

Freeport Park District

Freeport, Illinois

Annual Financial Report

March 31, 2016

Freeport Park District

Board of Commissioners

Dana Stewart, President, (Current term expires May 2021)
Tom Jungen, Vice-President, (Current term expires May 2021)
Debbie Schwartz, Commissioner, (Current term expires May 2017)
Ken Collin, Commissioner, (Current term expires May 2017)
George Yarzak, Commissioner, (Current term expires May 2019)

Treasurer

Vickie L. Witt, Interim

Executive Director

Jack Carey

Freeport Park District

Year Ended March 31, 2016

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Freeport Park District

Year Ended March 31, 2016

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Independent Auditor's Report

Board of Commissioners
Freeport Park District
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 Freeport Park District, Freeport, Illinois (the "Park District") as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Park District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Freeport Park District, Freeport, Illinois as of March 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States.

Emphasis of Matters

The Freeport Park District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB 68*, during the year ended March 31, 2016. Statement No. 68 and 71 changed how net pension liability is reported on the statement of net position and the footnotes related to the retirement systems the Park District participates in. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the schedule of contributions for Illinois municipal retirement fund, schedule of changes in net pension liability for the Illinois municipal retirement fund, and the schedules of revenues and expenditures compared with budget on pages 4 - 10 and 48 - 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freeport Park District's financial statements as a whole. The schedules listed in the table of contents as "Supplementary Information" are presented for purposes of additional analysis and are not a required part of the financial statements. These 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Freeport, Illinois
July 28, 2016

Management Discussion and Analysis

Freeport Park District

Management Discussion and Analysis

As management of the Freeport Park District (the "Park District"), we offer the readers of the Park District's financial statements this narrative overview and analysis of the financial activities of the Freeport Park District for the year ended March 31, 2016.

The MD&A is provided at the beginning of the report to provide an overview of the Park District's financial position at March 31, 2016 and 2015, and the results of operations. This summary should not be taken as a replacement for the annual financial report, which consists of the financial statements, notes to the financial statements, required and supplementary information.

Using This Financial Report

The financial section of this annual report consists of four parts - Independent Auditor's Report, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information.

Government-Wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long term information about the Park District's overall financial status, similar to a private sector business. In the government-wide financial statements the Park District's activities are shown in two categories - governmental and business type activities. The Park District's basic services are general government, parks, building, and programs. Current operations of these activities are largely financed with property taxes.

The statement of net position presents information on all of the Park District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them 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 Park District is improving or deteriorating. To assess the overall health of the Park District you need to consider additional non-financial factors such as the condition of the Park District's buildings and facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. The government-wide financial statements are prepared under the accrual basis of accounting.

Fund Financial Statements

The fund financial statements provide more detailed information about the Park District's funds - not the Park District as a whole. Funds are accounting devices the Park District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that the Park District is properly using certain revenues.

Freeport Park District

Management Discussion and Analysis

Fund Financial Statements (Continued)

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

The Park District maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for all these funds. Seven of these ten governmental funds are considered major funds of the Park District.

The Park District adopts annual budgets for all major governmental funds and certain other funds. A budgetary comparison statement has been provided for the major governmental funds only, which is in compliance with GASB Statement No. 34.

General (Corporate) Fund Budgetary Variances

Revenues - The most significant revenues for the General Fund during fiscal year 2016 continue to be property and replacement taxes. Total revenues were approximately \$633,000 which was approximately \$2,000 more than the budgeted revenues.

Expenditures - Actual expenditures were less than budgeted disbursements in the General Fund by approximately \$26,000. The primary budgetary differences were related to less costly personal services and legal services.

Recreation Fund Budgetary Variances

Revenues - The Recreation Fund receives most of its revenues from property taxes and user fees. The overall budgeted revenues for property tax and program fees were less than actual revenues by approximately \$3,000. The Park District realized an increase in miscellaneous revenues.

Expenditures - The overall expenditures were less than the budgeted disbursements by approximately \$35,000. The Park District attributes this variance to efficient operations as well as reduced variable expenses.

Social Security/IMRF Fund Budget Variances

Revenues - The Social Security/IMRF Fund receives most of its revenues from taxes. The overall budgeted revenues were close to actual revenues.

Expenditures - The overall expenditures were less than the budgeted disbursements by approximately \$4,000. This was primarily due to a decrease in payroll related to the reduction in services.

Freeport Park District

Management Discussion and Analysis

Fund Financial Statements (Continued)

Museum Budget Variances

Revenues - The Museum Fund receives most of its revenues from taxes. The overall budgeted revenues were close to actual revenues.

Expenditures - The overall expenditures were more than the budgeted disbursements by approximately \$9,000. This was primarily due to more payroll related costs.

Tort Liability Budget Variances

Revenues - The Tort Liability Fund receives most of its revenues from taxes. The overall budgeted revenues were close to actual revenues.

Expenditures - The overall expenditures were less than the budgeted disbursements by approximately \$23,000. This was primarily due to less payroll related costs charged to risk management.

Freeport Park District

Management Discussion and Analysis

Condensed Financial Information

Net position is summarized in the table below.

Condensed Statement of Net Position as of March 31, 2016 and 2015*

| | Governmental Activities | | Business-type Activities | | Total | |
|---|------------------------------------|---------------------|-------------------------------------|--------------------|---------------------|---------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Assets: | | | | | | |
| Current Assets | \$ 6,815,125 | \$ 7,103,033 | \$1,460,775 | \$1,419,854 | \$ 8,275,900 | \$ 8,522,887 |
| Non-current Assets | <u>12,097,617</u> | <u>11,893,692</u> | <u>1,340,375</u> | <u>1,452,453</u> | <u>13,437,992</u> | <u>13,346,145</u> |
| Total Assets | <u>18,912,742</u> | <u>18,996,725</u> | <u>2,801,150</u> | <u>2,872,307</u> | <u>21,713,892</u> | <u>21,869,032</u> |
| Deferred outflows of resources | <u>303,509</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>303,509</u> | <u>-</u> |
| Liabilities: | | | | | | |
| Current Liabilities | 932,748 | 1,146,337 | 255,762 | 235,536 | 1,188,510 | 1,381,873 |
| Non-current Liabilities | <u>611,774</u> | <u>763,908</u> | <u>10,299</u> | <u>8,759</u> | <u>622,073</u> | <u>772,667</u> |
| Total liabilities | <u>1,544,522</u> | <u>1,910,245</u> | <u>266,061</u> | <u>244,295</u> | <u>1,810,583</u> | <u>2,154,540</u> |
| Deferred Inflows of Resources | <u>2,426,080</u> | <u>2,380,627</u> | <u>-</u> | <u>-</u> | <u>2,426,080</u> | <u>2,380,627</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 10,545,027 | 10,236,692 | 1,340,375 | 1,452,453 | 11,885,402 | 11,689,145 |
| Restricted | 2,320,411 | 1,957,093 | - | - | 2,320,411 | 1,957,093 |
| Unrestricted | <u>2,380,211</u> | <u>2,512,068</u> | <u>1,194,714</u> | <u>1,175,559</u> | <u>3,574,925</u> | <u>3,687,627</u> |
| Total net position | <u>\$15,245,649</u> | <u>\$14,705,853</u> | <u>\$2,535,089</u> | <u>\$2,628,012</u> | <u>\$17,780,738</u> | <u>\$17,333,865</u> |

*March 31, 2015 financial statements have not been restated for GASB 68 and 71 implementation.

The largest portion of the Park District's net position is reflected in its investments in capital assets (i.e., land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Park District uses these assets to provide services. Therefore these assets are not available for future spending. Although the Park District's investments in its capital assets are reported net of available debt, it should be noted that the resources required to repay this type of debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these types of liabilities.

Freeport Park District

Management Discussion and Analysis

Condensed Financial Information (Continued)

The Park District's net position consists of net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents assets which have restrictions determined by an outside party.

Unrestricted represents net position that has not been restricted by an outside party. This includes funds that the Park District has designated for specific uses as well as amounts that are contractually committed for goods and services.

Revenues, expenses, and changes in net position are summarized in the table below:

Condensed Statement of Activities For Fiscal Years Ending March 31, 2016 and 2015*

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|------------------------------------|-------------------------|-------------------------------------|-----------------------|-------------------------|-------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Revenues: | | | | | | |
| Program: | | | | | | |
| Charges for services | \$ 332,115 | \$ 319,356 | \$ 904,910 | \$ 856,297 | \$1,237,025 | \$1,175,653 |
| Operating grants & contributions | - | 75,704 | - | - | - | 75,704 |
| Capital grants & contributions | 8,146 | 112,210 | - | - | 8,146 | 112,210 |
| General: | | | | | | |
| Property taxes | 2,383,446 | 2,487,909 | - | - | 2,383,446 | 2,487,909 |
| Replacement tax | 190,480 | 172,222 | - | - | 190,480 | 172,222 |
| Other: | | | | | | |
| Investment earnings | 43,416 | 36,931 | 12,597 | 14,775 | 56,013 | 51,706 |
| Insurance proceeds | 329 | 400 | - | - | 329 | 400 |
| Miscellaneous | <u>116,602</u> | <u>311,471</u> | <u>9,643</u> | <u>31,264</u> | <u>126,245</u> | <u>342,735</u> |
| Total revenues | <u>3,074,534</u> | <u>3,516,203</u> | <u>927,150</u> | <u>902,336</u> | <u>4,001,684</u> | <u>4,418,539</u> |

Freeport Park District

Management Discussion and Analysis

Condensed Statement of Activities For Fiscal Years Ending March 31, 2016 and 2015*

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|------------------------------------|--------------------|-------------------------------------|---------------------|---------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Expenses: | | | | | | |
| General government | 1,818,605 | 1,624,144 | - | - | 1,818,605 | 1,624,144 |
| Public safety - police | 45,237 | 39,361 | - | - | 45,237 | 39,361 |
| Parks department | 1,257,746 | 1,177,835 | 995,535 | 1,003,335 | 2,253,281 | 2,181,170 |
| Development | 85,590 | 412,658 | - | - | 85,590 | 412,658 |
| Interest on debt | <u>42,773</u> | <u>49,365</u> | <u>-</u> | <u>-</u> | <u>42,773</u> | <u>49,365</u> |
| Total expenses | <u>3,249,951</u> | <u>3,303,363</u> | <u>995,535</u> | <u>1,003,335</u> | <u>4,245,486</u> | <u>4,306,698</u> |
| Transfers - internal activity | <u>24,538</u> | <u>83,265</u> | <u>(24,538)</u> | <u>(83,265)</u> | <u>-</u> | <u>-</u> |
| Change in net position | <u>\$ (150,879)</u> | <u>\$ 296,105</u> | <u>\$ (92,923)</u> | <u>\$ (184,264)</u> | <u>\$ (243,802)</u> | <u>\$ 111,841</u> |

*March 31, 2015 financial statements have not been restated for GASB 68 and 71 implementation.

Major sources of operating revenues for the Park District's governmental funds include property taxes and membership fees.

Capital Asset and Long-Term Debt Activity

Capital Assets

The Park District's investment in capital assets at year-end totaled \$11,885,402 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, office furniture and equipment, and other equipment related to programs. There were \$649,196 of capital asset additions recorded during the year and \$719,940 of depreciation charges were expensed on the total capital assets. See Footnote (3) for details of capital assets.

Long-term debt activity

At March 31, 2016, the Park District had approximately \$1,390,000 in long-term debt which consists of general obligation bonds. See Footnote (4) for details of debt.

Freeport Park District

Management Discussion and Analysis

Management's Analysis of the District's Overall Financial Position and Results of Operations

The Statement of Net Position reflects an overall decrease in the Park District's total net position from the prior year of approximately \$244,000.

The Park District's General Fund balance increased approximately \$88,000 from the prior year. The general fund is the primary operating fund of the Park District.

The Park District has created financial stability through careful planning and use of our fund balances. The Park District will continue to complete capital improvements and repairs in accordance with our Capital Improvement Plan as well as continue to assess and implement the programming needs of our community.

Factors or Conditions Impacting Future Periods

Future goals include the expansion of the Park District's trail system and continue cooperation with the City of Freeport and the Freeport School District to provide additional community programming to include special events. The Park District hopes that the additional special events will enrich the lives of our constituents as well as improve the financial health of the community through tourism revenue.

Contacting the Park District's Financial Management

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the District's finances and to demonstrate the Park District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Freeport Park District, 1122 S. Burchard Ave., Freeport, IL 61032.

Basic Financial Statements

Freeport Park District

Statement of Net Position

March 31, 2016

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents, and investments | \$ 4,343,638 | \$ 1,424,791 | \$ 5,768,429 |
| Investment in trust | 65,045 | - | 65,045 |
| Other receivables | 108,967 | - | 108,967 |
| Property taxes receivable | 2,297,475 | - | 2,297,475 |
| Inventory | - | 35,984 | 35,984 |
| Total current assets | 6,815,125 | 1,460,775 | 8,275,900 |
| Non-current assets: | | | |
| Net pension asset | 162,590 | - | 162,590 |
| Land (non-depreciable) | 1,704,569 | 560,000 | 2,264,569 |
| Land improvements | 9,107,696 | 1,822,823 | 10,930,519 |
| Buildings & equipment | 11,109,356 | 2,376,070 | 13,485,426 |
| Less allowance for depreciation | (9,986,594) | (3,418,518) | (13,405,112) |
| Total noncurrent assets | 12,097,617 | 1,340,375 | 13,437,992 |
| Total assets | 18,912,742 | 2,801,150 | 21,713,892 |
| Deferred Outflows of Resources | | | |
| Deferred outflows of pension resources | 303,509 | - | 303,509 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 60,123 | 33,746 | 93,869 |
| Flex benefit plan payable | 3,439 | - | 3,439 |
| Accrued salaries | 12,547 | 4,225 | 16,772 |
| Accrued interest payable | 8,414 | - | 8,414 |
| Compensated absences - current | 15,336 | 4,890 | 20,226 |
| Unearned revenue - charges for services | 1,526 | 196,442 | 197,968 |
| Unearned revenue - unredeemed gift certificates | 1,363 | 16,459 | 17,822 |
| Bonds payable - current portion | 830,000 | - | 830,000 |
| Total current liabilities | 932,748 | 255,762 | 1,188,510 |
| Noncurrent: | | | |
| Compensated absences - noncurrent | 51,774 | 10,299 | 62,073 |
| Bonds payable - non-current portion | 560,000 | - | 560,000 |
| Total noncurrent liabilities | 611,774 | 10,299 | 622,073 |
| Total liabilities | 1,544,522 | 266,061 | 1,810,583 |
| Deferred Inflows of Resources | | | |
| Deferred inflows of pension resources | 128,605 | - | 128,605 |
| Property taxes | 2,297,475 | - | 2,297,475 |
| Total deferred inflows of resources | 2,426,080 | - | 2,426,080 |
| Net Position | | | |
| Net investment in capital assets | 10,545,027 | 1,340,375 | 11,885,402 |
| Restricted for: | | | |
| Debt service | 109,110 | - | 109,110 |
| Other purposes | 2,211,301 | - | 2,211,301 |
| Unrestricted | 2,380,211 | 1,194,714 | 3,574,925 |
| Total net position | \$ 15,245,649 | \$ 2,535,089 | \$ 17,780,738 |

Freeport Park District

Statement of Activities

Year ended March 31, 2016

| Functions/Programs | Expenses | Charges for Services | Program Revenue | |
|--------------------------------------|--------------|-------------------------|--|--|
| | | | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 1,818,605 | \$ - | \$ - | \$ - |
| Public safety - police | 45,237 | 2,397 | - | - |
| Culture and recreation | 1,257,746 | 329,718 | - | 8,146 |
| Development | 85,590 | - | - | - |
| Interest on long-term debt | 42,773 | - | - | - |
| Total governmental activities | 3,249,951 | 332,115 | - | 8,146 |
| Business-type activities: | | | | |
| Golf course | 995,535 | 904,910 | - | - |
| Total business-type activities | 995,535 | 904,910 | - | - |
| Total primary government | \$ 4,245,486 | \$ 1,237,025 | \$ - | \$ 8,146 |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | | |
| Corporate replacement tax | | | | |
| Investment income | | | | |
| Contributions | | | | |
| Miscellaneous | | | | |
| Insurance/claims proceeds | | | | |
| Transfers - internal activity | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning as restated | | | | |
| Prior period adjustment | | | | |
| Net position - ending | | | | |

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| \$ (1,818,605) | \$ - | \$ (1,818,605) |
| (42,840) | - | (42,840) |
| (919,882) | - | (919,882) |
| (85,590) | - | (85,590) |
| (42,773) | - | (42,773) |
| (2,909,690) | - | (2,909,690) |
| - | (90,625) | (90,625) |
| - | (90,625) | (90,625) |
| (2,909,690) | (90,625) | (3,000,315) |
| 2,383,446 | - | 2,383,446 |
| 190,480 | - | 190,480 |
| 43,416 | 12,597 | 56,013 |
| 7,060 | 7,643 | 14,703 |
| 109,542 | 2,000 | 111,542 |
| 329 | - | 329 |
| 24,538 | (24,538) | - |
| 2,758,811 | (2,298) | 2,756,513 |
| (150,879) | (92,923) | (243,802) |
| 15,155,297 | 2,530,993 | 17,686,290 |
| 241,231 | 97,019 | 338,250 |
| <u>\$ 15,245,649</u> | <u>\$ 2,535,089</u> | <u>\$ 17,780,738</u> |

Freeport Park District

Balance Sheet Governmental Funds

March 31, 2016

| | General Fund | Recreation Fund | Social Security/ Mun. Retire. Fund |
|--|-----------------|--------------------|--|
| Assets | | | |
| Cash, cash equivalents, and investments | \$ 412,294 | \$ 87,281 | \$ 348,375 |
| Other receivables | - | - | - |
| Investment in trust | - | 65,045 | - |
| Taxes receivable | 598,138 | 670,664 | 257,799 |
| Due from other funds | 36,261 | - | - |
| Prepaid advertising | - | - | - |
| Total assets | \$ 1,046,693 | \$ 822,990 | \$ 606,174 |
| Liabilities | | | |
| Liabilities | | | |
| Accounts payable | \$ 22,682 | \$ 12,354 | \$ - |
| Flex benefit plan payable | 3,439 | - | - |
| Accrued salaries | 4,365 | 3,802 | - |
| Unearned revenue - charges for services | - | 1,526 | - |
| Unearned revenue - unredeemed gift certificates | - | 1,363 | - |
| Due to other funds | - | - | - |
| Total liabilities | 30,486 | 19,045 | - |
| Deferred Inflows of Resources | | | |
| Property taxes | 598,138 | 670,664 | 257,799 |
| Total deferred inflows of resources | 598,138 | 670,664 | 257,799 |
| Fund balances | | | |
| Fund balances: | | | |
| Nonspendable | - | - | - |
| Restricted for: | | | |
| Tort liability insurance | - | - | - |
| Recreation - Gelwicks donation | - | 65,045 | - |
| Payroll taxes/retirement contribution | - | - | 348,375 |
| Special Recreation | - | - | - |
| Museum | - | - | - |
| Police | - | - | - |
| Audit | - | - | - |
| Debt service | - | - | - |
| Committed | - | - | - |
| Unassigned | 418,069 | 68,236 | - |
| Total fund balances | 418,069 | 133,281 | 348,375 |
| Total liabilities, deferred inflows, and fund balances | \$ 1,046,693 | \$ 822,990 | \$ 606,174 |

| Museum Fund | Tort Liability Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------|---------------------|-------------------|-----------------------|-----------------------------|--------------------------|
| \$ 197,778 | \$ 1,078,499 | \$ 109,110 | \$ 1,891,807 | \$ 218,494 | \$ 4,343,638 |
| 5,496 | - | - | 103,471 | - | 108,967 |
| - | - | - | - | - | 65,045 |
| 385,607 | - | 98,894 | - | 286,373 | 2,297,475 |
| - | - | - | - | - | 36,261 |
| - | - | - | - | - | - |
| <u>\$ 588,881</u> | <u>\$ 1,078,499</u> | <u>\$ 208,004</u> | <u>\$ 1,995,278</u> | <u>\$ 504,867</u> | <u>\$ 6,851,386</u> |
| \$ 947 | \$ - | \$ - | \$ 23,169 | \$ 971 | \$ 60,123 |
| - | - | - | - | - | 3,439 |
| 2,069 | 710 | - | - | 1,601 | 12,547 |
| - | - | - | - | - | 1,526 |
| - | - | - | - | - | 1,363 |
| - | - | - | - | 36,261 | 36,261 |
| <u>3,016</u> | <u>710</u> | <u>-</u> | <u>23,169</u> | <u>38,833</u> | <u>115,259</u> |
| 385,607 | - | 98,894 | - | 286,373 | 2,297,475 |
| 385,607 | - | 98,894 | - | 286,373 | 2,297,475 |
| - | - | - | - | - | - |
| - | 1,077,789 | - | - | - | 1,077,789 |
| - | - | - | - | - | 65,045 |
| - | - | - | - | - | 348,375 |
| - | - | - | - | 84,803 | 84,803 |
| 200,258 | - | - | - | - | 200,258 |
| - | - | - | - | 97,537 | 97,537 |
| - | - | - | - | - | - |
| - | - | 109,110 | - | - | 109,110 |
| - | - | - | 1,972,109 | - | 1,972,109 |
| - | - | - | - | (2,679) | 483,626 |
| <u>200,258</u> | <u>1,077,789</u> | <u>109,110</u> | <u>1,972,109</u> | <u>179,661</u> | <u>4,438,652</u> |
| <u>\$ 588,881</u> | <u>\$ 1,078,499</u> | <u>\$ 208,004</u> | <u>\$ 1,995,278</u> | <u>\$ 504,867</u> | <u>\$ 6,851,386</u> |

Freeport Park District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

March 31, 2016

| | |
|--|----------------------|
| Total fund balances - governmental funds | \$ 4,438,652 |
| 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 as assets in governmental funds. | 21,921,621 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: | |
| Deferred outflows related to pensions | 303,509 |
| Net pension asset | 162,590 |
| Accumulated depreciation relative to capital assets has not been reported on the governmental fund balance sheet. | (9,986,594) |
| General obligation bonds payable debt has not been reported on the governmental funds balance sheet. | (1,390,000) |
| Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. | (8,414) |
| Long-term liabilities, not due and payable in the current period and therefore are not reported in the funds. | |
| Compensated absences | (67,110) |
| Deferred inflows related to pensions | <u>(128,605)</u> |
| Total net position - governmental activities | <u>\$ 15,245,649</u> |

Freeport Park District

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year ended March 31, 2016

| | General Fund | Recreation Fund | Social Security/ Mun. Retire. Fund |
|---|-----------------|--------------------|--|
| Revenues | | | |
| Property taxes | \$ 509,952 | \$ 378,437 | \$ 169,197 |
| Corporate replacement tax | 91,240 | 91,240 | 8,000 |
| Investment earnings (losses) | 19,562 | 10,627 | 1,959 |
| Labor reimbursement | - | - | - |
| Building rentals | 9,031 | - | - |
| Grants - state | - | 5,582 | - |
| Donations/Foundation reimbursement | - | - | - |
| J.A.T. Commission - reimbursements | - | 25,605 | - |
| Fines | - | - | - |
| Insurance reimbursement | 329 | - | - |
| Charges for services | - | 308,812 | - |
| Miscellaneous | 3,283 | 29,670 | - |
| Total revenues | 633,397 | 849,973 | 179,156 |
| Expenditures | | | |
| Current: | | | |
| General government | 534,017 | 448,973 | 130,046 |
| Public safety | - | - | - |
| Culture and recreation | - | 333,447 | 43,349 |
| Debt service - interest | - | - | - |
| Debt service - principal | - | - | - |
| Development | - | - | - |
| Total current expenditures | 534,017 | 782,420 | 173,395 |
| Capital outlay | - | - | - |
| Total expenditures | 534,017 | 782,420 | 173,395 |
| Excess (deficiency) of revenues over expenditures | 99,380 | 67,553 | 5,761 |
| Other Financing Sources (Uses) | | | |
| Transfer of administrative services | 30,770 | - | - |
| Other transfers in | - | - | - |
| Other transfers out | (42,000) | - | - |
| General obligation debt issued | - | - | - |
| Total other financing sources (uses) | (11,230) | - | - |
| Net change in fund balances | 88,150 | 67,553 | 5,761 |
| Fund balances - beginning | 329,919 | 65,728 | 342,614 |
| Fund balances - ending | \$ 418,069 | \$ 133,281 | \$ 348,375 |

| Museum Fund | Tort Liability Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------|---------------------|-------------------|-----------------------|-----------------------------|--------------------------|
| \$ 154,205 | \$ 245,985 | \$ 771,467 | \$ - | \$ 154,203 | \$ 2,383,446 |
| - | - | - | - | - | 190,480 |
| 355 | 3,196 | - | 7,321 | 396 | 43,416 |
| - | - | - | - | 48 | 48 |
| - | - | - | - | - | 9,031 |
| - | 2,564 | - | - | - | 8,146 |
| - | - | - | 7,060 | - | 7,060 |
| - | - | - | - | - | 25,605 |
| - | - | - | - | 2,397 | 2,397 |
| - | - | - | - | - | 329 |
| - | - | - | - | 20,906 | 329,718 |
| 28,171 | 10,534 | - | 3,200 | - | 74,858 |
| 182,731 | 262,279 | 771,467 | 17,581 | 177,950 | 3,074,534 |
| - | 243,688 | - | 64,590 | 19,000 | 1,440,314 |
| - | - | - | - | 45,237 | 45,237 |
| 186,893 | - | - | - | 104,508 | 668,197 |
| - | - | 44,650 | - | - | 44,650 |
| - | - | 927,000 | - | - | 927,000 |
| - | - | - | 85,590 | - | 85,590 |
| 186,893 | 243,688 | 971,650 | 150,180 | 168,745 | 3,210,988 |
| - | - | - | 649,196 | - | 649,196 |
| 186,893 | 243,688 | 971,650 | 799,376 | 168,745 | 3,860,184 |
| (4,162) | 18,591 | (200,183) | (781,795) | 9,205 | (785,650) |
| - | - | - | - | (10,000) | 20,770 |
| - | - | 200,282 | - | 45,768 | 246,050 |
| - | - | - | (200,282) | - | (242,282) |
| - | - | - | 660,000 | - | 660,000 |
| - | - | 200,282 | 459,718 | 35,768 | 684,538 |
| (4,162) | 18,591 | 99 | (322,077) | 44,973 | (101,112) |
| 204,420 | 1,059,198 | 109,011 | 2,294,186 | 134,688 | 4,539,764 |
| \$ 200,258 | \$ 1,077,789 | \$ 109,110 | \$ 1,972,109 | \$ 179,661 | \$ 4,438,652 |

Freeport Park District

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

March 31, 2016

| | |
|---|---------------------|
| Excess (deficiency) of revenues received and other sources over (under) expenditures disbursed and other uses - Governmental funds | \$ (101,112) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense reported in the current period | 41,334 |
| Proceeds from the issuance of bonds during the current fiscal year are not reported as revenue in the statement of activities | (660,000) |
| Retirement of general obligation debt principal during the current fiscal year is not reported as expenditures in the statement of activities | 927,000 |
| Interest expense accrual in the government-wide statement of activities does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds | 1,877 |
| Pension related expenses are not reported in the statement of activities | (353,180) |
| Change in the accrual for compensated absences is reported as a current fiscal year adjustment in the statement of activities | <u>(6,798)</u> |
| Change in net position of governmental activities | <u>\$ (150,879)</u> |

Freeport Park District

Statement of Net Position Proprietary Fund

March 31, 2016

| | Golf Course Enterprise Fund |
|--|-----------------------------------|
| Assets | |
| Current assets: | |
| Cash, cash equivalents, and investments | \$ 1,424,791 |
| Inventory | 35,984 |
| Total current assets | 1,460,775 |
| Noncurrent assets: | |
| Land (nondepreciable) | 560,000 |
| Land improvements | 1,822,823 |
| Buildings and equipment | 2,376,070 |
| Less allowance for depreciation | (3,418,518) |
| Total noncurrent assets | 1,340,375 |
| Total assets | 2,801,150 |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 33,746 |
| Accrued salaries | 4,225 |
| Compensated absences | 4,890 |
| Unearned revenue - charges for services | 196,442 |
| Unearned revenue - unredeemed gift/golf certificates | 16,459 |
| Total current liabilities | 255,762 |
| Noncurrent liabilities: | |
| Compensated absences | 10,299 |
| Total liabilities | 266,061 |
| Net Position | |
| Net investment in capital assets | 1,340,375 |
| Unrestricted | 1,194,714 |
| Total net position | \$ 2,535,089 |

Freeport Park District

Statement of Revenues, Expenses and Changes in Net Position Proprietary Fund

Year ended March 31, 2016

| | Golf Course Enterprise Fund |
|--|-----------------------------------|
| Operating revenues: | |
| Charges for services | \$ 904,910 |
| Total operating revenues | 904,910 |
| Operating expenses: | |
| Salaries | 384,990 |
| Contractual services | 41,604 |
| Utilities | 36,146 |
| Repair and maintenance | 47,517 |
| Other supplies and expenses | 373,200 |
| Depreciation | 112,078 |
| Total operating expenses | 995,535 |
| Operating income (loss) | (90,625) |
| Non-operating revenues (expenses): | |
| Investment income | 12,597 |
| Donations | 7,643 |
| Miscellaneous revenue | 2,000 |
| Total non-operating revenue (expenses) | 22,240 |
| Income (loss) before contributions and transfers | (68,385) |
| Transfers in | - |
| Transfers out | (24,538) |
| Change in net position | (92,923) |
| Net position, beginning | 2,530,993 |
| Prior period adjustment | 97,019 |
| Net position, ending | \$ 2,535,089 |

Freeport Park District

Statement of Cash Flows Proprietary Fund

Year ended March 31, 2016

| | Golf Course Enterprise Fund |
|--|-----------------------------------|
| Cash Flows From Operating Activities | |
| Receipts from customers | \$ 924,705 |
| Payments to suppliers | (485,566) |
| Payments to employees | (393,606) |
| Net cash provided by (used in) operating activities | 45,533 |
| Cash Flows From Non-Capital Financing Activities | |
| Miscellaneous | 2,000 |
| Donations | 7,643 |
| Transfer of management/user fees | - |
| Transfer of administrative services | (20,770) |
| Transfer to other funds | (3,768) |
| Transfer from other funds | - |
| Net cash provided by (used in) non-capital financing activities | (14,895) |
| Cash Flows From Capital and Related Financing Activities | |
| Purchases of capital assets | - |
| Net cash provided by (used in) capital and related financing activities | - |
| Cash Flows From Investing Activities | |
| Investment income | 12,597 |
| Net cash provided by (used in) investing activities | 12,597 |
| Net increase (decrease) in cash, cash equivalents, and investments | 43,235 |
| Beginning cash, cash equivalents, and investments | 1,381,556 |
| Ending cash, cash equivalents, and investments | \$ 1,424,791 |

Freeport Park District

Statement of Cash Flows (Continued) Proprietary Fund

Year ended March 31, 2016

| | Golf Course Enterprise Fund |
|--|-----------------------------------|
| Reconciliation of operating income to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ (90,625) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations: | |
| Depreciation | 112,078 |
| Changes in assets and liabilities: | |
| Inventory | 2,314 |
| Accrued salaries/compensated absences | (8,616) |
| Accounts payable | 10,587 |
| Unredeemed gift/golf certificates | (147) |
| Unearned revenue | 19,942 |
| Net cash provided by (used in) operating activities | \$ 45,533 |

Notes to Financial Statements

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The Park District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed below.

The Financial Reporting Entity

The Freeport Park District (Park District) is a municipal unit of local government authorized under Chapter 70 of the Illinois Compiled Statutes (ILCS), section 1205, governed by a five member elected Board of Park Commissioners. The District's major operations include public safety, golf course operations, recreation and general government services. The Park District is located primarily in Freeport, Illinois.

In evaluating how to define the government, for financial reporting purposes, the Park District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The Park District's financial reporting entity comprises the following:

Primary Government - Freeport Park District

The Park District has determined that there are no component units required to be included in the financial statements.

Government Wide and Fund Financial Statements

The government wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government as a whole. For the most part any inter-fund activity has been eliminated from these two statements. The statements distinguish between governmental and business-type activities. Governmental-type activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in large part by fees charged to external parties for goods or services.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

The Statement of Activities demonstrates the degree to which the direct expense of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity.

Program revenues include 1) charges for services which report fees, fines and forfeitures, and other charges to users of the Park District's services; 2) grants and contributions which finance annual operating activities including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and other revenue sources not properly included with program revenues are reported as general revenue.

Separate fund financial statements are provided for governmental funds, proprietary funds and if applicable, fiduciary funds which are not included in the government-wide financial statements.

Funds of the Park District are organized into two major categories: governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Park District or meets the following criteria:

- 1) Total assets, liabilities, 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
- 2) Total assets, liabilities, 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.

Fund Financial Statements

The fund types of the reporting entity are described below:

Governmental Funds

General Fund - The general fund is the primary operating fund of the Park District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in all other funds. The Park District's general fund accounts for the operation of the Park District's administration.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources such as police fines, special recreational programs, and regular recreational programs including pool revenue that are legally restricted to expenditures for certain purposes.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide and Fund Financial Statements (Continued)

Capital Projects Fund - The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. Funding is provided both through annual capital improvement bond sale proceeds and, state and federal grants.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the Park District other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the District's debt retirement requirements.

Proprietary Funds

Enterprise Fund - The Enterprise Fund is used to account for business-like activities to the general public. The activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Enterprise Fund includes the Golf Course Fund.

Freeport Park District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Government Wide and Fund Financial Statements (Continued)

Major and Non-major Funds

The Funds are further classified as major or non-major as follows:

| <u>Fund</u> | <u>Description</u> |
|---|--|
| <i>Major:</i> | |
| General Fund | See above for description |
| Special Revenue Funds: | |
| Recreation Fund | Accounts for activities of promoting and maintaining recreational programs of the Park District. |
| Museum Fund | Accounts for operation of the Park District's museum facility and functions. Funding is provided by property tax levy. |
| Tort Liability Fund | Accounts for the Park District's insurance and risk management |
| Social Security/Municipal Retirement Fund | Accounts for activities resulting from participation in both the Illinois Municipal Retirement Program and the Federal government's Social Security program. |
| Capital Projects Fund | See above for description |
| Debt Service Fund | See above for description |
| Enterprise Fund: | |
| Golf Course Funds | See above for description |
| <i>Non-major:</i> | |
| Special Revenue Funds: | |
| Special Recreation Fund | Accounts for the operation of the Park District's special recreational programs. Funding is provided by property tax levy and program fees. |
| Police Fund | Accounts for the operation of a portion of the expense salary of the Police Dept. Funding is provided by property tax levy and assessed fines. |
| Audit Fund | Accounts for expenditures in connection with the Park District's annual financial compliance audit as mandated by state statute. Funding is provided by property tax levy. |

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation

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

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of when the cash is received or paid.

The Governmental Funds Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are generally measurable and available. Revenues are considered to be available if they are received within the current reporting period or soon enough thereafter in order to pay the current liabilities of the current period. The Park District generally considers revenues to be available if received within 60 days after the end of the fiscal year. Expenditures are usually recorded when a liability is incurred under the modified accrual basis. Expenditures for debt service and compensated absences are recorded when they become due. The government-wide financial statements classify expenses by function for both governmental and business-type activities.

Governmental funds report expenditures relating to use of financial resources. Proprietary funds report expenses relating to use of economic resources.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By character:

Current (further classified by function), Capital Outlay, or Debt Service

In the propriety fund financial statements, expenses are classified as operating and non-operating.

Permanent re-allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Investments

The Park District maintains and controls several major cash accounts in which the general, special revenue, capital projects funds and the golf course funds are pooled, but accounted for separately by fund. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at year end. An individual fund's monies in pooled cash accounts are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with maturity of ninety days or less are also considered to be "cash equivalents".

Occasionally one or more of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Park District Board. Negative balances incurred in pooled cash and investments at year end are shown as due to/from balances in the financial statements. The following funds had deficit balances in the cash or investment commingled accounts:

| | |
|------------|-------------------|
| Audit Fund | <u>\$(36,261)</u> |
| Total | <u>\$(36,261)</u> |

For purposes of the proprietary fund Statement of Cash Flows, "cash, cash equivalents, and investments" include all demand and savings accounts, and certificate of deposits or short-term investments with an original maturity of three months or less.

All investments are recorded at their fair value based on quoted market prices. Cash deposits are reported at carrying amount which reasonably estimates fair value. Additional cash and investment disclosures are presented in Note (2).

Investments of the District are limited by State law to the following:

1. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the US Government is pledged, or obligations to the payment of which the full faith and credit of the State of Illinois is pledged.
2. Certificates of deposit or savings accounts which are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
4. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous items 1, 2, and 3.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Prepaid Items

Prepaid balances are for payments made by the Park District in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures. The Park District did not have any prepaid balances at year end.

Inventories

The Park District owns and operates a municipal golf course. The course offers a Pro Shop with a varied full line of golfing merchandise. Merchandise inventory is stated at the lower of cost or market using the LIFO method to reflect the amount of items on hand at March 31, 2016.

Interfund Receivables and Payables

Any residual balances between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". There were no interfund balances that required elimination in the government-wide financial statements at March 31, 2016.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. The Park District considers the allowance for uncollectible accounts receivable and the allowance for uncollectible property taxes receivable as immaterial and therefore has chosen to not record an allowance for these items. Major receivables balances for the governmental activities include property taxes and police fines. Business-type activities have no reported receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received.

Deferred Outflows/Inflows of Resources

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

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued as their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are not capitalized. Estimated historical cost was used to value the majority of the assets acquired prior to April 1, 2004.

Assets capitalized, including infrastructure assets, have an original cost of \$10,000 or more and an estimated useful life in excess of three years. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Estimated useful lives are as follows:

| | |
|----------------|---------------|
| Buildings | 20 - 50 years |
| Equipment | 5 - 20 years |
| Vehicles | 5 - 10 years |
| Infrastructure | 25 - 40 years |
| Improvements | 15 - 20 years |

Infrastructure assets prior to April 1, 2004 have not been capitalized.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

The Illinois Park District Code limits the amount of outstanding general obligation bonded debt of the Park District to no more than 5.75% of net assessed valuation. For the year ended March 31, 2016, the Park District had outstanding general obligation debt of \$1,390,000.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Legal Debt Margin

Based on assessed valuation for fiscal year 2015 of \$212,128,174, the legal debt margin is:

| | | |
|---------------------------|-------------------------|---------------------|
| Statutory Debt Limitation | \$212,128,174 x 5.75% = | \$12,197,370 |
| Total Debt Outstanding | | <u>1,390,000</u> |
| Legal Debt Margin | | <u>\$10,807,370</u> |

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Park District. The liability for these compensated absences is recorded in the government-wide financial statements. Governmental funds report only the compensated absences liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Fund Balance

Beginning with fiscal year 2012, the Park District implemented GASB Statement 54 "*Fund Balance and Reporting and Governmental Fund Type Definitions*". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balances - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegate the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Fund Balance (Continued)

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Only the Board of Commissioners may modify or rescind this commitment. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund.

Assigned fund balance is established by the Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purpose).

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Park District's policy to use restricted amounts first and then unrestricted amounts as they are needed.

For unrestricted amounts of fund balance, it is the Park District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Government-wide 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 (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted – net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements

Proprietary fund equity is classified the same as in the government-wide statements.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Taxes

The Park District recognizes property tax revenue utilizing the “available” basis. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time period shall not exceed 60 days past the end of the current fiscal year.

For those funds on the modified accrual basis, the current year tax levy is recorded as Property Taxes Receivable with a corresponding entry to Property Tax Revenue to reflect those taxes received within 60 days after the end of the fiscal year. The remainder of the Receivable is recorded as Deferred Inflows of Resources.

The Park District’s property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The tax levy was passed by the Board on December 15, 2015. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments, usually in June and September.

The tax rates for 2015 and 2014 are as follows:

| | <u>2015 Levy</u> | | <u>2014 Levy</u> | |
|---------------------|------------------|----------------|------------------|----------------|
| | <u>Limit</u> | <u>Actual</u> | <u>Limit</u> | <u>Actual</u> |
| General (Corporate) | 0.3500 | 0.24985 | 0.3500 | 0.23178 |
| Recreation | 0.3700 | 0.18386 | 0.3700 | 0.17270 |
| Special recreation | 0.0400 | 0.04000 | 0.0400 | 0.04000 |
| Museum | 0.0700 | 0.07000 | 0.0700 | 0.07000 |
| Social Security | As needed | 0.04715 | As needed | 0.05454 |
| I.M.R.F. | As needed | 0.03536 | As needed | 0.04772 |
| Bond & interest | As needed | 0.31458 | As needed | 0.335020 |
| Audit | 0.0050 | 0.00500 | 0.0050 | 0.00500 |
| Liability insurance | As needed | 0.11786 | As needed | 0.11362 |
| Police | 0.0250 | <u>0.02500</u> | 0.0250 | <u>0.02500</u> |
| | | <u>1.08866</u> | | <u>1.11056</u> |

For the fiscal year ended March 31, 2016, the Park District had not received any of their 2015 tax levy.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Special Accounts/Restrictions

Park Hills Master Plan Account Restriction

The Board of Commissioners, at their March 17, 1992 meeting, approved the establishing of a separate “fund” or account within the Enterprise Fund to be named the Park Hills Master Plan. Annually, 50% of the net income, if any, from all Park Hills operations is to be transferred into the Master Plan account to be used for future renovations approved by the Board from the priority listing supplied to them by the architect.

During the fiscal year ended March 31, 2016, Park Hills yielded a net loss from operations, which therefore does not allow for a transfer allocation to be made in this fiscal year.

The Master Plan Account is restricted by its original establishment for future use. These are Board restrictions only and are subject to review and possible change by future Boards. As future projects arise, the Board reviews and approves the expenditures based on the merit to the Park District of each project.

Park Hills Irrigation Account

The Park District Board of Commissioners, during their October 5, 1999 meeting, voted to create a new Golf Irrigation “Fund”/account within the Enterprise Fund. Annually, an amount of money equal to the difference between the original bond payment schedule and the refunding bond payment schedule for the Series 1989 bond will be transferred to the new Golf Irrigation account. The purpose of the account is to begin accumulating funds for the purpose of paying future irrigation project expenditures. Final payment on the Series 1989 bond was made during a prior fiscal year, therefore no current year transfer was required to be made to the Golf Irrigation Fund.

For the year ending March 31, 2016, the accumulated Board internal designations within the Enterprise Fund’s unrestricted net position were \$461,322 for capital projects, \$47,849 for golf cart replacement, and \$417,711 for general course improvement.

Budget Basis of Accounting

The Park District budgets for all General, Special Revenue, Proprietary, Debt Service and Capital Project Fund types. The Park District’s budget is prepared on a basis consistent with generally accepted accounting principles, except the proprietary fund which adopts a current financial resources measurement focus budget in that depreciation is not budgeted and capital outlay is budgeted.

Freeport Park District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Budget Basis of Accounting (Continued)

The ordinance was passed on June 2, 2015, and was not amended. For each fund, total fund expenditures may not legally exceed the budgeted expenditures. The ordinance lapses at the end of each fiscal year.

The Park District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to July 1, the Park District prepares an annual appropriation ordinance for the fiscal year commencing April 1 of that year. The ordinance includes proposed expenditures and the means of financing them.
- b) Legal spending and management control for Park District monies is at the fund level. The Park District may amend the ordinance after the first half of the year by a two-thirds vote of all Park District board members. The board may make transfers between funds, but no appropriation may be reduced below an amount sufficient to cover such obligation.

Note 2 Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Park District's deposits may not be returned or the Park District will not be able to recover collateral securities in the possession of an outside party. The Park District's policy requires deposits in excess of the Federal Deposit Insurance Corporation limits to be secured by collateral valued at market or par, whichever is lower.

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligation or its agencies and instrumentalities or direct obligation of the State of Illinois or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The Park District's deposits, including certificates of deposits, were fully insured or collateralized as required by the state statutes at March 31, 2016.

At year end, the carrying amount of the Park District's deposits was \$5,767,210, which excludes several petty cash funds totaling \$1,219 held at the Park District. The bank balance was \$5,773,914.

Freeport Park District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Cash, cash equivalents, and investments as of March 31, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position

| | |
|---|--------------------|
| Cash, cash equivalents, and investments | \$5,768,429 |
| Restricted: | |
| Investments in trust | <u>65,045</u> |
| Total cash, cash equivalents, and investments (including trust) | <u>\$5,833,474</u> |

Cash, cash equivalents, and investments as of March 31, 2016 consist of the following:

| | |
|---|--------------------|
| Cash on hand | \$ 1,219 |
| Deposits with financial institutions | 3,178,624 |
| Investments in trust | 65,045 |
| Certificates of deposit | <u>2,588,586</u> |
| Total cash, cash equivalents, and investments (including trust) | <u>\$5,833,474</u> |

As of March 31, 2016, all of the Park District's bank balances were covered by federal depository insurance or by collateral held by the Park District's agent in the Park District's name.

The Park District is allowed to invest in Securities as authorized by 85 ILCS 901 and 85 ILCS 906. The Park District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates and limits its investment choices to those allowed by Illinois law and in the amount the Park District may invest in any one issuer.

Custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g. broker-dealer) to a transaction, the Park District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investments in securities through use of mutual funds or governmental investment pools. The Park District's exposure to this risk is \$-0- for marketable securities directly held by the investment corporation. The Park District does not have an investment policy for custodial credit risk.

The Park District's investments (fair value quoted at market prices) as of March 31, 2016 are as follows:

| | <u>Fair Value</u> | <u>Cost</u> |
|-------------------------|-------------------|-----------------|
| Gelwick's Trust Account | <u>\$65,045</u> | <u>\$59,377</u> |
| Total | <u>\$65,045</u> | <u>\$59,377</u> |

Freeport Park District

Notes to Financial Statements

Note 3 Capital Assets

Capital asset activity for the year ended March 31, 2016, is as follows:

| | <u>Balance at 04/01/2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at 03/31/2016</u> |
|---|---|-------------------------|-------------------------|---|
| Governmental Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 1,704,569 | \$ - | \$ - | \$ 1,704,569 |
| Depreciable assets: | | | | |
| Buildings | 9,133,775 | 87,180 | - | 9,220,955 |
| Land improvements | 8,626,451 | 481,245 | - | 9,107,696 |
| Vehicles | 466,033 | 40,860 | - | 506,893 |
| Software | 36,814 | 14,210 | - | 51,024 |
| Machinery & equipment | <u>1,304,783</u> | <u>25,701</u> | <u>-</u> | <u>1,330,484</u> |
| Total depreciable assets | <u>19,567,856</u> | <u>649,196</u> | <u>-</u> | <u>20,217,052</u> |
| Totals at historical cost | <u>21,272,425</u> | <u>649,196</u> | <u>-</u> | <u>21,921,621</u> |
| Less accumulated depreciation | | | | |
| Buildings | 2,972,012 | 164,603 | - | 3,136,615 |
| Land improvements | 5,133,352 | 346,788 | - | 5,480,140 |
| Vehicles | 361,043 | 26,313 | - | 387,356 |
| Software | 36,814 | 711 | - | 37,525 |
| Machinery & equipment | <u>875,511</u> | <u>69,447</u> | <u>-</u> | <u>944,958</u> |
| Total accumulated depreciation | <u>9,378,732</u> | <u>607,862</u> | <u>-</u> | <u>9,986,594</u> |
| Governmental activities capital assets, net | <u>\$11,893,693</u> | <u>\$ 41,334</u> | <u>\$ -</u> | <u>\$11,935,027</u> |

Depreciation expense was charged to function/programs of the primary government as follows:

| | |
|---|-------------------|
| Governmental activities: | |
| General government | \$ 18,313 |
| Culture and recreation | <u>589,549</u> |
| Total depreciation expense, governmental activities | <u>\$ 607,862</u> |

Freeport Park District

Notes to Financial Statements

Note 3 Capital Assets (Continued)

| | <u>Balance at 04/01/2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at 03/31/2016</u> |
|---|----------------------------------|--------------------|------------------|----------------------------------|
| Business-type activities: | | | | |
| Land | \$ 560,000 | \$ - | \$ - | \$ 560,000 |
| Buildings | 894,542 | - | - | 894,542 |
| Land improvements | 1,822,823 | - | - | 1,822,823 |
| Machinery & equipment | <u>1,481,528</u> | <u>-</u> | <u>-</u> | <u>1,481,528</u> |
| Totals at historical cost | <u>4,758,893</u> | <u>-</u> | <u>-</u> | <u>4,758,893</u> |
| Less accumulated depreciation | | | | |
| Buildings | 503,279 | 14,518 | - | 517,797 |
| Land improvements | 1,646,817 | 36,331 | - | 1,683,148 |
| Machinery & equipment | <u>1,156,344</u> | <u>61,229</u> | <u>-</u> | <u>1,217,573</u> |
| Total accumulated depreciation | <u>3,306,440</u> | <u>112,078</u> | <u>-</u> | <u>3,418,518</u> |
| Business-type activities capital Assets, net | <u>\$1,452,453</u> | <u>\$(112,078)</u> | <u>\$ -</u> | <u>\$1,340,375</u> |

Note 4 Long-Term Debt

The reporting entity's long-term debt listed below is to be repaid from governmental activities:

Limited Tax Park Bonds - Series of 2015

Series 2015

Issue: \$660,000
Dated: December 2, 2015
Rate: 1.21%
Principal & Interest: November 1, 2016

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|------------------|-----------------|------------------|
| November 1, 2016 | <u>\$660,000</u> | <u>\$7,298</u> | <u>\$667,298</u> |

Limited Tax Park Bonds – Series of 2014

Series 2014

Issue: \$762,000
Dated: December 2, 2014
Rate: 1.23%
Principal & Interest: November 1, 2015

Freeport Park District

Notes to Financial Statements

Note 4 Long-Term Debt (Continued)

The Series 2014 bonds were paid off during the fiscal year ending March 31, 2016.

General Obligation Limited Tax Park Bonds Series 2007

Series 2007

Issue: \$2,000,000
 Dated: March 1, 2007
 Rate: 3.95%-4.00%
 Principal & Interest: December 15

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|--------------------|-----------------|--------------------|
| December 15, 2016 | \$ 170,000 | \$ 28,848 | \$ 198,848 |
| December 15, 2017 | 180,000 | 22,218 | 202,218 |
| December 15, 2018 | 185,000 | 15,107 | 200,107 |
| December 15, 2019 | <u>195,000</u> | <u>7,800</u> | <u>202,800</u> |
| | <u>730,000</u> | <u>73,973</u> | <u>803,973</u> |
| Total all bonds | <u>\$1,390,000</u> | <u>\$81,271</u> | <u>\$1,471,271</u> |

The following is a summary of changes in long-term debt for the year ended March 31, 2016:

| | <u>Balance 4/1/2015</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance 3/31/2016</u> | <u>Due within One Year</u> |
|-----------------------------|-----------------------------|------------------|------------------|------------------------------|--------------------------------|
| General Obligation bonds | <u>\$1,657,000</u> | <u>\$660,000</u> | <u>\$927,000</u> | <u>\$1,390,000</u> | <u>\$830,000</u> |

| | <u>Balance 4/01/2015</u> | <u>Change in Accrual</u> | <u>Balance 3/31/2016</u> | <u>Current Portion</u> |
|----------------------|------------------------------|------------------------------|------------------------------|----------------------------|
| Compensated absences | <u>\$76,371</u> | <u>\$5,928</u> | <u>\$82,299</u> | <u>\$20,226</u> |

Note 5 Employee Pension and Other Pension Benefit Plans

The Park District participates in two employee retirement/pension plan/systems as follows:

A Deferred Compensation Plan and the Illinois Municipal Retirement Fund (IMRF)

Freeport Park District

Notes to Financial Statements

Note 5 Employee Pension and Other Pension Benefit Plans (Continued)

Deferred Compensation Plan

All full-time and year round IMRF employees will be eligible for enrollment in a Deferred Compensation Plan. This is a plan wherein an employee may put from \$10 to 25% of taxable earnings (maximum \$17,500 per year) each pay period in a separate trust account. Taxable earnings are gross salary less IMRF contribution.

This account is administered by a specified third party. The amounts and types of investments are determined solely by the employee. The employee may discontinue contributions to the plan at any time and may change the amount deferred upon thirty (30) days' notice. The amount deposited and the interest/dividends earned do not become taxable until the year they are withdrawn.

This plan, which is authorized by the IRS under code Section 457, is of benefit for long term retirement savings. The money may not be withdrawn without penalty except for retirement, disability, unforeseen emergencies and optional withdrawal on termination of employment with the Park District.

At March 31, 2016, only one Park District employee is active in the Plan. The Plan assets have not been reflected on the financial statements for the year ended March 31, 2016.

The required six year trend information is available in a separately issued plan report document and has not been presented in this report.

Benefit Pension Plan

Plan Description - The Park District's pension plan for Regular employees are provided with through the Illinois Municipal Retirement Fund (IMRF) —an agent multiple-employer defined benefit pension plan. Established by the Illinois State Legislature for the benefit of Illinois municipal employed outside the city of Chicago, IMRF is governed by the Illinois Pension Code. IMRF issues a publicly available financial report that can be obtained at <http://imrf.org>.

Benefits provided - IMRF provides retirement, disability, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. The benefit provisions in effect on the member's date of participation determine a member's minimum benefit while the benefit provisions in effect on the member's date of termination determine a member's maximum benefit. Public Act 96-0889 added a new section to the Pension Code that applies different benefits to anyone who first contributes to IMRF on or after January 1, 2011 and does not have any other previous service credit with one of the reciprocal retirement systems in Illinois.

Members who first participate on or after that date are members of Tier II. Anyone who made contributions to IMRF prior to January 1, 2011 remain participants of Tier I. For Tier I employees, pension benefits vest after eight years of service. Tier I retirement benefit are determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled.

Freeport Park District

Notes to Financial Statements

Note 5 Employee Pension and Other Pension Benefit Plans (Continued)

Benefit Pension Plan (Continued)

The pension amount is 1 2/3 percent of the final rate of earnings for each of the first fifteen years of service and 2 percent for each year of service credit in excess of fifteen years, up to a maximum of 75 percent of the final rate of earnings.

Tier II benefits are determined by the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Pension earnings are initially capped at \$111,572 increasing annually by 3 percent or the consumer price index, whichever is less.

Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Employees Covered by the Benefit Terms - At the December 31, 2015 valuation date, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 12 |
| Inactive employees entitled to but not yet receiving benefits | 9 |
| Active employees | 21 |
| <hr/> | |
| Total | 42 |

Contributions - Employees are required to contribute 4.5 percent of their annual pay as set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits and the supplemental retirement benefits are pooled. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset) - The employer's Net Pension Liability (Asset) was measured as of December 31, 2015, and the total pension liability (asset) used to calculate the Net Pension Liability (Asset) was determined by an annual actuarial valuation as of that date.

Notes to Financial Statements

Benefit Pension Plan (Continued)

Other Information:

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

Freeport Park District

Notes to Financial Statements

Note 5 Employee Pension and Other Pension Benefit Plans (Continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study dated April 15, 2016 for the period January 1, 2015 through December 31, 2015. As a result of the December 31, 2015 actuarial experience study, new assumptions for the assumed rate of return, salary increase, inflation and related economic assumptions were adopted in the December 31, 2015 actuarial valuation to more closely reflect actual experience.

Discount rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Park District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance January 1, 2015 | \$4,663,497 | \$5,339,265 | \$(675,768) |
| Service costs | 102,775 | - | 102,775 |
| Interest on total pension liability | 350,254 | - | 350,254 |
| Difference between expected and actual experience | (168,801) | - | (168,801) |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 64,809 | (64,809) |
| Employee contributions | - | 42,889 | (42,889) |
| Net investment income | - | 26,741 | (26,741) |
| Benefit payments – net of refunds | (89,675) | (89,675) | - |
| Administrative expense | - | - | - |
| Other changes | - | (363,389) | 363,389 |
| Net changes | 194,553 | (318,625) | 513,178 |
| Balances as of December 31, 2015 | \$4,858,050 | \$5,020,640 | \$(162,590) |

Freeport Park District

Notes to Financial Statements

Note 5 Employee Pension and Other Pension Benefit Plans (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the Park District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Park District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

| | 1% Decrease (6.5%) | Current Rate (7.5%) | 1% Increase (8.5%) |
|---|--------------------------|------------------------|--------------------------|
| Park District's proportionate share of the net pension liability (asset) | \$505,770 | \$(162,590) | \$(712,377) |

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2015 the Park District had a pension expense of \$417,990. At March 31, 2016, the Park District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$128,605 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings | 288,602 | - |
| Employer contributions subsequent to the measurement date | 14,907 | - |
| Total | \$303,509 | \$128,605 |

Freeport Park District

Notes to Financial Statements

Note 5 Employee Pension and Other Pension Benefit Plans (Continued)

The Park District reported \$14,907 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|------------|-----------|
| 2016 | \$ 31,955 |
| 2017 | 31,955 |
| 2018 | 31,955 |
| 2019 | 64,132 |
| 2020 | - |
| Thereafter | - |

Social Security

Employees not qualifying for coverage under the IMRF are considered as “non-participating employees” and are covered under Social Security.

Note 6 Other Post-Employment Benefits

The Park District has evaluated its potential other post-employment benefits liability. The Park District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Township are required to pay 100% of the current premium. However, no former employee has chosen to stay in the Park District's health insurance plan in at least the last five years. Therefore, there has been low utilization and, therefore, an immaterial implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Park District has no former employees for whom the District was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the Park District has not recorded any post-employment benefit liability as of March 31, 2016.

Note 7 Risk Management

The Park District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Park District purchases insurance as a participant in the Illinois Parks Association Risk Services, a public entity risk pool, to provide the Park District with such insurance coverage. The deductibles in effect through these policies as of March 31, 2016 range from \$0 - \$5,000. During the year ended March 31, 2016, there were no significant reductions in insurance coverage. Also there have been no settlement amounts which have exceeded insurance coverage in each of the past three years. Potentially the Park District could be assessed additional premiums for its share of any losses of the pool. Historically, the Park District has not been assessed any additional premiums.

Freeport Park District

Notes to Financial Statements

Note 8 Restricted Fund Balances and Net Position

Recreation Fund - Endowment Account

The Park District received a permanently restricted contribution during 1997 from Gelwicks Trust stipulating that the contribution is to be used solely for purposes of maintaining and updating the Oakdale Nature Preserve and Trails. The Park District invested these funds in a separate investment management account at State Bank - Freeport. All income and expenses relative to this activity have been recorded in the Recreation Fund and the cumulative remaining fund balance at March 31, 2016 of \$65,045 has been restricted within that fund.

The following table shows the net position restricted for debt and other purposes as shown in the Statement of Net Position:

Governmental activities:

| | | |
|-----------------------------|---------------------------|--------------------|
| Special Revenue Funds | Enabling Legislation | \$ 382,598 |
| Special Revenue Fund | Donor Trust Restrictions | 65,045 |
| Debt Service | Enabling Legislation | 109,110 |
| Pension related | Enabling Legislation | 337,494 |
| General Fund Liability Ins. | Enabling Legislation | 1,077,789 |
| Municipal Retirement Fund | State and Federal Pension | <u>348,375</u> |
| | | <u>\$2,320,411</u> |

Note 9 Operating Budget

The Park District is required by statute to file an Appropriations Ordinance each fiscal year. Per Statutes of Illinois, expenditures may not legally exceed their appropriations. During the fiscal year ending March 31, 2016, the following funds had expenditures in excess of appropriations:

| <u>Fund</u> | <u>Appropriation</u> | <u>Expenditures</u> | <u>Variance</u> |
|--------------|----------------------|---------------------|-----------------|
| Museum | \$178,335 | \$186,893 | \$8,558 |
| Debt Service | \$969,413 | \$971,650 | \$2,337 |

Note 10 Interfund Receivables, Payables, and Transfers

The individual fund interfund receivables and payables as of March 31, 2016 are as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-------------------------------|-------------------------------------|-----------------------------------|
| General Fund - Corporate Fund | \$36,261 | \$ - |
| Other Governmental Funds | <u>-</u> | <u>36,261</u> |
| | <u>\$36,261</u> | <u>\$36,261</u> |

Freeport Park District

Notes to Financial Statements

Note 10 Interfund Receivables, Payables, and Transfers (Continued)

The purpose of the individual interfund receivables and payables is due to temporary borrowings in the commingled cash and investments accounts to cover short-term cash flow shortages.

The individual fund interfund transfers as of March 31, 2016 are as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|-------------------------------|-------------------------------|--------------------------------|
| General Fund – Corporate Fund | \$ 30,770 | \$ 42,000 |
| Debt Service Fund | 200,282 | - |
| Capital Projects Fund | - | 200,282 |
| Recreation Fund | - | - |
| Other Governmental Funds | 45,768 | 10,000 |
| Golf Course Fund | <u>-</u> | <u>24,538</u> |
| | <u>\$276,820</u> | <u>\$276,820</u> |

The Interfund Transfers are approved during the budget approval process. An interfund transfer was made from bond proceeds within the Capital Projects Fund to the Debt Service Fund for making payments on the bonds. Additional transfers were made from the Golf Course Fund to the General Fund for reimbursement of administrative services.

Note 11 Fund Balance Deficit

The Audit Fund has a deficit fund balance of \$2,679 at March 31, 2016.

Note 12 Cumulative Effect of Accounting Change and Prior Period Adjustment

The Park District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ended March 31, 2016, which required it to report a net pension asset for the overfunded portion of its proportionate share of the IMRF multi-employer plan.

A prior period adjustment of \$338,250 was made to remove the portion of the compensated absences that related to sick time, as sick time should not have been included in compensated absences in the prior year.

| | |
|--|---------------------|
| Net position March 31, 2015, as previously reported | \$14,464,622 |
| Add beginning net pension assets at measurement date | 675,768 |
| Add deferred outflows of resources - Contributions after measurement date | <u>14,907</u> |
| Net position at March 31, 2016, as restated | <u>\$15,155,297</u> |

Freeport Park District

Notes to Financial Statements

Note 13 Pending Accounting Pronouncements

GASB issued Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement when a market price is not readily determinable, and establishes a 3-level hierarchy of fair value that will be disclosed in the notes to the financial statements, based on the presence or absence of observable market inputs. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Park District has not determined the effect of this Statement.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68* addresses accounting and financial reporting for pensions that were not covered by GASB Statement No. 68, because the plan assets are not held in trust. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015. The Park District has not determined the effect of this Statement.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Park District has not determined the effect of this Statement.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). Authoritative sources of GAAP now include (1) GASB pronouncements, (2) GASB implementation guides, and (3) AICPA literature specifically cleared by the GASB. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Park District has not determined the effect of this Statement.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better evaluate the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The Park District has not determined the effect of this Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Park District has not determined the effect of this Statement.

Freeport Park District

Notes to Financial Statements

Note 13 Pending Accounting Pronouncements (Continued)

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses issues regarding the presentation of payroll related measures in requirement supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Required Supplementary Information

Freeport Park District

Required Supplementary Information

**Illinois Municipal Retirement Fund (IMRF)
Multiyear Schedule of Contributions
Last 10 Calendar Years (prospective from 2015)**

| Calendar Year Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Valuation Payroll | Actual Contribution as a % of Covered Valuation Payroll |
|--|--|--------------------------------|---|--|--|
| 2015 | \$64,810* | \$64,809 | \$1 | \$953,082 | 6.80% |

* Estimated based on contribution rate of 6.80% and covered valuation payroll of \$953,082.

The Park District implemented GASB Statement No. 68 for the year ending March 31, 2016.

Freeport Park District

Required Supplementary Information - Illinois Municipal Retirement (IMRF) Multiyear Schedule of Changes in Net Pension Liability and Related Ratios IMRF Regular Plan Last 10 Calendar Years

(Schedule to be built prospectively from 2015)

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|---------------------|-------------|-------------|-------------|
| Calendar year ending December 31, | | | | |
| Total pension liability: | | | | |
| Service cost | \$ 102,775 | | | |
| Interest on the total pension liability | 350,254 | | | |
| Benefit changes | - | | | |
| Difference between expected and actual experience | (168,801) | | | |
| Assumption changes | - | | | |
| Benefit payments and refunds | <u>(89,675)</u> | | | |
| Net change in total pension liability | 194,553 | | | |
| Total pension liability - beginning | 4,663,497 | | | |
| Total pension liability - ending (a) | 4,858,050 | | | |
| Plan fiduciary net position: | | | | |
| Employer contributions | 64,809 | | | |
| Employee contributions | 42,889 | | | |
| Pension plan net investment income | 26,741 | | | |
| Benefit payments and refunds | (89,675) | | | |
| Other | <u>(363,389)</u> | | | |
| Net change in plan fiduciary net position | (318,625) | | | |
| Plan fiduciary net position - beginning | <u>5,339,265</u> | | | |
| Plan fiduciary net position - ending (b) | <u>5,020,640</u> | | | |
| Net pension liability(asset) - Ending (a) - (b) | <u>\$ (162,590)</u> | | | |
| Plan fiduciary net position as a percentage of total pension liability | 103.35% | | | |
| Covered valuation payroll | \$ 953,082 | | | |
| Net pension liability as a percentage of covered valuation payroll | -17.06% | | | |

The District implemented GASB 68 for the year ending March 31, 2016

2011 2010 2009 2008 2007 2006

Freeport Park District

General Fund Schedule of Revenues Compared with Budget Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|---------------------------|-------------------------------|------------|---------------------------|
| Revenues | | | |
| Taxes: | | | |
| Property taxes | \$ 508,300 | \$ 509,952 | \$ 1,652 |
| Corporate replacement tax | 88,000 | 91,240 | 3,240 |
| Total taxes | 596,300 | 601,192 | 4,892 |
| Investment income | 19,300 | 19,562 | 262 |
| Miscellaneous: | | | |
| Building rentals | 7,500 | 9,031 | 1,531 |
| Surplus sales | - | - | - |
| Insurance reimbursement | 2,500 | 329 | (2,171) |
| Miscellaneous | 3,500 | 3,283 | (217) |
| Total miscellaneous | 13,500 | 12,643 | (857) |
| Intergovernmental: | | | |
| State gasoline tax refund | 2,700 | - | (2,700) |
| Total revenues | \$ 631,800 | \$ 633,397 | \$ 1,597 |

Freeport Park District

General Fund Schedule of Expenditures Compared with Budget Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|------------------------------------|-------------------------------|------------|---------------------------|
| Expenditures | | | |
| General government: | | | |
| Personal services: | | | |
| Administrative | \$ 129,534 | \$ 119,596 | \$ (9,938) |
| Maintenance | 233,386 | 217,786 | (15,600) |
| Total personal services | 362,920 | 337,382 | (25,538) |
| Other services and charges: | | | |
| Medical insurance | 28,000 | 30,466 | 2,466 |
| Insurance: | | | |
| Self insurance pool | - | - | - |
| Workman's compensation | - | - | - |
| Unemployment compensation/services | - | - | - |
| Claims repairs | - | - | - |
| Utilities | 56,875 | 53,159 | (3,716) |
| Total other services and charges | 84,875 | 83,625 | (1,250) |
| Materials and supplies: | | | |
| Office materials and supplies | 6,700 | 3,865 | (2,835) |
| Publicity | 600 | 105 | (495) |
| Total materials and supplies | 7,300 | 3,970 | (3,330) |

Freeport Park District

General Fund

Schedule of Expenditures Compared with Budget (Continued)

Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|------------------------------------|-------------------------------|------------|---------------------------|
| Expenditures (Continued) | | | |
| General government (continued): | | | |
| Other general government: | | | |
| Dues and subscriptions | 5,100 | 5,573 | 473 |
| Training and education | - | - | - |
| Legal services | 15,270 | 11,480 | (3,790) |
| Professional fees | 1,800 | 2,746 | 946 |
| Control/general signage | - | - | - |
| Staff training/first aid & testing | - | - | - |
| Blood borne pathogens | - | - | - |
| Tree management | - | - | - |
| Miscellaneous | 15,500 | 13,139 | (2,361) |
| Computer service hardware/software | 6,500 | 5,729 | (771) |
| Pre-employment testing | 2,000 | 1,372 | (628) |
| Repair and maintenance: | | | |
| Grounds and facilities | 43,500 | 49,228 | 5,728 |
| Vehicles | 3,750 | 2,788 | (962) |
| Equipment | 11,650 | 16,985 | 5,335 |
| Total other general government | 105,070 | 109,040 | 3,970 |
| Total expenditures | \$ 560,165 | \$ 534,017 | \$ (26,148) |

Other financing sources (uses)

| | | | |
|--|-------------|-------------|------|
| Transfer from other funds - administrative services | \$ 30,770 | \$ 30,770 | \$ - |
| Transfer out | (42,000) | (42,000) | - |
| Total other financing sources (uses) | \$ (11,230) | \$ (11,230) | \$ - |

Freeport Park District

Recreation Fund

Schedule of Revenues and Expenditures Compared with Budget Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|--|-------------------------------|------------|---------------------------|
| Revenues | | | |
| Property taxes | \$ 378,000 | \$ 378,437 | \$ 437 |
| Corporate replacement tax | 88,000 | 91,240 | 3,240 |
| Total taxes | 466,000 | 469,677 | 3,677 |
| Investment income | 10,500 | 10,627 | 127 |
| Miscellaneous | 32,700 | 60,857 | 28,157 |
| Recreation programs | 337,855 | 308,812 | (29,043) |
| Total revenues | \$ 847,055 | \$ 849,973 | \$ 2,918 |
| Expenditures | | | |
| General government and administration: | | | |
| Personal services: | | | |
| Administrative | \$ 129,038 | \$ 133,233 | \$ 4,195 |
| Administrative (risk management) | - | - | - |
| Maintenance | 112,001 | 114,674 | 2,673 |
| Police/emergency (risk management) | - | - | - |
| Total personal services | 241,039 | 247,907 | 6,868 |
| Other services and charges: | | | |
| Medical insurance | 97,000 | 90,499 | (6,501) |
| Charge card fee | 3,500 | 3,775 | 275 |
| Miscellaneous | 19,430 | 16,171 | (3,259) |
| Utilities | 14,000 | 11,685 | (2,315) |
| Total other services and charges | 133,930 | 122,130 | (11,800) |
| Materials and supplies: | | | |
| Office materials and supplies | 5,000 | 2,675 | (2,325) |
| Office equipment repairs | 4,100 | 4,156 | 56 |
| Publicity | 9,400 | 7,179 | (2,221) |
| Motor fuel | 34,000 | 19,709 | (14,291) |
| Brochure printing | 21,500 | 25,793 | 4,293 |
| Dues and subscriptions | 4,730 | 3,486 | (1,244) |
| Training and education | - | - | - |
| Custodial | 15,500 | 15,938 | 438 |
| Professional fees | 1,500 | - | (1,500) |
| Total material and supplies | 95,730 | 78,936 | (16,794) |

Freeport Park District

Recreation Fund Schedule of Expenditures Compared with Budget (Continued) Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|--|-------------------------------|------------|---------------------------|
| Expenditures (Continued) | | | |
| Culture and recreation: | | | |
| Program expenses | 316,255 | 308,764 | (7,491) |
| Tree management | - | - | - |
| Miscellaneous | 6,900 | 4,203 | (2,697) |
| Computer service hardware/software | 6,500 | 6,029 | (471) |
| Grounds and facilities repair | 17,500 | 14,451 | (3,049) |
| Total culture and recreation | 347,155 | 333,447 | (13,708) |
| Total expenditures | \$ 817,854 | \$ 782,420 | \$ (35,434) |
| Other financing sources (uses) | | | |
| Transfer from other funds - administrative services | \$ - | \$ - | \$ - |
| Total other financing sources (uses) | \$ - | \$ - | \$ - |

Freeport Park District

Social Security/Municipal Retirement Fund Schedule of Revenues and Expenditures Compared with Budget Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|--|-------------------------------|------------|---------------------------|
| Revenues | | | |
| Property taxes | \$ 169,000 | \$ 169,197 | \$ 197 |
| Corporate replacement tax | 8,000 | 8,000 | - |
| Total taxes | 177,000 | 177,197 | 197 |
| Investment income (loss) | 600 | 1,959 | 1,359 |
| Miscellaneous: | | | |
| Building rentals | - | - | - |
| Surplus sales | - | - | - |
| Insurance reimbursement | - | - | - |
| Miscellaneous | - | - | - |
| Total miscellaneous | - | - | - |
| Intergovernmental: | | | |
| State gasoline tax refund | - | - | - |
| Total revenues | \$ 177,600 | \$ 179,156 | \$ 1,556 |
| Expenditures | | | |
| General government and administration: | | | |
| Other services and charges: | | | |
| Administrative - payroll taxes | \$ 177,350 | \$ 173,395 | \$ (3,955) |
| Total expenditures | \$ 177,350 | \$ 173,395 | \$ (3,955) |
| Other Financing Sources (uses) | | | |
| Transfer from other funds - | | | |
| administrative services | \$ - | \$ - | \$ - |
| Total other financing sources (uses) | \$ - | \$ - | \$ - |

Freeport Park District

Museum Fund

Schedule of Revenues and Expenditures Compared with Budget

Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|------------------------------------|-------------------------------|------------|---------------------------|
| Revenues | | | |
| Property taxes | \$ 154,026 | \$ 154,205 | \$ 179 |
| Total taxes | 154,026 | 154,205 | 179 |
| Investment income (loss) | 350 | 355 | 5 |
| Miscellaneous: | | | |
| Miscellaneous | 24,140 | 28,171 | 4,031 |
| Total revenues | \$ 178,516 | \$ 182,731 | \$ 4,215 |
| Expenditures | | | |
| Culture and recreation: | | | |
| Salaries - administration | \$ 72,422 | \$ 81,995 | \$ 9,573 |
| Salaries - maintenance | 62,523 | 61,050 | (1,473) |
| Contractual - medical insurance | 10,000 | 21,593 | 11,593 |
| Utilities | 16,100 | 11,018 | (5,082) |
| Alarm monitoring | 800 | 339 | (461) |
| Professional services | 1,350 | - | (1,350) |
| Materials and supplies | 1,550 | 555 | (995) |
| Equipment repair | 800 | 375 | (425) |
| Dues and subscriptions | 750 | 184 | (566) |
| Brochure printing/postage | 3,250 | 200 | (3,050) |
| Miscellaneous | 200 | 130 | (70) |
| Computer service hardware/software | 2,000 | 1,598 | (402) |
| Motor fuel - gasoline | 1,700 | 1,700 | - |
| Repairs - grounds and facilities | 1,890 | 4,198 | 2,308 |
| Utilities | 3,000 | 1,958 | (1,042) |
| Total expenditures | \$ 178,335 | \$ 186,893 | \$ 8,558 |

Freeport Park District

Tort Liability Fund

Schedule of Revenues and Expenditures Compared with Budget Required Supplementary Information

Year ended March 31, 2016

| | Original & Final Budget | Actual | Over (Under) Budget |
|---------------------------------------|-------------------------------|------------|---------------------------|
| Revenues | | | |
| Property taxes | \$ 245,700 | \$ 245,985 | \$ 285 |
| Total taxes | 245,700 | 245,985 | 285 |
| Investment income (loss) | 1,650 | 3,196 | 1,546 |
| Miscellaneous: | | | |
| Miscellaneous | 17,250 | 13,098 | (4,152) |
| Total revenues | \$ 264,600 | \$ 262,279 | \$ (2,321) |
| Expenditures | | | |
| General government: | | | |
| Personal services: | | | |
| Administrative - risk management | \$ 57,274 | \$ 46,908 | \$ (10,366) |
| Other services and charges: | | | |
| Insurance: | | | |
| Self insurance pool | 160,756 | 156,556 | (4,200) |
| Workman's compensation | 35,900 | 35,359 | (541) |
| Miscellaneous | - | 500 | 500 |
| Unemployment compensation/services | 13,200 | 4,365 | (8,835) |
| Total other services and charges | 209,856 | 196,780 | (13,076) |
| Total expenditures | \$ 267,130 | \$ 243,688 | \$ (23,442) |
| Other Financing Sources (uses) | | | |
| Transfer from other funds - | | | |
| administrative services | \$ - | \$ - | \$ - |
| Total other financing sources (uses) | \$ - | \$ - | \$ - |

Freeport Park District

Notes to Required Supplementary Information

a. Budgets

The Park District prepares its annual budget on a basis consistent with generally accepted accounting principles, except the proprietary funds which adopt a current financial resources measurement focus budget in that depreciation is not budgeted and capital outlay is budgeted. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service and Enterprise Funds. All annual appropriations lapse at fiscal year-end.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The treasurer is authorized to transfer amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. The final budget figures included in this report do not include any amendments increasing the originally adopted budget.

b. Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

No funds presented as Required Supplementary Information exceeded their appropriated budget, except for the Museum Fund.

c. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate for IMRF*

Methods and Assumptions Used to Determine 2015 Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Aggregate Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years). |
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Wage growth | 4.00% |

Freeport Park District

Notes to Required Supplementary Information (Continued)

c. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate for IMRF* (Continued)

| | |
|---------------------------|--|
| Price Inflation | 3.0% - approximate; No explicit price inflation assumption is used in this valuation. |
| Salary Increases | 4.40% to 16.00% including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010. |
| Mortality | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years. |
| Other Information: | |
| Notes | There were no benefit changes during the year. |

** Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation*

Supplementary Information

Freeport Park District

Nonmajor Governmental Funds Combining Balance Sheet

March 31, 2016

| | Total Nonmajor Governmental Funds | Special Revenue | | |
|---|--|-------------------------------|----------------|---------------|
| | | Special Recreation Fund | Police Fund | Audit Fund |
| Assets | | | | |
| Cash, cash equivalents, and investments | \$ 218,494 | \$ 86,885 | \$ 98,027 | \$ 33,582 |
| Accounts receivable | - | - | - | - |
| Taxes receivable | 286,373 | 84,851 | 148,490 | 53,032 |
| Total assets | \$ 504,867 | \$ 171,736 | \$ 246,517 | \$ 86,614 |
| Liabilities | | | | |
| Due to other funds - cash | \$ 36,261 | \$ - | \$ - | \$ 36,261 |
| Accrued salaries | 1,601 | 1,169 | 432 | - |
| Accounts payable | 971 | 913 | 58 | - |
| Total liabilities | 38,833 | 2,082 | 490 | 36,261 |
| Deferred Inflows of Resources | | | | |
| Property taxes | 286,373 | 84,851 | 148,490 | 53,032 |
| Fund Balances | | | | |
| Fund equity: | | | | |
| Restricted | 182,340 | 84,803 | 97,537 | - |
| Unassigned | (2,679) | - | - | (2,679) |
| Total fund balances | 179,661 | 84,803 | 97,537 | (2,679) |
| Total liabilities, deferred inflows, and fund equity | \$ 504,867 | \$ 171,736 | \$ 246,517 | \$ 86,614 |

Freeport Park District

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended March 31, 2016

| | Total Nonmajor Governmental Funds | Special Revenue | | |
|---|--|-------------------------------|----------------|---------------|
| | | Special Recreation Fund | Police Fund | Audit Fund |
| Revenues | | | | |
| Taxes | \$ 154,203 | \$ 88,116 | \$ 55,073 | \$ 11,014 |
| Intergovernmental | - | - | - | - |
| Charges for services | 20,906 | 20,906 | - | - |
| Fines | 2,397 | - | 2,397 | - |
| Investment income | 396 | 330 | - | 66 |
| Miscellaneous | 48 | 48 | - | - |
| Total revenues | 177,950 | 109,400 | 57,470 | 11,080 |
| Expenditures | | | | |
| General government | 19,000 | - | - | 19,000 |
| Public safety | 45,237 | - | 45,237 | - |
| Culture and recreation | 104,508 | 104,508 | - | - |
| Total expenditures | 168,745 | 104,508 | 45,237 | 19,000 |
| Excess of revenues over (under) expenditures | 9,205 | 4,892 | 12,233 | (7,920) |
| Other financing sources (uses) | | | | |
| Operating transfers in | 45,768 | - | - | 45,768 |
| Operating transfers out | (10,000) | - | (10,000) | - |
| Total other financing sources (uses) | 35,768 | - | (10,000) | 45,768 |
| Net change in fund balances | 44,973 | 4,892 | 2,233 | 37,848 |
| Fund balances - beginning | 134,688 | 79,911 | 95,304 | (40,527) |
| Fund balances - ending | \$ 179,661 | \$ 84,803 | \$ 97,537 | \$ (2,679) |

Freeport Park District

Capital Projects Fund Combining Balance Sheet

March 31, 2016

| | Total Capital Projects | Park District Bond Issues | Kids' Kastle | Mini-Golf Site and Construction | Park Development | Jane Addams Trail | 50% Tax Transfer Projects |
|--|------------------------------|------------------------------|-----------------|---------------------------------------|---------------------|-------------------------|---------------------------------|
| Assets | | | | | | | |
| Cash and investments | \$ 1,891,807 | \$ 671,813 | \$ 6,335 | \$ 111,563 | \$ 545,282 | \$ - | \$ 556,814 |
| Other receivable | 103,471 | 103,471 | - | - | - | - | - |
| Prepaid advertising | - | - | - | - | - | - | - |
| Total assets | \$ 1,995,278 | \$ 775,284 | \$ 6,335 | \$ 111,563 | \$ 545,282 | \$ - | \$ 556,814 |
| Liabilities | | | | | | | |
| Cash - deficit balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments - deficit balance | - | - | - | - | - | - | - |
| Accrued salaries | - | - | - | - | - | - | - |
| Accounts payable | 23,169 | 22,346 | - | - | 823 | - | - |
| Deferred revenues | - | - | - | - | - | - | - |
| Total liabilities | 23,169 | 22,346 | - | - | 823 | - | - |
| Fund balance - committed | 1,972,109 | 752,938 | 6,335 | 111,563 | 544,459 | - | 556,814 |
| Total liabilities and fund equity | \$ 1,995,278 | \$ 775,284 | \$ 6,335 | \$ 111,563 | \$ 545,282 | \$ - | \$ 556,814 |

Freeport Park District

Capital Projects Fund Combining Statement of Revenue and Expenditures

Year ended March 31, 2016

| | Total Capital Projects | Park District Bond Issues | Kids' Kastle | Mini-Golf Site and Construction | Park Development | Jane Addams Trail | 50% Tax Transfer Projects |
|-------------------------------------|------------------------------|------------------------------|-----------------|---------------------------------------|---------------------|-------------------------|---------------------------------|
| Revenue | | | | | | | |
| Pepsi sponsorship | \$ 7,000 | \$ 7,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest on investments | 2,853 | 2,853 | - | - | - | - | - |
| Unrealized gain/loss on investments | 4,468 | 2,254 | 13 | 224 | 859 | - | 1,118 |
| Surplus sales | - | - | - | - | - | - | - |
| Foundation reimbursement | 60 | 60 | - | - | - | - | - |
| Miscellaneous | 3,200 | 3,200 | - | - | - | - | - |
| Grants received | - | - | - | - | - | - | - |
| Total revenue | 17,581 | 15,367 | 13 | 224 | 859 | - | 1,118 |

Freeport Park District

Capital Projects Funds (Continued) Combining Statement of Revenue and Expenditures

Year ended March 31, 2016

| | Total Capital Projects | Park District Bond Issues | Kids' Kastle | Mini-Golf Site and Construction | Park Development | Jane Addams Trail | 50% Tax Transfer Projects |
|---|------------------------------|------------------------------|-----------------|---------------------------------------|---------------------|-------------------------|---------------------------------|
| Expenditures | | | | | | | |
| Per combining statement of expenditures | \$ 799,376 | \$ 778,450 | \$ - | \$ - | \$ 20,926 | \$ - | \$ - |
| Excess of revenue over (under) expenditures | (781,795) | (763,083) | 13 | 224 | (20,067) | - | 1,118 |
| Other financing sources (uses): | | | | | | | |
| Proceeds on sale of bonds | 660,000 | 660,000 | - | - | - | - | - |
| Retire principal on debt certificates | - | - | - | - | - | - | - |
| Transfer portion of CI bond proceeds to bond and interest fund | (200,282) | (200,282) | - | - | - | - | - |
| Transfer management user fees | - | - | - | - | - | - | - |
| Other transfer | - | - | - | - | - | - | - |
| Excess of revenue and other financing sources over (under) expenditures and other financing sources | (322,077) | (303,365) | 13 | 224 | (20,067) | - | 1,118 |
| Fund balance, beginning | 2,294,186 | 1,056,303 | 6,322 | 111,339 | 564,526 | - | 555,696 |
| Fund balance, ending | \$ 1,972,109 | \$ 752,938 | \$ 6,335 | \$ 111,563 | \$ 544,459 | \$ - | \$ 556,814 |

Freeport Park District

Capital Projects Funds (Continued) Combining Statement of Revenue and Expenditures

Year ended March 31, 2016

| | Total Capital Projects | Park District Bond Issues | Kids' Kastle | Mini-Golf Site and Construction | Park Development | Jane Addams Trail | 50% Tax Transfer Projects |
|------------------------|------------------------------|------------------------------|-----------------|---------------------------------------|---------------------|-------------------------|---------------------------------|
| Expenditures | | | | | | | |
| Vehicle replacement | \$ 42,113 | \$ 42,113 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Oakdale | 22,477 | 22,477 | - | - | - | - | - |
| JAT grant expenditures | 178 | 178 | - | - | - | - | - |
| Krape Park Trail | 5,052 | 5,052 | - | - | - | - | - |
| Bond issuance expenses | 10,623 | 10,623 | - | - | - | - | - |
| Aquatic center | 860 | 860 | - | - | - | - | - |
| Read tennis courts | 376,740 | 376,740 | - | - | - | - | - |
| Krape OSLAD Grant | 348 | 348 | - | - | - | - | - |
| Miscellaneous | 2,560 | 2,560 | - | - | - | - | - |
| Master plan update | 7,471 | 7,471 | - | - | - | - | - |
| Forestry | 37,152 | 37,152 | - | - | - | - | - |
| IT upgrades | 62,027 | 62,027 | - | - | - | - | - |
| Van Rupp bequest | 2,108 | 2,108 | - | - | - | - | - |
| Equipment maintenance | 17,382 | 17,382 | - | - | - | - | - |
| | 587,091 | 587,091 | - | - | - | - | - |

Freeport Park District

Capital Projects Funds (Continued) Combining Statement of Revenue and Expenditures

Year ended March 31, 2016

| | Total Capital Projects | Park District Bond Issues | Kids' Kastle | Mini-Golf Site and Construction | Park Development | Jane Addams Trail | 50% Tax Transfer Projects |
|---------------------------|------------------------------|------------------------------|-----------------|---------------------------------------|---------------------|-------------------------|---------------------------------|
| Expenditures | | | | | | | |
| Krape Park general | 6,712 | 6,712 | - | - | - | - | - |
| Park Hills marketing | 28,076 | 28,076 | - | - | - | - | - |
| Blvd trail | 87,266 | 66,340 | - | - | 20,926 | - | - |
| Fire truck shelter | 22,838 | 22,838 | - | - | - | - | - |
| Training and education | 3,050 | 3,050 | - | - | - | - | - |
| Restroom | 64,343 | 64,343 | - | - | - | - | - |
| Total expenditures | \$ 799,376 | \$ 778,450 | \$ - | \$ - | \$ 20,926 | \$ - | \$ - |

Freeport Park District

Schedule of Tax Rates, Extensions and Assessed Valuations

Year ended March 31, 2016

| Levy Year | Corporate | Recreation | Special Recreation | Museum | Social Security |
|-------------------------------|-------------|-------------|-----------------------|--------------------------|--------------------|
| Tax Rates | | | | | |
| 2011 | 0.10000 | 0.12000 | 0.04000 | 0.07000 | 0.05889 |
| 2012 | 0.10000 | 0.12000 | 0.04000 | 0.07000 | 0.05879 |
| 2013 | 0.21155 | 0.15148 | 0.04000 | 0.07000 | 0.04844 |
| 2014 | 0.23178 | 0.17270 | 0.04000 | 0.07000 | 0.05454 |
| 2015 | 0.24985 | 0.18386 | 0.04000 | 0.07000 | 0.04715 |
| Tax Extensions | | | | | |
| 2011 | 251,959 | 302,350 | 100,783 | 176,371 | 148,126 |
| 2012 | 358,331 | 319,635 | 97,227 | 169,418 | 151,918 |
| 2013 | 454,720 | 348,450 | 92,488 | 161,855 | 110,061 |
| 2014 | 509,301 | 377,999 | 88,015 | 154,027 | 96,999 |
| 2015 | 547,169 | 402,674 | 88,607 | 155,062 | 103,271 |
| Tax Collections | | | | | |
| | Extension | Collections | Collection Percent | Corporate Replacement | |
| 2011 | 2,465,490 | 2,460,110 | 99.78% | 157,224 | |
| 2012 | 2,520,276 | 2,534,913 | 100.58% | 180,244 | |
| 2013 | 2,478,367 | 2,487,730 | 100.38% | 172,222 | |
| 2014 | 2,380,627 | 2,383,446 | 100.12% | 190,480 | |
| 2015 | 2,399,162 | - | - | - | |
| Assessed Valuation | | | | | |
| 2011 | 251,958,562 | | | | |
| 2012 | 243,068,113 | | | | |
| 2013 | 231,221,230 | | | | |
| 2014 | 220,038,271 | | | | |
| 2015 | 212,128,174 | | | | |

| IMRF | Bond and Interest | Audit | Insurance | Police | Total |
|-------------|------------------------------|--------------|------------------|---------------|--------------|
| 0.02356 | 0.37348 | 0.00500 | 0.14656 | 0.02500 | 0.96249 |
| 0.04585 | 0.37705 | 0.00500 | 0.13495 | 0.02500 | 0.97664 |
| 0.04369 | 0.39342 | 0.00500 | 0.10596 | 0.02500 | 1.09454 |
| 0.04772 | 0.35020 | 0.00500 | 0.11362 | 0.02500 | 1.11056 |
| 0.03536 | 0.31458 | 0.00500 | 0.11786 | 0.02500 | 1.08866 |
| 115,523 | 954,772 | 12,598 | 340,018 | 62,990 | 2,465,490 |
| 118,496 | 963,789 | 12,105 | 268,833 | 60,524 | 2,520,276 |
| 100,119 | 900,144 | 11,561 | 241,164 | 57,805 | 2,478,367 |
| 72,001 | 770,574 | 11,002 | 245,699 | 55,010 | 2,380,627 |
| 77,442 | 700,348 | 11,076 | 258,134 | 55,379 | 2,399,162 |