u>740,994</u>	<u>7,103,215</u>		<u>380,726</u>		<u>360,268</u>