



Comprehensive Annual Financial Report

*For the Fiscal Year
Ended June 30, 2018*



**FREEPORT SCHOOL DISTRICT
FREEPORT, IL**



Introductory Section



F S D 1 4 5

F r e e p o r t S c h o o l D i s t r i c t

March 12, 2019

Members of the Community and the Board of Education
Freeport School District No. 145

Dear Members of the Community and the Board:

The Comprehensive Annual Financial Report (CAFR) for Freeport School District No. 145 (the District) for the fiscal year ending June 30, 2018, is hereby submitted. Submittal of this report complies with the requirements of the Illinois School Code. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects and represents the financial position and results of operations of the District as shown by the disclosure of all financial activity of its various funds, and that all disclosures necessary for public understanding of the District's financial status have been incorporated within this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter for transmittal and should be read in conjunction with it.

This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the district's organizational chart, and a list of principal officers and elected officials. The financial section includes the independent auditor's report on financial statements and pertinent schedules. The statistical section includes historical, multi-year financial, and demographic information pertinent to the district's financial condition.

The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget's (OMB) Title 2 CFR Part 200, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Information related to this single audit, including a schedule of federal financial assistance and the independent auditor's reports on the internal control structure and on compliance with applicable laws and regulations, is included under separate cover.

The financial reporting entity of the District is to include the District, as the primary government, organizations for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading. Based on these criteria, there are no other organizations whose financial statements should be combined with the general purpose financial statements of the District. Additionally, based on consideration of oversight responsibility, scope of public service, and special financing relationships, the District is an independent entity, and not included as a component unit of any other reporting entity.



FSD 145

Freeport School District

History of the District

In 1850, the citizens of Freeport voted in a referendum election to tax to build Union School. The vote passed 125 to 9. In 1852, the first public school, Union School, was built on South Galena Street in Freeport and opened for classes in October. The first public high school was on the second floor and the middle school was on the first floor (grammar school classes were conducted in the basements of the Presbyterian, Evangelical, and Methodist churches). In 1856, the first formal system of graded instruction was put into place in the county by the creation of a school system supported by general taxation and the election of a three-commissioner board of school commissioners. The commissioners were seated in 1857, so 1857 is considered the formal creation of Freeport School District.

Several schools were built in subsequent years. The high school principal was considered the supervisor of the school system. In 1867, the board of commissioners determined that such a supervisory system was not adequate to meet the demands of a rapidly growing school system and they elected Mr. G. G. Alvord as the first superintendent.

In 1919, a special election was held approving the purchase of the 25.19-acre tract of land that was the site of Stephenson County's first county fair in 1856. The site had also served in 1861 as Camp Scott, a training site for local men mobilized for service in the Civil War. On this site the present Freeport High School was built in 1925-26 and opened for classes in September 1926. This building has had several additions, including in 1924, 1947-48, 1962-64, and 1996.

Since 1919, several buildings have opened and closed. The current school buildings and administrative offices that are in use today comprise 787,283 square feet of building space, situated on 192.76 acres. Along with Freeport High School, the current list of schools includes the following. Empire Elementary was built in 1951, with additions in 1956 and 1963. Freeport Middle School (formerly Freeport Junior High School) was built in 1952, with additions in 1957 and 1963. Freeport Middle School is also the location of the 997-seat Jeanette Lloyd Theater. Taylor Park Elementary was built in 1952, with additions in 1957 and 1965. Blackhawk Elementary was built in 1954, with an addition in 1965. Lincoln Douglas Elementary was built in 1958, with an addition in 1965. The first Center Elementary was built in 1905. The current Center Elementary was built in 1968 and underwent renovations in 1994 to convert it from an open-concept elementary school. Carl Sandburg Middle School was built in 1969. It also underwent renovation to convert it from an open-concept school in 1995. Jones Farrar IB World School was built by Highland Community College as a vocational education building in 1975. Freeport School District bought the building in 1991. It served as a temporary site for Center and Carl Sandburg during their respective renovations, then became the District's Early Learning Center. It became an IB magnet school in 2010.



FSD 145

Freeport School District

The old maintenance shop, built in 1947 and the attached bus garage, built in 1966, were converted into the Freeport Alternative High School and vocational classrooms in 2003. The Banks-Bergagna Education Center was the education building for First Presbyterian Church. Built in 1956, the building was purchased by the District in 2007. The central administration building was built as the Farm Credit Services building in 1972 and purchased by the District in 1988. Finally, in 2003 the District purchased the old Zimmerman car dealership facility and converted it into the maintenance shop and offices, transportation offices and bus maintenance garage, and the District's warehouse.

District Composition and Communities Served

The District serves grades preschool through grade 12. The District maintains eleven school buildings: an elementary International Baccalaureate magnet school and five additional elementary schools (Preschool – 4th grade), one upper elementary school (5th – 6th grade), one middle school (7th – 8th grade), one high school (9th – 12th grade), one alternative high school, and a smaller transitional education facility. Each institution has full State of Illinois recognition and accreditation.

Enrollment includes 4,049 students from the City of Freeport, the Villages of Cedarville and Ridott, and the unincorporated areas of central Stephenson County in between these communities. The district covers 99 square miles located entirely in Stephenson County, IL and is located approximately 114 miles northwest of Chicago, IL, 65 miles southwest of Madison, WI, and approximately 30 miles west of Rockford, Illinois. The District serves 55% of the preschool through grade 12 students in Stephenson County.

Governance

The Board of Education consists of seven elected officials from our community. Freeport School District 145's current Board is comprised of:

Mrs. Janice Crutchfield	First elected 2009	Term expires 2021	President
Mr. George McCarty	First elected 2017	Term expires 2021	Vice President
Mrs. Abbe Hayner	First elected 2011	Term expires 2019	
Mr. Peter Norman	First elected 2015	Term expires 2019	
Mr. Jack Sosnowski	First elected 2015	Term expires 2019	
Ms. Shirley Bradley	First elected 2017	Term expires 2021	
Rev. Antwon Funches	First appointed 2018	Term expires 2019	



FSD 145

Freeport School District

Economic Condition and Outlook

The District's predominately residential tax base is expected to remain pressured in the near term but continue signs of moderate valuation increases. The District's \$877 million tax base has ceased its depreciation, after a decline by a cumulative 15.7% from its peak in 2008. Based on discussions with the county assessor, District officials project that valuations will continue to show stabilization and slight increases of the tax base in 2018 and moving forward.

We expect the District's financial operations will continue to improve based on recent expenditure reductions. The district posted General Fund (Education + Operations & Maintenance + Transportation Funds) moderate operating surplus in 2018, for the third year in a row and for the third time in several years. The District has more aggressively controlled personnel expenditures over the past several years, primarily by reducing staff through attrition. Year-end figures indicate these cuts have resulted in finishing the last four fiscal years in the black.

The District's debt burden will likely remain manageable. The District carries a moderate direct debt burden of 2.3% of full value. All of the District's outstanding debt is secured by its debt service extension base (DSEB), a dedicated levy that is unlimited as to rate but limited in amount by the District's annual DSEB (\$2.6 million). All of the District's outstanding debt is fixed rate. Principal amortization is below average with 61.2% of GO debt retired within ten years.

Currently, the District has a relatively modest pension burden given the state is primarily responsible for funding teacher pensions. District teachers participate in the Teachers Retirement System (TRS) of Illinois, a multi-employer defined benefit pension plan, and non-teaching District employees participate in the Illinois Municipal Retirement Fund (IMRF), an agent multi-employer plan. As of June 30, 2018, TRS had a low reported funded ratio of 40.2%, while as of December 31, 2017, IMRF had a stronger funded ratio of 88.3%. The state is primarily responsible for funding TRS through payments made on behalf of school districts.

Revenues are comprised of local property taxes, state aid, and federal funding with the mix of the three revenue streams varying by each district. While the state constitution creates a foundational level for education funding, the state has reduced its annual allocation for state aid funding in recent years though there was a slight increase budgeted for fiscal 2018. Local property taxes have historically been largely predictable for Illinois school districts. Property taxes comprised 43.2% of fiscal 2018 Operating Fund revenues, and the district benefits from a nearly 100% collection rate.

Management has been proactive in making budget cuts in order to restore balanced operations.

The District received both the ASBO Certificate of Excellence in Financial Reporting and the GFOA Certificate of Achievement for Excellence in Financial Reporting for its 2017 CAFR.



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F r e e p o r t S c h o o l D i s t r i c t

Financial Policies / Budget Schedule

Financial policies regarding the acquisition, acknowledgement, investment, and expenditure of all District funds have been established by the Board of Education. A board finance committee meets on a regular basis to devote additional time and scrutiny of all financial operations on a policy and oversight level. The Board of Education follows a budget planning schedule that extends from October through the following September of each fiscal year and complies with all Illinois statutory requirements including, but not limited to, budgeting, levying, truth-in-taxation, and proper and complete auditing of district accounts.

Basis of Accounting and Reporting / Independent Audit

The District reports the government-wide financial statements on the accrual basis of accounting, and the fund financial statements are prepared on the modified accrual basis. Notes to financial statements expand upon the basis of accounting used by the District as well as other accounting practices and procedures. All district funds are included in this report and have been audited by Wipfli of Rockford, IL, who has issued an unmodified (clean) opinion on the Freeport School District 145's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. The financial statements have been prepared in accordance with the standards set forth by the Governmental Accounting Standards Board (GASB).

Financial Management and Internal Controls

Management of the District is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Tests are conducted by the District's independent auditors to determine the adequacy of internal control, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.



FSD 145

Freeport School District

Budgetary Controls

Budgetary control is maintained at line-item levels by the buildings for their expenditures and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is reported to the District's management on a monthly basis. Reports of actual activity to budget are reported to the Board of Education monthly. The complete budget of the District is found on its website: www.fsd145.org.

Cash Management

The District invests up to 100 percent of available cash, timing investment maturities to actual cash needs. In addition, all checking accounts are of interest-bearing types. Investments are maintained in certificates of deposit, bank repurchase agreements, U.S. Treasury obligations, General Obligation Bonds, and commercial paper. Investments in prime commercial paper are made in small amounts in short-term money market accounts that are maintained as AAA ratings and monitored by PMA Financial Network on a weekly basis. There is minimal risk for our District in this area and within the restrictions allowed by the Illinois School Code. The District maintains investment relationships with several major local and Chicago area banks, two state-wide investment pools, and one nation-wide money manager.

Closing Statement

It is our belief that this Comprehensive Annual Financial Report will provide the District's management, outside investors, and local citizens with a meaningful financial presentation. We hope that all readers of this Report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2018. We extend our appreciation to the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District in a professional and fiscally responsible manner.

Respectfully submitted,

Dr. Michael Schiffman
Superintendent of Schools

Dr. Patrick McDermott, SFO
Assistant Superintendent for
Business & Finance

FREEPORT SCHOOL DISTRICT 145

Principal Officers

June 30, 2018

Board of Education Members

President	Ms. Janice Crutchfield
Vice-president	Mr. George McCarty
Member	Mrs. Abbe Hayner
Member	Mr. Pete Norman
Member	Mr. Jack Sosnowski
Member	Ms. Shirley Bradley
Member	Rev. Antwon Funches

District Administration

Superintendent	Dr. Michael Schiffman
Assistant Superintendent for Curriculum & Instruction	Dr. Duane Meighan
Assistant Superintendent for Business & Finance	Dr. Patrick McDermott
Director of Human Resources	Mr. Christopher Shockey
Director of Equity and Curriculum	Ms. Nita White
Director of Pupil Personnel Services	Mr. John Code

Building Principals

Blackhawk Elementary School	Ms. Stacey Kleindl
Carl Sandburg Middle School	Mr. Ben Asche
Center Elementary School	Ms. Danielle Summers
Empire Elementary School	Ms. Alice Stech
Freeport High School	Dr. Beth Summers
Freeport Middle School	Ms. Renee Coleman
Jones Farrar IB Magnet School	Ms. Jennifer DeJong
Lincoln Douglas Elementary School	Mr. Matthew Bohrer
Taylor Park Elementary School	Mr. Brian Lamm

Revised: 05/08/96

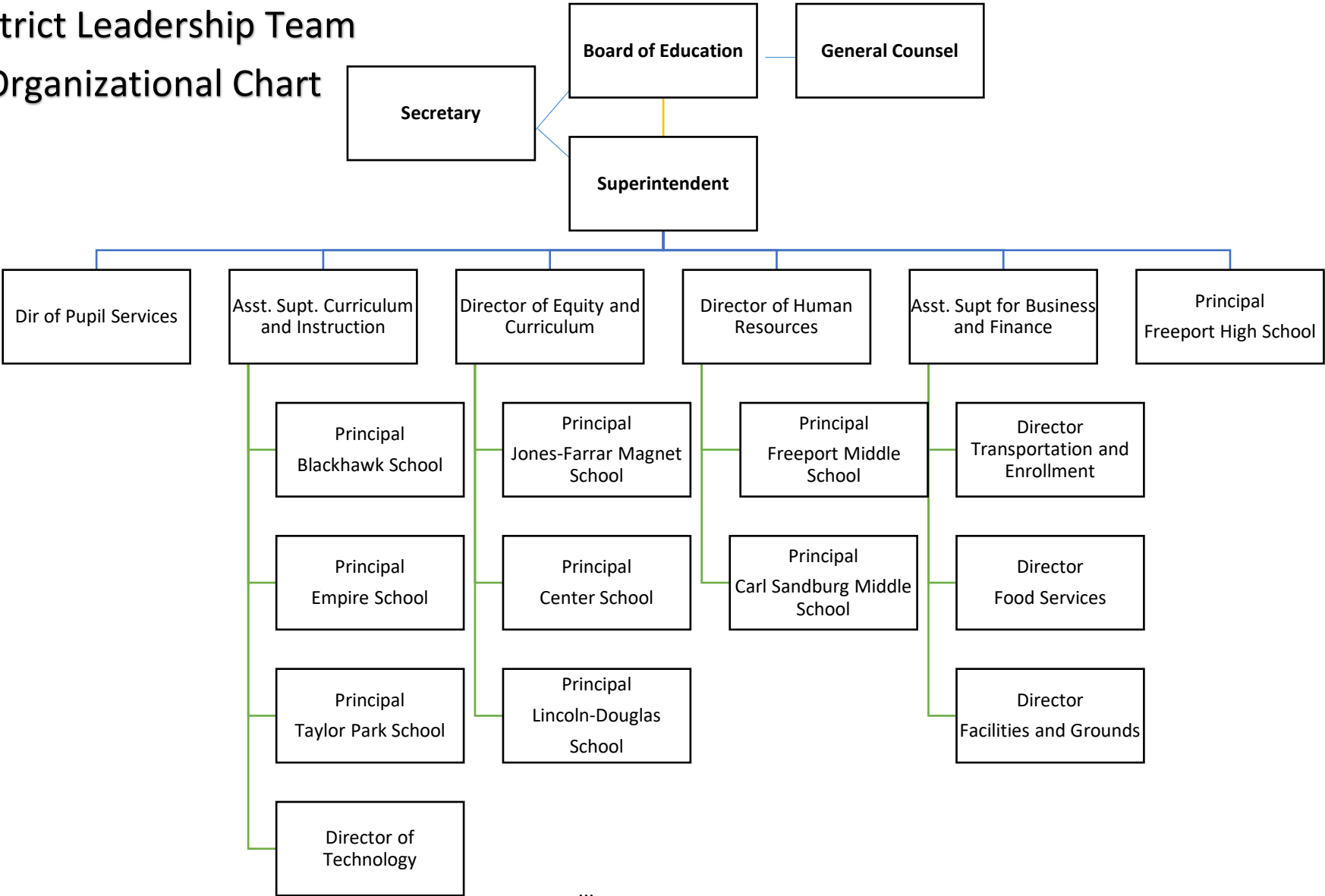
Revised: 08/17/11

Revised: 06/16/15

Freeport School District

Freeport, Illinois

District Leadership Team Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Freeport School District #145
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Freeport School District 145

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
Executive Director

Freeport School District No. 145

Freeport, Illinois

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2018

Prepared by:

**Patrick McDermott, Ed.D., SFO
Assistant Superintendent for Business & Finance**

Freeport School District No. 145

Year Ended June 30, 2018

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Freeport School District No. 145

Year Ended June 30, 2018

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Financial Section



Independent Auditor's Report

Board of Education
Freeport School District No. 145
Freeport, Illinois 61032

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Freeport School District No. 145, Illinois, (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the Freeport School District No. 145, Illinois, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 discussion and analysis and required supplementary information on pages 4 through 10 and 56 through 65 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 District's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, in the regulatory report issued in accordance with the financial reporting provisions of the Illinois State Board of Education, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

Rockford, Illinois
March 12, 2019

Management Discussion and Analysis

Freeport School District No. 145

Management Discussion and Analysis

As management of Freeport School District No. 145 (the "District"), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2018.

The MD&A is provided at the beginning of the report to provide an overview of the District's financial position at June 30, 2018 and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, required and other supplementary information.

FINANCIAL HIGHLIGHTS

The District's financial situation continues to struggle like most school Districts in Illinois. Cuts in state aid and continuing delays in state funding have had the most dramatic impact on the District. Investment earnings continue to be low due to the continued low investment rates.

The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the end of the year by (\$16.8) million (net position). The main reason for this was the implementation of GASB 75 related to Other Post-Employment Benefits.

The District's net position increased by \$4.1 million for the year.

The District increased its outstanding bonds by a net \$10.8 million.

The General Fund - Educational and Working Cash Funds balance increased by \$338 thousand from the prior year to a total of \$7.7 million.

At the end of the year, the aggregate fund balances for the District's governmental funds (Educational, Operations and Maintenance, Working Cash, Transportation, Retirement/Social Security, Tort, Debt Service, Capital Project, and Fire Prevention and Safety), was \$32.2 million or 46% of the total expenditures of these governmental funds.

USING THIS FINANCIAL REPORT

The financial section of this annual report consists of four parts - Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

Government -Wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long term information about the District's overall financial status, similar to a private sector business. In the government-wide financial statements the District's activities are shown in one category - governmental activities. The District's basic services are instruction, administration and building maintenance. These activities are largely financed with property taxes and state grants.

Freeport School District No. 145

Management Discussion and Analysis

USING THIS FINANCIAL REPORT (continued)

Government -Wide Financial Statements (continued)

The statement of net position presents information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as the condition of the 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. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in the next fiscal period.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds - not the District as a whole. Funds are accounting devices the 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 District is properly using certain revenues.

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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. The Educational has a sub-fund Working Cash which is considered part of the General Fund of the District and is combined accordingly with the Education Fund. Individual fund information is presented in separate columns in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and the changes in fund balances for all the other funds. These funds are all considered major funds of the District. More detail of the individual revenues and expenditures for these funds are presented in the other supplementary information section of this report.

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

Proprietary Fund - The District maintains one proprietary fund. Proprietary funds are reported in the same way as the government-wide financial statements. Internal Service Funds are a type of proprietary fund and provide service to other funds in the District. The District's internal service fund accounts for the medical and dental benefits for District employees.

Freeport School District No. 145

Management Discussion and Analysis

USING THIS FINANCIAL REPORT (continued)

Fund Financial Statements (continued)

Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others or are designated to be used for a specific purpose with the principal left intact. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. The District's fiduciary activities are reported in the statement of fiduciary assets and liabilities. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's net position was (\$16.8) million at June 30, 2018. Of this amount, \$(34.3) million was unrestricted. Restricted net position is reported separately to show the limits from legislation, or accounting principles that limit the District's ability to use that net position for day to day operations. The following analysis focuses on the net position and changes in net position of the District's governmental activities.

Net Position Governmental Activities June 30 (In Millions)		
	2018	2017
Current assets	\$45.5	\$32.7
Other assets	1.9	.1
Capital assets	10.1	10.8
Total assets	57.5	43.6
Deferred outflows of resources	18.9	4.4
Current liabilities	4.9	4.8
Long term liabilities	60.0	24.7
Total liabilities	64.9	29.5
Deferred inflows of resources	28.3	13.7
Net position		
Net investment in capital assets	(7.0)	(7.2)
Restricted	24.5	12.4
Unrestricted	(34.3)	(.4)
Total net position	\$(16.8)	\$4.8

June 30, 2017 amounts were not restated for the implementation of GASB No. 75.

Freeport School District No. 145

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

**Changes in Net Position
Governmental Activities
For the years ended June 30
(In Millions)**

	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$3.0	\$2.9
Operating grants and contributions	23.8	17.0
General revenue:		
Local property taxes	22.9	22.8
Payments in lieu of taxes	1.5	1.8
Earnings on investments	.1	.0
General state aid	20.5	17.9
Total revenues	71.8	62.4
Function/program expenses:		
Instruction	25.8	26.3
Pupil service	3.5	3.4
Instructional staff	4.3	4.3
General administration	1.4	1.4
School administration	2.9	2.9
Business services	10.2	10.2
Central services	.6	.6
Other support services	.2	.2
Community services	.1	.1
Payments to other governmental units	.7	.7
Expenses on behalf	15.8	8.6
Interest and service charges on debt	2.2	1.6
Total function/program expenses	67.7	60.3
Change in net position	4.1	2.1
Net position, beginning as restated for 2018	(20.9)	2.7
Net position, ending	\$(16.8)	\$4.8

The cost of governmental activities for this year was \$67.7 million. Local property taxes financed about 34% of this or \$22.9 million.

Operating grants and contributions such as other state and federal aid was the largest contributor with \$23.8 million. General state aid contributed \$20.5 million. Additionally, a small amount comes from payments in lieu of taxes (\$1.5 million) and charges for services (\$3.0 million).

June 30, 2017 amounts were not restated for implementation of GASB No. 75.

Freeport School District No. 145

Management Discussion and Analysis

DISTRICT FUND'S FINANCIAL ANALYSIS

The District's budget is prepared according to Illinois law and was not amended during the year.

A budget was prepared for all funds except the Internal Service Fund and the Trust and Agency Funds.

General Fund

The General Fund is the District's main operating fund and includes the Educational and the Sub-fund Working Cash. The budget was not amended during the year. Actual revenue for the General Fund was \$56.7 million compared to budgeted revenue of \$39.6 million. Actual revenue was higher than budgeted largely due to on behalf payments to the Teachers' Retirement System (TRS) not being budgeted.

Actual expenditures in the General Fund were \$56.7 million compared to budgeted expenditures of \$39.7 million. Actual expenditures were higher due to on behalf payments to the Teachers' Retirement System (TRS) not being budgeted.

Actual revenues exceeded actual expenditures and other financing sources (uses) for the year by \$338 thousand bringing the General fund balance to \$7.7 million at June 30, 2018.

Operations and Maintenance Fund

The operations and maintenance fund had actual revenues of \$4.3 million and expenditures of \$4.1 million. During the year \$11.4 million was transferred to the Operations and Maintenance fund from the working cash fund resulting in an ending fund balance of \$14.8 million

Transportation Fund

The Transportation Fund had actual revenues of \$3.5 million and expenditures of \$3.3 million resulting in an ending fund balance of \$4.2 million.

Retirement/Social Security Fund

The Retirement/Social Security Fund had actual revenues of \$1.8 million and expenditures of \$1.5 million resulting in an ending fund balance of \$2.2 million.

Tort Fund

The Tort Fund had actual revenues of \$720 thousand and expenditures of \$572 thousand resulting in an ending fund balance of \$669 thousand.

Debt Service Fund

The Debt Service Fund had actual revenues of \$2.6 million and expenditures of \$2.9 million resulting in an ending fund balance of \$2.3 million.

Freeport School District No. 145

Management Discussion and Analysis

Capital Projects Fund

The Capital Projects Fund had actual revenues of \$151 thousand and expenditures of \$114 thousand resulting in an ending fund balance of \$320 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had \$54.7 million invested in land, buildings, land improvements and equipment. Of this amount, \$44.6 million in depreciation has accumulated over the years, including \$1.5 million of depreciation being incurred in the current year. The District's net book value of capital assets at June 30, 2018 is \$10.1 million. Total additions for the year were \$697 thousand. More detailed information can be found in Note 6 of the financial statements.

Net Book Value of Capital Assets at June 30 (In Millions)		
	2018	2017
Land	\$.8	\$.8
Buildings	6.5	7.3
Land improvements	1.0	1.2
Equipment	1.8	1.5
Total	\$10.1	\$10.8

Debt Administration

At June 30, 2018, the District had \$28.8 million in general obligation bonds. During the year the District retired \$1.1 million in general obligation bonds. The District also issued \$17.8 million in general obligation bonds. Part of the issuance was to refund previous bonds in the amount of \$5.9 million. Principal due next year on these obligations is \$994 thousand in general obligation bonds.

Outstanding Debt at June 30 (In Millions)		
	2018	2017
General obligation bonds	\$28.8	\$18.0

State statutes limit the amount of debt that a school district may issue. The current unused debt limitation for the District is \$11.5 million under that statutory limit. Additional details on the District's long term debt can be found in Note 7, 8, and 9 of the financial statements.

Freeport School District No. 145

Management Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Illinois' General State Aid had decreased for five years (FY 10 – FY 15) because of being prorated to 89%, but the FY 16 proration improved to 92.1%. FY 17 GSA was almost \$810K more than FY 16. Due to the implementation of the State's new evidence-based funding (EBF), FY 18 saw an increase in state funding of \$1 million over FY17.

Interest income earnings remain very low due to poor investment rates, but slight improvements are being recognized. For FY 19 the District will continue to practice sound fiscal management while trying to meet state and federal mandates and provide the best quality education to the students of Freeport School District No. 145.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Freeport School District No. 145's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to:

Patrick McDermott, Ed.D., SFO
Assistant Superintendent for Business & Finance
Freeport School District No. 145
501 E. South Street
Freeport, IL 61032
(815) 232-0300

Basic Financial Statements

Freeport School District No. 145

Statement of Net Position

June 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities
Cash	\$17,928,399
Investments	5,152,965
Receivables, net of uncollectible amounts:	
Property taxes	20,131,546
Governmental claims	1,618,665
Other	1,055
Inventory	15,000
Prepaid expenses	676,822
Other current assets	6,224
Total current assets	45,530,676
Noncurrent assets:	
Net pension asset	1,921,860
Land	822,541
Depreciable capital assets, net of accumulated depreciation	9,240,092
Total noncurrent assets	11,984,493
Deferred amount on the refunding of bonds	937,934
Deferred outflows of resources - pension contributions	17,792,218
Deferred outflows of resources - OPEB contributions	195,362
Total deferred outflow of resources	18,925,514
Total assets and deferred outflows of resources	76,440,683
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Accounts payable	467,470
Accrued payroll and related deductions payable	3,481,630
General obligation bonds payable - current obligations	994,011
Total current liabilities	4,943,111
Net pension liability	6,687,028
Net OPEB liability	24,458,465
General obligation bonds payable, net of current obligations	28,836,618
Total long term liabilities	59,982,111
Total liabilities	64,925,222
Deferred inflows of resources -	
Deferred property taxes and fees paid in advance	11,619,126
Pension contributions	13,632,936
OPEB contributions	3,090,985
Total deferred inflows of resources	28,343,047
NET POSITION	
Net investment in capital assets	(6,989,062)
Restricted by enabling legislation	24,520,925
Unrestricted	(34,359,449)
Total net position	(\$16,827,586)

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Statement of Activities

For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities Total
Governmental activities:					
Instruction	\$25,786,991	\$2,275,707	5,558,370	\$0	(\$17,952,914)
Instruction - On behalf - State portion of payments	15,798,516	0	15,798,516	0	0
Instruction - Payments to other governmental units	677,235	0	0	0	(677,235)
Pupil service	3,548,077	0	0	0	(3,548,077)
Instructional staff	4,290,819	0	0	0	(4,290,819)
General administration	1,387,329	0	0	0	(1,387,329)
School administration	2,904,653	0	0	0	(2,904,653)
Business services	10,216,015	698,341	2,463,715	0	(7,053,959)
Central services	556,864	0	0	0	(556,864)
Other support services	223,553	0	0	0	(223,553)
Community services	130,176	0	0	0	(130,176)
Interest and service charges					
on long term debt	2,220,378	0	0	0	(2,220,378)
Total governmental activities	\$67,740,606	\$2,974,048	\$23,820,601	\$0	(40,945,957)

General revenues:

Local property taxes	\$22,884,235
Payments in lieu of taxes	1,530,154
Earnings on investments	67,855
General state aid	20,546,665
Total general revenues	45,028,909

Change in net position 4,082,952

Net position - beginning, as restated (20,910,538)

Net position - ending (\$16,827,586)

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Governmental Funds

Balance Sheet

June 30, 2018

ASSETS	General Fund	Special Revenue Funds	
		Operations and Maintenance Fund	Transportation Fund
Cash	\$774,767	\$12,738,693	\$1,473,250
Investments	2,320,311	1,273,664	1,558,990
Receivables:			
Property taxes	12,226,402	1,903,326	1,478,680
Governmental claims	1,036,735	0	581,930
Interfund	1,950,000	0	0
Other	662	393	0
Inventory	15,000	0	0
Prepaid expenditures	0	0	0
Other current assets	6,224	0	0
Total assets	\$18,330,101	\$15,916,076	\$5,092,850
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Accounts payable	\$126,777	\$0	\$799
Accrued payroll and related deductions payable	3,393,009	0	2,287
Interfund payables	0	0	0
Total liabilities	3,519,786	0	3,086
Deferred inflows of resources -			
Unavailable property taxes and fees paid in advance	7,083,263	1,094,112	850,008
Fund balance:			
Nonspendable	15,000	0	0
Restricted	0	14,821,964	4,239,756
Assigned	284,525	0	0
Unassigned	7,427,527	0	0
Total fund balances	7,727,052	14,821,964	4,239,756
Total liabilities, deferred inflows of resources and fund balances	\$18,330,101	\$15,916,076	\$5,092,850

See Accompanying Notes to Financial Statements.

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	
Municipal Retirement/Social Security Fund	Tort Fund	Debt Service Fund	Fire Prevention and Safety	Total Governmental Funds
\$1,622,939	\$406,626	\$642,748	\$265,009	\$17,924,032
0	0	0	0	5,152,965
1,504,771	617,564	2,270,311	130,492	20,131,546
0	0	0	0	1,618,665
0	0	0	0	1,950,000
0	0	0	0	1,055
0	0	0	0	15,000
0	0	676,822	0	676,822
0	0	0	0	6,224
\$3,127,710	\$1,024,190	\$3,589,881	\$395,501	\$47,476,309
\$0	\$0	\$0	\$0	\$127,576
77,986	0	0	0	3,473,282
0	0	0	0	0
77,986	0	0	0	3,600,858
865,005	355,003	1,305,071	75,012	11,627,474
0	0	676,822	0	691,822
2,184,719	669,187	1,607,988	320,489	23,844,103
0	0	0	0	284,525
0	0	0	0	7,427,527
2,184,719	669,187	2,284,810	320,489	32,247,977
\$3,127,710	\$1,024,190	\$3,589,881	\$395,501	\$47,476,309

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position June 30, 2018

Total fund balances - governmental funds \$32,247,977

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. This amount
is the net book value of capital assets reported. 10,062,633

Net pension assets reported in governmental activities are not financial resources and
therefore are not reported as assets in governmental funds. This amount
is the net pension asset reported. 1,921,860

Accrued long-term employee benefits are not due and payable in the current period and
therefore are not reported as liabilities of the funds, but are included as liabilities
and deferred items in the statement of net position

Accrued net pension liability and related deferred outflows/inflows of resources	(2,527,746)
Accrued net OPEB liability and related deferred outflows/inflows of resources	(27,354,088)

An internal service fund is used by the District to charge the costs of employee health
insurance costs to the individual funds. The assets and liabilities of the internal
service fund are included with the governmental activities. (2,285,527)

Current and long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported as liabilities in the funds.
Current and long-term liabilities at year end consist of:

Deferred amount on refunding	937,934	
Bonds payable	(29,830,629)	(28,892,695)

Total net position - governmental activities (\$16,827,586)

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2018

	General Fund	Special Revenue Funds		Special Rev
		Operations and Maintenance Fund	Transportation Fund	Retirement/ Social Security Fund
Revenues:				
Local property taxes	\$13,922,351	\$2,178,739	\$1,592,893	\$1,726,766
Payments in lieu of taxes	26,629	1,407,442	0	96,083
Earnings on investments	32,798	12,819	14,779	3,712
Other local sources	251,146	49,368	641,673	7,800
Unrestricted state aid	19,696,665	650,000	0	0
Restricted state aid	972,326	0	1,238,306	0
Restricted federal aid	5,971,453	0	40,000	0
On behalf - State portion of payments	15,798,516	0	0	0
Total revenues	56,671,884	4,298,368	3,527,651	1,834,361
Expenditures:				
Current:				
Instruction	24,212,816	0	0	451,850
Pupil services	3,692,698	0	15,364	156,679
Instructional staff	4,276,779	0	0	103,065
General administration	852,897	0	0	19,626
School administration	3,048,407	0	0	105,106
Business services	2,828,217	4,000,449	2,665,892	576,676
Central services	562,206	0	0	25,245
Other support services	161,048	0	57,546	22,520
Community services	132,879	0	0	981
Debt issuance cost	429,038	0	0	0
Total current	40,196,985	4,000,449	2,738,802	1,461,748
Intergovernmental:				
Payments to other governmental units	677,235	0	0	0
On behalf - State portion of payments	15,798,516	0	0	0
Total intergovernmental	16,475,751	0	0	0
Debt service:				
Interest	0	0	0	0
Principal	0	0	0	0
Total debt service	0	0	0	0
Capital outlay	188,112	94,000	572,363	0
Total expenditures	56,860,848	4,094,449	3,311,165	1,461,748
Excess (deficiency) of revenues over expenditures	(188,964)	203,919	216,486	372,613
Other financing sources (uses):				
Proceeds from bond principal	11,850,000	0	0	0
Issuance of refunding bonds	5,960,000	0	0	0
Proceeds from bond premium	1,021,626	0	0	0
Payment to refunded bonds escrow agent	(6,906,934)	0	0	0
Transfers in	5,648,946	11,400,000	0	0
Transfers out	(17,046,564)	0	0	0
Total other financing sources (uses)	527,074	11,400,000	0	0
Net change in fund balance	338,110	11,603,919	216,486	372,613
Fund balance, beginning	7,388,942	3,218,045	4,023,270	1,812,106
Fund balance, ending	\$7,727,052	\$14,821,964	\$4,239,756	\$2,184,719

See Accompanying Notes to Financial Statements.

Revenue Funds	Debt Service Fund	Capital Projects Fund	Fire Prevention and Safety	Total Governmental Funds
\$716,553	\$2,597,609	\$149,324		\$22,884,235
0	0			1,530,154
776	2,383	\$588		67,855
3,272	11,699	673		965,631
0	0	0		20,346,665
0	0	0		2,210,632
0	0	0		6,011,453
0	0	0		15,798,516
720,601	2,611,691	150,585		69,815,141
0	0	0		24,664,666
0	0	0		3,864,741
0	0	0		4,379,844
572,261	0	0		1,444,784
0	0	0		3,153,513
0	0	114,364		10,185,598
0	0	0		587,451
0	0	0		241,114
0	0	0		133,860
0	0	0		429,038
572,261	0	114,364		49,084,609
0	0	0		677,235
0	0	0		15,798,516
0	0	0		16,475,751
0	1,791,340	0		1,791,340
0	1,080,431	0		1,080,431
0	2,871,771	0		2,871,771
0	0	0		854,475
572,261	2,871,771	114,364		69,286,606
148,340	(260,080)	36,221		528,535
0	0	0		11,850,000
0	0	0		5,960,000
0	0	0		1,021,626
0	0	0		(6,906,934)
0	0	0		17,048,946
0	(2,382)	0		(17,048,946)
0	(2,382)	0		11,924,692
148,340	(262,462)	36,221		12,453,227
520,847	2,547,272	284,268		19,794,750
\$669,187	\$2,284,810	\$320,489		\$32,247,977

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities For the year ended June 30, 2018

Net change in fund balance - governmental funds	\$12,453,227
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 depreciation expense exceeds capitalized assets in the period.	(786,852)
Debt proceeds are reported in the governmental funds as other financing sources. However, the amount is recorded as a liability in the statement of net position. This the amount of debt proceeds in the period.	
Proceeds from bond principal	(17,810,000)
Proceeds from bond premium	(1,021,626)
Repayment of bond principal is an expenditures in the governmental funds, but repayment reduces long term liabilities in the statement of net position.	
Current payments	1,080,431
Payments to escrow for refunded bonds	6,906,934
An internal service fund is used by the District to charge the costs of employee health insurance costs to the individual funds. The net revenue (expense) of the internal service fund is reported with the governmental activities.	(21,430)
In the statement of activities, net pension and OPEB obligations, and deferred sources are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
Net pension obligations and deferred sources	4,879,588
Net OPEB obligations and deferred sources	<u>(1,597,320)</u>
Change in net position of governmental activities	<u>\$4,082,952</u>

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Statement of Net Position

Proprietary Fund

June 30, 2018

	Governmental Activities: Internal Service Fund
ASSETS	
Current Assets	
Cash	\$4,367
Total current assets	4,367
LIABILITIES	
Current Liabilities	
Accounts payable	\$339,894
Interfund payables	1,950,000
Total current liabilities	2,289,894
NET POSITION	
Unrestricted	(\$2,285,527)

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

For the year ended June 30, 2018

	Governmental Activities: Internal Service Fund
Operating revenues:	
Employee contributions	\$1,222,188
Board contributions	4,865,598
Miscellaneous	786,229
<hr/>	
Total operating revenues	6,874,015
<hr/>	
Operating expenses:	
Claims	5,727,884
Administrative fees/premiums	1,167,561
<hr/>	
Total operating expenses	6,895,445
<hr/>	
Net operating income (loss)	(21,430)
<hr/>	
Net position, beginning	(2,264,097)
<hr/>	
Net position, ending	(\$2,285,527)
<hr/> <hr/>	

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Statement of Cash Flows

Proprietary Fund

For the year ended June 30, 2018

	Governmental Activities: Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from assessments made to other funds	\$4,865,598
Received from user charges - employee premiums	1,222,188
Refunds and miscellaneous receipts	992,477
Payment for health and dental claims	(5,910,215)
Payment for third party administration fee and stop loss insurance	(1,167,561)
Net cash flows from operating activities	2,487
Net increase (decrease) in cash and cash equivalents	2,487
Cash and cash equivalents - beginning of year	1,880
Cash and cash equivalents - end of year	\$4,367
Reconciliation of operating income to net cash used by operating activities:	
Net operating loss	(\$21,430)
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Decrease in accounts receivable	206,248
Decrease in accounts payable	17,669
Increase in interfund payable	(200,000)
Net cash (used in) operating activities	\$2,487

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Statement of Fiduciary Assets and Liabilities

June 30, 2018

	<u>Agency Funds</u> <u>Student Activity</u> <u>Funds</u>
ASSETS	
Cash	\$408,023
Total assets	\$408,023
LIABILITIES	
Liabilities - Due to student groups	\$408,023

See Accompanying Notes to Financial Statements.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The financial statements of Freeport School District No. 145 ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Financial Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary Government:

The District is organized in accordance with Chapter 105 of the Illinois Compiled Statutes governed by a School Board which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The District has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the District is considered a primary government.

Joint Ventures:

The District is a member of Career & Technical Education Consortium along with other area school districts and paid them \$218,084 during the year. The Career & Technical Education Consortium is located at 2037 W. Galena Ave., Freeport, IL 61032. The District's pupils benefit from programs administered under the joint agreement, and the District benefits from jointly administered grants and programming. The District does not have any equity interest in the joint agreement. The joint agreement is separately audited and are not included in these financial statements. Financial information about the joint agreement can be obtained by contacting them at the addresses given above. In addition, the District is not aware of any entity in which the District would exercise such oversight as to result in the District having any component units.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Certain indirect costs are included in the program expense for individual functions and activities.

Earnings on investments, not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary fund and the fiduciary funds, even though the latter are excluded from the government wide financial statements. For consistency purposes and due to the limited number of funds in the system, all governmental funds are considered major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income, result from non-exchange transactions.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. All major revenue types are susceptible to accrual and are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues, except state categorical grant revenue to be available if they are collected, generally, within 60 days of the end of the current fiscal period. State categorical grant revenue is considered available when vouchered by the state comptroller. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, expenditures relating to compensated absences and early retirement are recorded only when payment is due.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District may report any governmental or enterprise fund (but not internal service funds or fiduciary funds) as a major fund if the government's officials believe the fund is "particularly important to financial statement users". The District has chosen to include the Transportation, Retirement/Social Security, Tort, Capital Projects, and Fire Prevention and Safety Funds as major funds even though the fund calculations do not classify them as major funds. The District views these funds particularly important to the financial users.

The District reports the following fund types and major governmental funds:

General Fund - The General Fund is used to account for all financial resources of the District except those which are required to be accounted for in another fund. The General Fund consists of the Educational Fund and the sub-fund Working Cash Fund. A brief description of the District's two General Funds follows:

Educational Fund - This fund is used for most of the instructional and administrative aspects of the District's operations. Revenues consist primarily of local property taxes and state government aid.

Working Cash Fund - This fund makes temporary cash transfers as necessary to the other funds for ordinary cash requirements. It can also issue bonds and transfer interest to the Governmental Fund Types. It can also be abolished or abated by a Board of Education resolution at the end of any year with the existing balance, plus outstanding taxes collected thereafter, permanently transferred to another fund. Revenues consist primarily of local property taxes.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Each of the District's Special Revenue Funds has been established as a separate fund in accordance with the fund structure required by the State of Illinois for local educational agencies. A brief description of the District's four Special Revenue Funds follows:

Operations and Maintenance Fund - This fund is used for expenditures made for repair and maintenance of District property. Revenue consists primarily of local property taxes.

Transportation Fund - This fund accounts for all revenues received and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - This fund accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund and Social Security Fund for non-certified employees. Revenue to finance the contributions are derived primarily from local property taxes.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Special Revenue Funds continued -

Tort Fund - This fund accounts for all revenues received and expenditures made under the District's Risk Management Plan and Tort Immunity Act. Revenues are derived primarily from local property taxes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal and interest. This fund accounts for the periodic principal and interest payments on the general obligation serial bond issue of the District. Revenues consist primarily of local property taxes.

Capital Projects Funds - The Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities. The District's Capital Projects Fund is:

Fire Prevention and Safety Fund - This fund accounts for the revenues and expenditures made under the Health, Life Safety code of the State of Illinois. Revenues are derived primarily from local property taxes, but can come from debt issuance.

Proprietary Fund Type - Internal Service Funds are used to account for the financing of services provided to other funds of the District. The District's internal service fund is the employee benefit fund which accounts for the District's contributions and expenditures relating to its health and dental plans.

Fiduciary Fund Types - Trust and Agency Funds account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

A brief description of each of the District's Trust and Agency Funds follows:

Agency Funds -

The Activity Funds account for monies owned and managed by students. The District's responsibility for these funds is custodial in nature.

Amounts reported as program revenues include 1) charges for tuition, fees, rentals, material, supplies, or services provided 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include taxes, earnings on investments and unrestricted state aid.

Receivables

Receivables consist of all revenues earned at year-end and not received. All receivables are anticipated to be collected and therefore no allowance for doubtful accounts has been recorded.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Investments

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District is authorized to invest in funds according to Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act.

Investments are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer’s Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission’s (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC. Investment in the Pool are not subject to the fair value hierarchy.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all investments with a maturity of three months or less when purchased to be cash equivalents for the Proprietary Fund.

Capital assets

Capital assets, which include buildings, land improvements, and equipment are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$1,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are stated at estimated acquisition value as of the date of acquisition. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except land and construction in progress which are not depreciated, are being depreciated using the straight line method over the following useful lines:

Buildings	50 years
Land improvements	20 years
Transportation equipment	5 years
Equipment	10 years

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Equity

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

- 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.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. 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 (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or other purpose).

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Inventory and prepaid expenditures

Inventory of supplies is valued at cost (first-in, first-out method) and includes items purchased and held for use. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements. Inventory and prepaid expenditures are accounted for using the consumption method and are recognized as an expenditure as they are used.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Sick and Vacation Pay

The District follows the policy of allowing unused sick days to accumulate to a maximum of 360 days. However, if the employee does not use the accumulated sick days, the benefit is lost upon any termination of employment other than retirement. If an employee enrolled in IMRF and TRS should retire with accumulated sick days, the number of days accumulated is added to their years of credited service in determining their retirement benefit. Unused vacation days are not allowed to accumulate. As a result, no accrued liability for accumulated unpaid vacation or sick pay has been reflected in the financial statements.

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, deferred outflows of resources, 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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from TRS's and IMRF's fiduciary net position have been determined on the same basis as they are reported by TRS and IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB expense, information about the fiduciary net position of the Teachers' Health Insurance Security Fund ("THISF") and additions to/deductions from THISF's fiduciary net position have been determined on the same basis as they are reported by THISF. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the OPEB terms. Investments are reported at fair value.

Freeport School District No. 145

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. GASB Statement No. 75 replaces the requirements of GASB Statements No. 45 on accounting and financial reporting by employers for postemployment benefits other than pensions.

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

For the year ended June 30, 2018, the Education Fund and Debt Services Fund expenditures exceeded appropriations by \$341,781 and \$169,205, respectively.

Deficit Fund Equity

At June 30, 2018, the Internal Service Fund had a deficit fund balance of \$2,285,527.

Note 3 Property Taxes

The 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 2017 and 2016 levies were passed by the Board on December 18, 2017 and December 20, 2016, respectively. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on approximately June 1 and September 1. The District receives significant distributions of tax receipts during July, August, September, October, and November. Taxes recorded in these financial statements are from the 2017 and prior tax levies.

Property tax receivables reflect the estimated collectible portion of the current year levy. The District historically has received at least one-half of its tax monies by the end of August. The District, to be consistent with past years, has therefore recognized 50% of current year tax levies as revenue for the period each year.

Note 4 Cash Deposits and Investments

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018, the government's bank balance was \$19,179,935 and the entire balance was collateralized with securities held by the pledging or financial institution's trust department or agent in the government's name.

As of June 30, 2018, the District had the following investments at fair value:

State Investment Pool	<u>\$5,143,119</u>
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Freeport School District No. 145

Notes to Financial Statements

Note 4 Cash Deposits and Investments (Continued)

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The government has no specific policy on the interest rate risk at year-end. Information about the sensitivity of the fair values of the government’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the government’s investments by maturity:

	Remaining Maturity (in Months)			
	<u>12 Months or Less</u>	<u>13-60 Months</u>	<u>60+ Months</u>	<u>Total</u>
State Investment Pool	<u>\$5,143,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,143,119</u>

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type:

	<u>Total as of June 30, 2018</u>	<u>A1</u>
State Investment Pool	<u>\$5,143,119</u>	<u>\$5,143,119</u>

Concentration of credit risk. The government’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government’s total investments.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of June 30, 2018 there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk. The government has no foreign currency risk for investments at year end.

Note 5 Common Bank Account/Interfund Balances

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain balances in common checking and money market accounts, with the accounting records being maintained to show the portion of the common account balance attributable to each participating fund. Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the School Board. A deficit in one fund restricts the cash available for use by other funds in the same common account. As of June 30, 2018, the Internal Service Fund had a net deficit balance of \$1,945,633 that was reclassified to due to the Education Fund in an amount of \$1,950,000. The amounts will be paid when the cash position in the respective funds improve.

Freeport School District No. 145

Notes to Financial Statements

Note 6 Capital Assets

The governmental activities capital asset activity for the year ended June 30, 2018 is as follows:

Governmental activities	Balance 7/1/2017	Additions	Deletions/ Transfers	Balance 6/30/18
Capital assets, not being depreciated:				
Land	\$822,541	\$ -	\$ -	\$822,541
Capital assets, being depreciated:				
Buildings	47,057,537	-	-	47,057,537
Improvements	2,131,047	-	-	2,131,047
Equipment	2,251,330	188,112	-	2,439,442
Vehicles	2,057,350	508,864	277,445	2,288,769
Total capital assets, being depreciated	53,497,264	696,976	277,445	53,916,795

Governmental activities	Balance 7/1/2017	Additions	Deletions/ Transfers	Balance 6/30/18
Accumulated depreciation:				
Buildings	39,756,293	855,908	-	40,612,201
Improvements	983,007	106,552	-	1,089,559
Equipment	1,495,504	202,103	-	1,697,607
Vehicles	1,235,517	319,264	277,445	1,277,336
Total accumulated depreciation	43,470,321	1,483,827	277,445	44,676,703
Total capital assets, being depreciated, net	10,026,943	(786,851)	-	9,240,092
Governmental activities capital assets, net	\$10,849,484	\$(786,851)	-	\$10,062,633

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instruction	\$1,009,457
Central services	10,513
Instructional staff	124,030
Business services	339,827
Total depreciation expense, governmental activities	\$1,483,827

Freeport School District No. 145

Notes to Financial Statements

Note 7 Long-Term Debt

Long-term debt activity for the year ended June 30, 2018 was as follows:

	<u>Balance on July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Refunded</u>	<u>Balance June 30, 2018</u>	<u>Due within One Year</u>
General obligation bonds	<u>\$18,048,434</u>	<u>\$17,810,000</u>	<u>\$1,080,431</u>	<u>\$5,969,000</u>	<u>\$28,809,003</u>	<u>\$994,011</u>

Bonded indebtedness current requirements for principal and interest expenditures are payable from future revenues of the Debt Service Fund. The revenues consist principally of property taxes collected by the District and interest earnings. Bonded indebtedness consists of the following:

Limited Tax Capital Appreciation School Bonds, Series 2003

Dated	April 9, 2003
Purpose	Fire Prevention and Safety Needs
Original issue	\$20,182,851
Principal date	January 1
Interest date	January 1 and July 1
Rate	4.961%

These Bonds were partially refunded with the issuance of the 2018 Refunding Bonds.

<u>Fiscal Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 754,011	\$ 875,754	\$ 1,629,765
2020	604,505	767,748	1,372,253
2021	575,843	797,010	1,372,853
2022	547,939	824,000	1,371,939
2023	<u>521,705</u>	<u>850,155</u>	<u>1,371,860</u>
Total	<u>\$3,004,003</u>	<u>\$3,668,237</u>	<u>\$7,118,670</u>

General Obligation Limited School Bonds, Series 2007

Dated	April 8, 2007
Purpose	Building Improvements
Original issue	\$5,120,000
Principal date	February 1, 2024
Interest date	February/August
Rate	4.625%

These Bonds were fully refunded with the issuance of the 2018 Refunding Bonds.

Freeport School District No. 145

Notes to Financial Statements

Note 7 Long-Term Debt (Continued)

General Obligation Limited School Bonds, Series 2010

Dated	August 10, 2010
Purpose	Building improvements and to refund prior bonds that were issued for building improvements
Original issue	\$9,690,000
Principal date	February 1, 2026
Interest date	February/August
Rate	6.50% - 7.00%

<u>Fiscal Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 193,000	\$ 193,000
2020	-	193,000	193,000
2021	-	193,000	193,000
2022	-	193,000	193,000
2023	-	193,000	193,000
2024	-	193,000	193,000
2025	-	193,000	193,000
2026	1,090,000	193,000	1,283,000
2027	1,540,000	38,500	1,678,500
2028	<u>1,230,000</u>	<u>61,500</u>	<u>1,291,500</u>
Total	<u>\$3,860,000</u>	<u>\$1,744,000</u>	<u>\$5,604,000</u>

General Obligation Limited School Bonds, Series 2014

Dated	May 5, 2014
Purpose	Refund prior bonds that were used for building improvements
Original issue	\$4,890,000
Principal date	February 1, 2026
Interest date	February/August
Rate	2.00% - 4.625%

<u>Fiscal Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 240,000	\$ 174,769	\$ 414,769
2020	245,000	169,969	414,969
2021	255,000	160,169	415,169
2022	265,000	149,969	414,969
2023	275,000	139,369	414,369
2024	285,000	128,369	413,369
2025	295,000	116,969	411,969
2026	310,000	104,431	414,431
2027	320,000	90,481	410,481
2028	725,000	76,081	801,081
2029	<u>920,000</u>	<u>42,550</u>	<u>962,550</u>
Total	<u>\$4,135,000</u>	<u>\$1,353,126</u>	<u>\$5,488,126</u>

Freeport School District No. 145

Notes to Financial Statements

Note 7 Long-Term Debt (Continued)

General Obligation Limited School Bonds, Series 2018

Dated	June 1, 2018
Purpose	Refund prior bonds that were used for building improvements in the amount of \$5,960,000 with the difference being used to increase the working cash fund
Original issue	\$17,810,000
Principal date	February 1, 2024
Interest date	February/August
Rate	3.00% - 5.00%

<u>Fiscal Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 501,339	\$ 501,339
2020	-	752,009	752,009
2021	-	752,009	752,009
2022	-	752,009	752,009
2023	-	752,009	752,009
2024	1,370,000	752,009	2,122,009
2025	1,425,000	709,539	2,134,539
2026	385,000	665,056	1,050,056
2027	-	653,506	653,506
2028	9,480,000	653,506	10,133,506
2029	1,130,000	179,506	1,309,506
2030	2,125,000	142,781	2,267,781
2031	-	71,062	71,062
2032	-	71,062	71,062
2033	-	71,062	71,062
2034	-	71,062	71,062
2035	<u>1,895,000</u>	<u>71,062</u>	<u>1,966,062</u>
Total	<u>\$17,810,000</u>	<u>\$7,620,588</u>	<u>\$25,430,588</u>

Note 8 Debt Defeasance

In the current year, the District defeased a portion of the Series 2003, 2007, and 2010 Bonds by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The new debt will reduce the total payments over the life of the bonds by \$206,777 resulting in an estimated economic gain of \$154,311.

Freeport School District No. 145

Notes to Financial Statements

Note 8 Debt Defeasance (Continued)

In the current and prior years, the District defeased a portion of the Series 2003, 2007, and 2010 Bonds by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's financial statements. As of June 30, 2018, the amount of defeased debt outstanding but removed from the District's financial statements related to the 2003, 2007 and 2010 defeasances amounted to \$12,371,339.

Note 9 Legal Debt Margin

2017 Equalized assessed valuation	<u>\$291,763,215</u>
Statutory debt limitation 13.8% of 2017 equalized assessed valuation	\$40,263,324
Less indebtedness – Bonds	<u>28,809,003</u>
Legal debt margin	<u>\$11,454,321</u>

Note 10 Operating Leases

On July 16, 2013, the District entered into an operating lease with Sovereign Bank for the lease of four 72 passenger school buses. A payment of \$42,360 was made on July 16, 2013, with payments of the same amount required each year until July 16, 2017.

On July 15, 2014, the District entered into an operating lease with Sovereign Bank for the lease of seven 72 passenger school buses. A payment of \$74,130 was made on July 15, 2014, with payments of the same amount required each year until July 16, 2018.

On July 20, 2015, the District entered into an operating lease with Sovereign Bank for the lease of three 72 passenger school buses. A payment of \$29,808 was made on July 20, 2015, with payments of the same amount required each year until July 20, 2019.

On July 20, 2016, the District entered into an operating lease with Sovereign Bank for the lease of six 72 passenger school buses. A payment of \$66,336 was made on July 20, 2016, with payments of the same amount required each year until July 20, 2020.

Freeport School District No. 145

Notes to Financial Statements

Note 10 Operating Leases (Continued)

The District made payments of \$212,634 for operating leases during the year ended June 30, 2018. The schedule of future operating leases are as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Total</u>
2019	\$170,274
2020	96,144
2021	<u>66,336</u>
Total	<u>\$332,754</u>

Note 11 Net Position/Fund Balances

Net position reported on the government wide statement of net position at June 30, 2018:

Governmental Activities:

Net investment in capital assets

Land \$822,541

Other capital assets, net of accumulated depreciation 9,240,092

Less: related long-term debt outstanding (17,051,695)

Total net investment in capital assets, (6,989,062)

Restricted -

Operations and Maintenance enabling legislation \$14,821,964

Transportation enabling legislation 4,239,756

Illinois Municipal Retirement and Social Security Fund enabling legislation 2,184,719

Tort enabling legislation 669,187

Debt service enabling legislation 2,284,810

Fire prevention and safety enabling legislation 320,489

Total restricted 24,520,925

Unrestricted (34,359,449)

Total governmental activities net position \$(16,827,586)

Freeport School District No. 145

Notes to Financial Statements

Note 11 Net Position/Fund Balances (Continued)

Governmental fund balances reported on the fund financial statements at June 30, 2018 include the following:

Nonspendable:	
Inventory	\$ 15,000
Prepaid expenditures	676,822
<hr/> Total nonspendable	<hr/> 691,822
Restricted:	
Operations and Maintenance enabling legislation	\$14,821,964
Transportation enabling legislation	4,239,756
Illinois Municipal Retirement and Social Security Fund enabling legislation	2,184,719
Tort enabling legislation	669,187
Debt service enabling legislation	2,284,810
Fire prevention and safety enabling legislation	320,489
<hr/> Total restricted	<hr/> 23,844,103
Assigned:	
Working Cash	284,525
Unassigned:	
General	7,427,527
<hr/> Total governmental fund balances	<hr/> \$32,247,977

Note 12 Retirement Fund Commitments

The school district participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF).

Teachers' Retirement System of the State of Illinois

Plan description - The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888)678-3675, option 2.

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments

Benefits provided - TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is 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. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

Contributions - The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$15,798,516 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018 were \$128,762.

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Teachers’ Retirement System of the State of Illinois (Continued)

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state rate to TRS and were much higher.

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$645,946 were paid from federal and special trust funds that required employer contributions of \$65,241.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the employer paid \$-0- to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the employer paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the employer had a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer’s proportionate share of the net pension liability	\$ 6,687,028
State’s proportionate share of the net pension liability associated with the employer	160,529,209
Total	\$167,216,237

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .008753 percent, which was a decrease of 0.001089 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$15,992,518 and revenue of \$15,798,516 for support provided by the state. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,629	\$ 3,087
Net difference between projected and actual earnings on pension plan investments	4,587	-
Changes of assumptions	446,311	192,154
Changes in proportion and differences between employer contributions and proportionate share of contributions	250,337	1,387,702
Employer contributions subsequent to the measurement date	194,002	-
Total	\$967,866	\$1,582,943

\$194,002 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year ended June 30:	To be recognized in pension expense
2019	\$(335,196)
2020	(42,249)
2021	(176,309)
2022	(229,391)
2023	(25,934)

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Teachers’ Retirement System of the State of Illinois (Continued)

Actuarial assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid-cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds ore	10.7	2.44
International debt development	5.3	1.70
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private equity	14.0	10.63
Total	100%	

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

Discount rate - At June 30, 2017, the discount rate used to measure the total pension liability was a blended rate of 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate - The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability	\$8,215,887	\$6,687,028	\$5,434,765

TRS fiduciary net position - Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund

Plan description – The employer’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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

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

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

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

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Employees Covered by the Benefit Terms - At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	298
Inactive employees entitled to but not yet receiving benefits	272
Active employees	345
<hr/>	
Total	915

Contributions – As set by statute, the employer’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer’s annual contribution rate for calendar year 2017 was 6.69%. For the fiscal year ended June 30, 2018, the employer contributed \$545,836 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer’s Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from year 2014 to 2016.
- **Mortality** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount rate - A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability(Asset)
Balances, January 1, 2017	\$34,990,341	\$35,154,848	\$(164,507)
Service costs	828,431	-	828,431
Interest on total pension liability	2,588,020	-	2,588,020
Difference between expected and actual experience	161,968	-	161,968
Changes in assumptions	(1,161,970)	-	(1,161,970)
Employer contributions	-	518,016	(518,016)
Employee contributions	-	348,442	(348,442)
Net investment income	-	6,317,235	(6,317,235)
Benefit payments – net of refunds	(1,795,256)	(1,795,256)	-
Administrative expense	-	-	-
Other changes	-	(3,009,891)	3,009,891
Net changes	621,193	2,378,546	(1,757,353)
Balances, December 31, 2017	\$35,611,534	\$37,533,394	\$(1,921,860)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the plan's net pension liability, calculated using the single discount rate of 7.50 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the Net pension liability (asset)	\$2,240,218	\$(1,921,860)	\$(5,362,130)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2018, the District recognized pension expense of \$545,836. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Freeport School District No. 145

Notes to Financial Statements

Note 12 Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$15,275,643	\$8,138,598
Changes in assumptions	-	848,737
Net difference between projected and actual earnings	1,217,933	3,062,658
Employer contributions subsequent to the measurement date	330,776	-
Total	\$16,824,352	\$12,049,993

The District reported \$330,776 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	To be recognized in pension expense
2019	\$(2,159,750)
2020	(1,758,436)
2021	1,520,749
2022	1,559,940
2023	2,268,181
Thereafter	2,679,630

Reconciliation of Pension Amounts to the Financial Statements

	Net Pension Asset	Deferred Outflows Of Resources	Net Pension Liability	Deferred Inflows Of Resources
Teachers' Retirement System	\$ -	\$ 967,866	\$6,687,028	\$ 1,582,943
Illinois Municipal Retirement Fund	1,921,860	16,824,352	-	12,049,993
Total	\$1,921,860	\$17,792,218	\$6,687,028	\$13,632,936

Freeport School District No. 145

Notes to Financial Statements

Note 13 Interfund Transactions

<u>From</u>	<u>To</u>	<u>Amount Transferred</u>	<u>Purpose</u>
Debt service fund	Educational fund	\$2,382	Transfer all interest earnings
Working cash fund	O & M fund	\$11,400,000	Abatement of Working cash
Working cash fund	Education fund	\$5,648,946	Abatement of Working cash
Fund due to	Fund due from	Amount	
Education Fund	Internal Service	\$1,950,000	Cash overdraft

Note 14 Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to handle such risks of loss, the District purchases commercial insurance coverage and self insures for unemployment insurance purposes (see Note 16). There have been no significant reductions in insurance coverage from the prior year. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

Note 15 Contingencies

The District has received funding from state and federal grants in the current and prior years which are subject to audits by the granting agencies. The School Board believes any adjustments that may arise from these audits will be insignificant to District operations.

Note 16 Employee's Health Benefit Account

On July 1, 2001 the District established an all Insurance Program Health Plan with an insurance company. The Northwest Special Education Co-op is included in this program. Self-insurance is in effect up to an aggregate stop/loss of \$5,561,068 with a \$100,000 per covered person stop/loss. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop/loss amount. The internal service fund reflects the assets and liabilities of this account.

The following represents changes in those liabilities for the District during the past two years:

<u>Beginning of Year Ending June 30</u>	<u>Current Year Claims and Fiscal Year Liability</u>	<u>Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2017	\$483,158	\$5,374,722	\$5,535,655	\$322,225
2018	\$322,225	\$5,727,884	\$5,710,215	\$339,894

Freeport School District No. 145

Notes to Financial Statements

Note 17 Post-Employment Benefits

Teachers Health Insurance Security Fund (“THISF”)

Plan description –The Teacher Health Insurance Security Fund (THISF) (also known as The Teacher Retirement Insurance Program, “TRIP”) is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. TRIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan with a special funding situation that covers retired employees of participating school districts throughout the State of Illinois, excluding the Chicago Public School System. TRIP health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to TRIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers’ Retirement System (TRS).

Based upon the required criteria, the THISF has no component units and is not a component unit of any other entity. However, because the THISF is not legally separate from the State of Illinois, the financial statements of the THISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. The State of Illinois’ Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller’s Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

Benefits provided – The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) requires that the Department’s Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

Contributions – The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.12% of salary and for every employer of a teacher to contribute an amount equal to .84% of each teacher’s salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the THISF, an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) requires that the Department’s Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon

Freeport School District No. 145

Notes to Financial Statements

Note 17 Post-Employment Benefits (Continued)

Teachers Health Insurance Security Fund (“THISF”) (continued)

member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

For the year ended June 30, 2017, member required contributions ranged from \$92.87 to \$220.21, per month per retiree, and from \$414.60 to \$660.63, per month per retiree and spouse (assuming Medicare eligibility). For non-Medicare eligible members, required contributions ranged from \$75.65 to \$833.43, per month per retiree, and from \$378.37 to \$2,500.29, per month per retiree plus dependents. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires active teachers contribute 1.12% of salaries; they contributed \$111.734 million, or approximately 34.68% of total premiums. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) also requires participating school districts contribute 0.84% of salaries; they contributed \$100.763 million, or approximately 31.27% of total premiums.

In addition, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires the State contribute 1.12% of salaries; they contributed \$109.7 million or approximately 34.05% of total premiums. The fund received \$2.053 million in Medicare Part D subsidy payments from the federal government. Retiree contributions are netted with the related liability.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, the employer reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state OPEB support provided to the employer. The state’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the employer were as follows:

District’s proportionate share of the net OPEB liability	\$24,458,465
State’s proportionate share of the net OPEB liability associated with the employer	32,120,042
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Total	\$56,578,507

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The District’s proportion of the net OPEB liability was based on the District’s share of contributions to THISF for the measurement year ended June 30, 2017, relative to the contributions of all participating THISF employers and the state during that period. At June 30, 2017, the District’s proportion was 0.09489 percent, which was a decrease of 0.000636 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$195,362. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB, from the following sources:

Freeport School District No. 145

Notes to Financial Statements

Note 17 Post-Employment Benefits (Continued)

Teachers Health Insurance Security Fund (“THISF”) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$13,853
Net difference between projected and actual earnings on OPEB plan investments	0	269
Changes of assumptions	0	2,912,103
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	164,760
Employer contributions subsequent to the measurement date	195,362	0
Total	\$195,362	\$3,090,985

\$195,362 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Net Deferred Inflows of Resources
2019	\$(411,583)
2020	(411,583)
2021	(411,583)
2022	(411,583)
2023	(411,583)
Thereafter	(1,033,070)
Total	\$(3,090,985)

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at less than 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

Freeport School District No. 145

Notes to Financial Statements

Note 17 Post-Employment Benefits (Continued)

Teachers Health Insurance Security Fund (“THISF”) (continued)

Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 Whited Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since TRIP is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. The increase in the single discount rate from 2.85% to 3.56% caused the total OPEB liability to decrease by approximately \$3.564 billion from 2016 to 2017.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee’s salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member’s attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

During the plan year ending June 30, 2017, the trust earned \$357,000 in interest and due to a significant benefit payable, the market value of assets at June 30, 2017, is a negative \$43 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set to zero.

Freeport School District No. 145

Notes to Financial Statements

Note 17 Post-Employment Benefits (Continued)

Teachers Health Insurance Security Fund (“THISF”) (continued)

Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate - The following presents the plan’s net OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the plan’s net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.56%) or lower (2.56%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2017 to the Single Discount Rate Assumption			
	1% Decrease (2.56%)	Current Single Discount Rate Assumption (3.56%)	1% Increase (4.56%)
Net OPEB liability	\$29,350,030	\$24,458,465	\$20,544,438

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the plan’s net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

Sensitivity of Net OPEB Liability as of June 30, 2017 to the Healthcare Cost Trend Rate Assumption			
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	\$19,740,486	\$24,458,465	\$31,230,325

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.02% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

Note 18 Prior Year Restatement

As a result of the implementation of GASB Statement No. 75, the District has restated beginning net position as follows:

Balance at June 30, 2017, as previously reported	\$ 4,846,229
Add: Restated Deferred outflows of resources-OPEB	182,107
Subtract: Restated Net OPEB liability	<u>(25,938,874)</u>
Balance at June 30, 2018, as restated	<u>(\$20,910,538)</u>

Freeport School District No. 145

Notes to Financial Statements

Note 19 Impact of Pending Standards

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The District has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District has not determined the effect of this Statement.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District has not determined the effect of this Statement.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District has not determined the effect of this Statement.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District has not determined the effect of this Statement.

Required Supplementary Information

Freeport School District No. 145

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund (Excluding Working Cash Sub-Fund)

For the year ended June 30, 2018

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Local property taxes	\$13,820,053	\$13,822,814	\$2,761
Payments in lieu of taxes	22,000	26,629	4,629
Earnings on investments	2,900	3,395	495
Other local sources	569,950	250,698	(319,252)
Unrestricted state aid	17,063,000	19,696,665	2,633,665
Restricted state aid	2,334,137	972,326	(1,361,811)
Restricted federal aid	5,790,652	5,971,453	180,801
On behalf - state portion of payments	0	15,798,516	15,798,516
Total revenues	39,602,692	56,542,496	16,939,804
Expenditures:			
Instruction	22,869,029	24,212,816	(1,343,787)
Pupil services	3,478,792	3,692,698	(213,906)
Instructional staff	5,015,977	4,276,779	739,198
General administration	895,698	852,897	42,801
School administration	2,920,849	3,048,407	(127,558)
Business services	2,721,356	2,828,217	(106,861)
Central services	617,999	562,206	55,793
Other support services	170,051	161,048	9,003
Community services	408,986	132,879	276,107
Payments to other governmental units	574,800	677,235	(102,435)
On behalf - state portion of payments	0	15,798,516	(15,798,516)
Total current expenditures	39,673,537	56,243,698	(16,570,161)
Capital outlay	307,012	188,112	118,900
Total expenditures	39,980,549	56,431,810	(16,451,261)
Excess (deficiency) of revenues over expenditures	(377,857)	110,686	488,543
Other financing sources (uses):			
Transfers in	0	5,648,946	5,648,946
Transfers out	0	0	0
Net change in fund balance	<u>(\$377,857)</u>	5,759,632	<u>\$6,137,489</u>
Fund balance, beginning		1,682,895	
Fund balance, ending		<u>\$7,442,527</u>	
GAAP fund balances for General Funds:			
Educational Fund		\$7,442,527	
Working Cash Fund		<u>284,525</u>	
GAAP fund balances for General Funds		<u>\$7,727,052</u>	

See Notes to Required Supplementary Information.

Freeport School District No. 145

Required Supplementary Information

Budgetary Comparison Schedule for the Special Revenue Funds

For the year ended June 30, 2018

	Operations and Maintenance Fund		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Local property taxes	\$2,190,013	\$2,178,739	(\$11,274)
Payments in lieu of taxes	1,274,000	1,407,442	133,442
Earnings on investments	7,500	12,819	5,319
Other local sources	55,020	49,368	(5,652)
Unrestricted state aid	650,000	650,000	0
Restricted state aid	0	0	0
Restricted federal aid	0	0	0
Total revenues	4,176,533	4,298,368	121,835
Expenditures:			
Instruction	0	0	0
Pupil services	0	0	0
Instructional staff	0	0	0
General administration	0	0	0
School administration	0	0	0
Business services	3,983,033	4,000,449	(17,416)
Central services	0	0	0
Other support services	0	0	0
Community services	0	0	0
Total current expenditures	3,983,033	4,000,449	(17,416)
Capital outlay	185,000	94,000	91,000
Total expenditures	4,168,033	4,094,449	73,584
Excess (deficiency) of revenues over expenditures	8,500	203,919	195,419
Other financing sources (uses):			
Operating transfers in	0	11,400,000	(11,400,000)
Net change in fund balance	\$8,500	11,603,919	(\$11,204,581)
Fund balance, beginning		3,218,045	
Fund balance, ending		\$14,821,964	

See Notes to Required Supplementary Information.

Freeport School District No. 145

Required Supplementary Information

Budgetary Comparison Schedule for the Special Revenue Funds

For the year ended June 30, 2018

Transportation Fund			Retirement/ Social Security Fund			Tort Fund		
Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
\$1,500,002	\$1,592,893	\$92,891	\$1,740,020	\$1,726,766	(\$13,254)	\$730,004	\$716,553	(\$13,451)
0	0	0	103,511	96,083	(7,428)	0	0	0
27,000	14,779	(12,221)	2,775	3,712	937	490	776	286
649,100	641,673	(7,427)	7,300	7,800	0	3,400	3,272	0
0	0	0	0	0	0	0	0	0
1,089,651	1,238,306	148,655	0	0	0	0	0	0
40,000	40,000	0	0	0	0	0	0	0
<u>3,305,753</u>	<u>3,527,651</u>	<u>221,898</u>	<u>1,853,606</u>	<u>1,834,361</u>	<u>(19,245)</u>	<u>733,894</u>	<u>720,601</u>	<u>(13,293)</u>
0	0	0	531,510	451,850	79,660	0	0	0
18,830	15,364	3,466	178,638	156,679	21,959	0	0	0
0	0	0	124,099	103,065	21,034	0	0	0
0	0	0	21,191	19,626	1,565	697,112	572,261	124,851
0	0	0	125,629	105,106	20,523	0	0	0
2,563,957	2,665,892	(101,935)	694,961	576,676	118,285	0	0	0
0	0	0	30,464	25,245	5,219	0	0	0
55,960	57,546	(1,586)	29,313	22,520	6,793	0	0	0
0	0	0	716	981	(265)	0	0	0
<u>2,638,747</u>	<u>2,738,802</u>	<u>(100,055)</u>	<u>1,736,521</u>	<u>1,461,748</u>	<u>274,773</u>	<u>697,112</u>	<u>572,261</u>	<u>124,851</u>
866,972	572,363	294,609	0	0	0	0	0	0
<u>3,505,719</u>	<u>3,311,165</u>	<u>194,554</u>	<u>1,736,521</u>	<u>1,461,748</u>	<u>274,773</u>	<u>697,112</u>	<u>572,261</u>	<u>124,851</u>
(199,966)	216,486	416,452	117,085	372,613	255,528	36,782	148,340	111,558
0	0	0	0	0	0	0	0	0
<u>(\$199,966)</u>	<u>216,486</u>	<u>\$416,452</u>	<u>\$117,085</u>	<u>372,613</u>	<u>\$255,528</u>	<u>\$36,782</u>	<u>148,340</u>	<u>\$111,558</u>
	<u>4,023,270</u>			<u>1,812,106</u>			<u>520,847</u>	
	<u>\$4,239,756</u>			<u>\$2,184,719</u>			<u>\$669,187</u>	

See Notes to Required Supplementary Information.

Freeport School District No. 145

Required Supplementary Information
 Multiyear Schedule of Changes in Net Pension Liability and
 Related Ratios - Illinois Municipal Retirement Fund (IMRF)
 Last Ten Calendar Years
 (schedule to be built prospectively from 2014)

	2017	2016	2015	2014
Calendar year ending December 31,				
Total pension liability:				
Service cost	\$828,431	\$771,577	\$803,699	\$856,929
Interest on the total pension liability	2,588,020	991,162	2,339,193	2,162,475
Benefit changes	0	0	0	0
Difference between expected and actual experience	161,968	580,716	(1,573,422)	(351,143)
Assumption changes	(1,161,970)	2,624,274	0	1,215,099
Benefit payments and refunds	(1,795,256)	(1,566,538)	(1,535,419)	(1,465,599)
Net change in total pension liability	621,193	3,401,191	34,051	2,417,762
Total pension liability - beginning	34,990,341	31,589,150	31,555,099	29,137,337
Total pension liability - ending (a)	\$35,611,534	\$34,990,341	\$31,589,150	\$31,555,099
Plan fiduciary net position:				
Employer contributions	\$518,016	\$619,672	\$661,237	\$677,735
Employee contributions	348,442	314,094	324,490	326,456
Pension plan net investment income	6,317,235	1,023,722	159,340	1,869,293
Benefit payments and refunds	(1,795,256)	(1,566,538)	(1,535,420)	(1,465,599)
Other	(3,009,891)	2,616,328	395,178	(139,983)
Net change in plan fiduciary net position	2,378,546	3,007,278	4,825	1,267,902
Plan fiduciary net position - beginning	35,154,848	32,147,570	32,142,745	30,874,843
Plan fiduciary net position - ending (b)	\$37,533,394	\$35,154,848	\$32,147,570	\$32,142,745
Net pension liability(asset) - Ending (a) - (b)	(1,921,860)	(164,507)	(558,420)	(587,646)
Plan fiduciary net position as a percentage of total pension liability	105.40%	100.47%	101.77%	101.86%
Covered valuation payroll	7,743,125	7,582,691	7,078,593	6,997,101
Net pension liability as a percentage of covered valuation payroll	(24.82%)	(2.17%)	(7.89%)	(8.40%)

The District implemented GASB 68 in June 2015.

Freeport School District No. 145

Required Supplementary Information

Multiyear Schedule of Contributions – IMRF

Last Ten Fiscal Years

Last 10 Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2015	\$705,124	\$705,124	\$0	\$7,462,396	9.45%
2016	681,593	681,593	0	7,557,360	9.02%
2017	588,066	588,066	0	7,596,749	7.74%
2018	542,470	542,470	0	7,917,509	6.85%

The District implemented GASB Statement No. 68 in June 2015.

Freeport School District No. 145

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) of the State of Illinois

	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.008753%	0.009842%	0.011022%	0.010021%
Employer's proportionate share of the net pension liability	\$ 6,687,028	\$ 7,768,915	\$ 7,220,538	\$ 6,098,647
State's proportionate share of the net pension liability associated with the employer	160,529,209	175,481,832	139,996,613	136,629,915
Total	\$ 167,216,237	\$ 183,250,747	\$ 147,217,151	\$ 142,728,562
Employer's covered-employer payroll	\$ 21,679,362	\$ 22,103,212	\$ 21,620,966	\$ 22,140,217
Employer's proportionate share of the net pension liability as a percentage of its cover-employee payroll	30.85%	35.15%	33.40%	27.55%
Plan fiduciary net position as a percentage of the total pension liability	40.20%	36.40%	41.50%	43.00%

*The amounts presented were determined as of the prior fiscal-year end.

Schedule of the Employer Contributions Teachers' Retirement System (TRS) of the State of Illinois

	FY18	FY17	FY16	FY15
Contractually-required contribution	\$ 194,002	\$ 360,605	\$ 381,125	\$ 385,616
Contributions in relation to the contractually-required contribution	194,002	360,605	381,125	385,616
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered-employer payroll	\$ 22,200,271	\$ 21,679,362	\$ 22,103,212	\$ 21,620,966
Contributions as a percentage of covered-employee payroll	0.87%	1.66%	1.72%	1.78%

The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 68.

See Notes to Required Supplementary Information

Freeport School District No. 145

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Other Post-Employment Benefits Other Than Pensions and Employer Contributions - (THISF)

	FY17*	FY16	FY15	FY14
Employer's proportion of the net OPEB liability	0.094254%			
Employer's proportionate share of the net OPEB liability	\$ 24,458,465			
State's proportionate share of the net OPEB liability associated with the employer	32,120,042			
Total	\$ 56,578,507			
Employer's covered-employer payroll	\$ 21,679,362			
Employer's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	112.82%			
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%			

Schedule of the Employer Contributions

	FY 18	FY 17	FY16	FY15	FY14
Contractually-required contribution	\$ 195,362	\$ 182,135			
Contributions in relation to the contractually-required contribution	195,362	182,135			
Contribution deficiency (excess)	\$ -	\$ -			
Employer's covered-employer payroll	\$ 22,200,271	\$ 21,679,362			
Contributions as a percentage of covered-employee payroll	0.88%	0.84%			

* The amounts presented were determined as of the prior fiscal year

The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 68.

The District implemented GASB 75 in June 2018

See notes to Required Supplementary Information

Freeport School District No. 145

Notes to Required Supplementary Information

Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate for IMRF *

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2017 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): 26-year closed 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 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% 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 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Freeport School District No. 145

Notes to Required Supplementary Information

Note 4 THISF Changes of Assumptions

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at less than 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 to account for the Excise Tax.

Other Supplementary Information

Freeport School District No. 145

Budgetary Comparison Schedule for the Debt Service Fund

For the year ended June 30, 2018

	Debt Service Fund		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Local property taxes	\$2,609,812	\$2,597,609	(\$12,203)
Earnings on investments	2,000	2,383	383
Other local sources	10,600	11,699	1,099
Total revenues	2,622,412	2,611,691	(10,721)
Expenditures:			
Debt services:			
Interest	1,622,135	1,791,340	(169,205)
Principal	1,080,431	1,080,431	0
Total current expenditures	2,702,566	2,871,771	(169,205)
Excess (deficiency) of revenues over expenditures	(80,154)	(260,080)	(179,926)
Other financing sources (uses):			
Transfers in	0	0	0
Transfers out	0	(2,382)	(2,382)
Net change in fund balance	<u>(\$80,154)</u>	<u>(262,462)</u>	<u>(\$182,308)</u>
Fund balance, beginning		<u>2,547,272</u>	
Fund balance, ending		<u>\$2,284,810</u>	

Freeport School District No. 145

Budgetary Comparison Schedule for the Capital Projects Fund

For the year ended June 30, 2018

	Fire Prevention and Safety Fund		Variance with Final Budget
	Original and Final Budget	Actual	
Revenues:			
Local property taxes	\$150,026	\$149,324	(\$702)
Earnings on investments	400	588	188
Other local sources	610	673	63
Total revenues	151,036	150,585	(451)
Expenditures:			
Business services	48,517	114,364	(65,847)
Total current expenditures	48,517	114,364	(65,847)
Capital outlay	102,509	0	102,509
Total expenditures	151,026	114,364	36,662
Excess (deficiency) of revenues over expenditures	<u>\$10</u>	36,221	<u>\$36,211</u>
Fund balance, beginning		<u>284,268</u>	
Fund balance, ending		<u>\$320,489</u>	

Freeport School District No. 145

General Fund

Combining Balance Sheet

June 30, 2018

ASSETS	Educational Fund	Working Cash Fund	Total General Fund
Cash	\$538,076	\$236,691	\$774,767
Investments	2,309,465	10,846	2,320,311
Receivables:			
Property taxes	12,139,406	86,996	12,226,402
Governmental claims	1,036,735	0	1,036,735
Interfund	1,950,000	0	1,950,000
Other	662	0	662
Inventory	15,000	0	15,000
Other current assets	6,224	0	6,224
Total assets	\$17,995,568	\$334,533	\$18,330,101

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Accounts payable	\$126,777	\$0	\$126,777
Accrued payroll and related deductions payable	3,393,009	0	3,393,009
Interfund payable	0	0	0
Total liabilities	3,519,786	0	3,519,786
Deferred inflows of resources -			
Unavailable property taxes and fees	7,033,255	50,008	7,083,263
Fund balances:			
Nonspendable	15,000	0	15,000
Assigned	0	284,525	284,525
Unassigned	7,427,527	0	7,427,527
Total fund balances	7,442,527	284,525	7,727,052
Total liabilities, deferred inflows of resources and fund balances	\$17,995,568	\$334,533	\$18,330,101

Freeport School District No. 145

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2018

	Educational Fund	Working Cash Fund	Total General Fund
Revenues:			
Local property taxes	\$13,822,814	\$99,537	\$13,922,351
Payments in lieu of taxes	26,629	0	26,629
Earnings on investments	3,395	29,403	32,798
Other local sources	250,698	448	251,146
Unrestricted state aid	19,696,665	0	19,696,665
Restricted state aid	972,326	0	972,326
Restricted federal aid	5,971,453	0	5,971,453
On behalf - state portion of payments	15,798,516	0	15,798,516
Total revenues	56,542,496	129,388	56,671,884
Expenditures:			
Instruction	24,212,816	0	24,212,816
Pupil services	3,692,698	0	3,692,698
Instructional staff	4,276,779	0	4,276,779
General administration	852,897	0	852,897
School administration	3,048,407	0	3,048,407
Business services	2,828,217	0	2,828,217
Central services	562,206	0	562,206
Other support services	161,048	0	161,048
Community services	132,879	0	132,879
Debt issuance costs	0	429,038	429,038
Payments to other governmental units	677,235	0	677,235
On behalf - state portion of payments	15,798,516	0	15,798,516
Total current expenditures	56,243,698	429,038	56,672,736
Capital outlay	188,112	0	188,112
Total expenditures	56,431,810	429,038	56,860,848
Excess (deficiency) of revenues over expenditures	110,686	(299,650)	(188,964)
Other financing sources (uses):			
Proceeds from bond principal	0	11,850,000	11,850,000
Issuance of refunding bonds	0	5,960,000	5,960,000
Proceeds from bond premium	0	1,021,626	1,021,626
Payment to refunded bonds escrow agent	0	(6,906,934)	(6,906,934)
Transfers in	5,648,946	0	5,648,946
Transfers out	0	(17,046,564)	(17,046,564)
Total other financing sources (uses)	5,648,946	(5,121,872)	527,074
Net change in fund balance	5,759,632	(5,421,522)	338,110
Fund balance, beginning	1,682,895	5,706,047	7,388,942
Fund balance, ending	\$7,442,527	\$284,525	\$7,727,052

Freeport School District No. 145

Activity Funds

Summary of Accounts

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity				
Administrative Pop Account	\$ 957	\$ -	\$ -	\$ 957
Blackhawk School	695	17,726	17,130	1,291
Carl Sandburg Middle School	46,781	75,268	70,044	52,005
Center School	622	15,997	15,545	1,074
District Leadership Team	319	-	-	319
Empire School	2,159	13,958	13,991	2,126
Freeport Middle School	40,777	97,598	103,667	34,708
Freeport Senior High School	267,560	1,048,631	1,013,681	302,510
Jones-Farrar Early Learning Center	3,903	34,484	35,096	3,292
Lincoln-Douglas School	1,073	6,764	6,209	1,628
Medical & Dental Indigent Fund	3,591	-	-	3,591
Taylor Park Elementary School	7,014	22,897	25,389	4,522
	\$ 375,451	\$ 1,333,324	\$ 1,300,752	\$ 408,023

Freeport School District No. 145

Administrative Pop Account

Activity Fund

Year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Additions	Deductions	June 30, 2018
Activity				
General Account	\$ 957	\$ -	\$ -	\$ 957

Freeport School District No. 145

Blackhawk School

Activity Fund

Year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Additions	Deductions	June 30, 2018
Activity				
General Account	\$ 695	\$ 17,726	\$ 17,130	\$ 1,291

Freeport School District No. 145

Carl Sandburg Middle School

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity				
5th Grade Team	\$ 537	\$ 1,109	\$ 1,044	\$ 602
6th Grade Team	1,201	11,858	10,625	2,434
7th Grade Team	-			-
8th Grade Team	391			391
Art	585	837	986	436
Art Scholarship	467			467
Band	914	244	208	950
Builder's Club	839		195	644
Drama Club	1,421			1,421
General	27,617	49,769	47,432	29,954
Giving Tree	273	740	285	728
Industrial Tech	360	910	1,270	0
Legacy Girls	144			144
Library	1,761	1,103	1,088	1,775
Orchestra	4,137	699	731	4,105
PBIS	4,822	7,607	5,164	7,265
Pencil Machine	47			47
Physical Education	24	40		64
Science	454			454
Science Club	124			124
Social Committee	-			-
Student Council	663	352	1,015	0
	\$ 46,781	\$ 75,268	\$ 70,044	\$ 52,005

Freeport School District No. 145

Center School

Activity Fund

Year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Additions	Deductions	June 30, 2018
Activity				
General Account	\$ 622	\$ 15,997	\$ 15,545	\$ 1,074

Freeport School District No. 145

District Leadership Team

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity				
General Account	\$ 319	\$ -	\$ -	\$ 319

Freeport School District No. 145

Empire School

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity				
General Account	\$ 2,159	\$ 13,958	\$ 13,991	\$ 2,126

Freeport School District No. 145

Freeport Middle School

Activity Fund

Year ended June 30, 2018

	Balance			Balance	
	June 30, 2017	Additions	Deductions	June 30, 2018	
Activity					
Activity	\$ 5,427	\$ 53,281	\$ 57,267	\$ 1,441	
Anti-bullying	1,611	-	-	1,611	
Art	242	433	690	(15)	
Athletics	7,548	17,495	17,079	7,964	
Bowling	1,615	5,985	4,214	3,386	
Builder's Club	293	912	974	231	
Checkbook Int.	108	66		174	
Cheerleading	2,675	5,650	7,220	1,105	
Drama	1,518		508	1,011	
Faculty	1,071	1,683	2,758	(4)	
Friends of Rachel	261			261	
HomeEc	-			-	
ID & Lanyards	2,883	2,401	3,097	2,187	
Inst. Music Band	139	770	723	186	
Inst. Music Orchestra	5,465	1,447	468	6,444	
Library	990	794	318	1,466	
Office	302		153	149	
PE Locks	915	192	552	554	
Rental Textbooks	1,540	229	90	1,679	
Science/Avid	1,338		249	1,089	
Secretarial Supplies	1,532	1,443	2,500	475	
Shop	31	2,358	1,962	427	
Student Council	2,056	923	1,071	1,908	
Team 6	505	1,315	1,557	263	
Team 7	433			433	
Team 8	108		108	(0)	
Vocal Music	171	224	110	285	
	\$ 40,777	\$ 97,598	\$ 103,667	\$ 34,708	

Freeport School District No. 145

Freeport Senior High School

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity				
ACT/SAT Prep	\$ 60	\$ -	\$ 60	\$ -
Administrative Account	1,012	54,516	42,587	12,941
Advanced Placement	-	6,778	6,778	-
Alternative Ed.	848	2,127	1,447	1,528
Art Department				
Art Club	1,230	1,457	1,316	1,371
General Account	1,669	215	220	1,664
Empty Bowls	-	-	-	-
Athletic Tournaments				
(Schedule A)	10,552	10,495	9,124	11,923
Pop Receipts	4,621	45,658	41,625	8,654
Pop Maintenance	(570)	65,111	64,541	(0)
Auto Mechanics	2,938	10,997	12,791	1,144
Avid	536	1,719	1,735	520
Band	1,570	5,261	4,897	1,934
Board of Educations				
(Schedule B)	1,093	88,784	89,405	472
Bowling (Boys)	3,463	10,646	12,486	1,623
Bowling (Girls)	568	4,201	4,086	683
Bus Pass Fines	49	-	-	49
Business Class	49	-	-	49
Business Office	715	136	106	744
Business Office Cash	118	-	-	118
Carl Sandburg Fines	67	947	1,014	(0)
Certificate of Deposit	11,500	-	-	11,500
Change Bank	-	10,003	10,003	-
Cheerleaders	4,418	15,674	10,957	9,135
Chess Club	523	683	1,206	-
Child Care	4,668	167	320	4,515
Choices	100	-	-	100
Class of 2016	-	-	-	-
Class of 2017	-	-	-	-
Class of 2018	1,068	885	1,953	0
Class of 2019	1,931	7,882	7,887	1,926
Class of 2020	499	792	207	1,085

Freeport School District No. 145

Freeport Senior High School

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity (Continued)				
Clothing Account	\$ 1,405	\$ -	\$ -	\$ 1,405
College and Career Center	343	1,235	1,455	123
Concessions account	5,574	47,021	45,736	6,859
Debate	2,110	-	-	2,110
Drafting	6,360	480	830	6,010
Drama - Season Tickets	-	2,652	2,652	-
Drama - Winter Play	-			-
Dramatics	1,240	5,732	5,571	1,401
Driver's License Fees	1,881	5,380	5,111	2,150
Elevator Key	220	45		265
English Department	1,654	2,436	1,304	2,786
Ex. Applied Tech.	7		7	-
Faculty Dues	1,101	1,657	1,661	1,097
Foreign Language Clubs				
German Club	1,151	1,845	1,883	1,113
Spanish Club	780	-	-	780
International Club	159	-	-	159
F.F.A.	12,767	4,201	11,971	4,997
Gay-Straight Alliance Club	115	-	-	115
Guidance Dept.	232	-	-	232
Guidance Emergency	115	-	-	115
Guidance/Testing	114	-	-	114
Hall of Fame	-			-
Health Fund CPR	249	6,485	6,183	551
Helpings Hands	537	-	537	-
Holiday Pageant	-	4,343	4,343	-
Home and Shop Maintenance	-	1,000	1,000	-
Home Economics Food	1,048	-	1,048	-
Interest - NOW Account	2,260	4,136	-	6,396
Interest - Savings/CD	4,566	138	-	4,704
Journalism - Publications	-	19,180	10,235	8,945
Key Club	922	2,666	1,941	1,646
Library I.M.C.	1,624	523	623	1,524
Literary First	3	-	3	-
Math Dept.	3,654	1,786	5,212	227

Freeport School District No. 145

Freeport Senior High School

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity (Continued)				
Memorials and Gifts				
AVID Scholarship	\$ 15	\$ 750	\$ 750	\$ 15
Bill Chance Memorial	-	-	-	-
Castro/Buss Scholarship	-	2,550	-	2,550
Dave Steenrod Scholarship	-	1,000	1,000	-
David A Worthington ROTC	1,300	-	100	1,200
Ernie Seeman Scholarship	3,750	-	120	3,630
General Scholarship	10	-	-	10
Jan Peterson Memorial Award	200	-	-	200
Karl Kubitz & Lester Werntz	581	-	-	581
Misc. Scholarships	-	3,500	3,500	-
Raymond Kincade-Haynes	1,682	25	1,000	707
ROTC Scholarship	2,000	-	-	2,000
Swingley Scholarship	-	-	-	-
Schleich Memorial	150	-	-	150
Musical	1,919	13,143	15,062	(0)
National Honor Society	432	1,803	2,169	66
Nurse	500	229	130	599
Orchestra	306	1,456	976	786
P.E. Locks	179	79	50	208
PBIS	619	7,528	7,178	969
Pom Pon Squad	8,068	33,605	32,842	8,830
Post Prom Account	2,004	18,179	16,201	3,982
Prepaid Registration Fees	-	-	-	-
Prom Account	4,532	4,269	5,012	3,789
R.O.T.C.	8,861	38,681	37,973	9,569
ROTC Unit Support and Main.	1,002	1,315	1,122	1,195
ROTC - Air Rifle Team	6,390	29,926	23,046	13,270
Robe Acct. (Vocal)	3,215	-	-	3,215
Scholastic Bowl	226	-	-	226
School Fees	3,289	117,314	116,113	4,489
Science Department	876	1,320	600	1,597
Servant Leadership	57	1,906	1,571	392
Showtime	5,139	17,804	21,309	1,634
Social Studies	116	388	465	39
Incubateredu	207	40,000	17,732	22,475

Freeport School District No. 145

Freeport Senior High School

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity (Continued)				
Special Ed.				
Life Skills I	169	660	660	169
Pop Fund	303	538	185	656
Speech Team	-	12,348	11,962	386
Stage Equipment	1,879	8,791	9,731	939
Street Lockers	30	12		42
Student Activities	416	-	416	-
Student Council	4,150	6,750	7,717	3,183
Student ID Fund	3,313	2,989	3,395	2,907
Student Farm & Greenhouse	6,405	7,949		14,354
Student Parking Fund	346	-	-	346
Summer School Fees	3,800	1,125	4,900	25
Tap Credit Acct	475	-	-	475
Team Accounts (Schedule A)	71,073	149,780	166,136	54,717
Theatre Online Ticketing	1,067	3,508	4,485	90
Thespian Society	173	4,123	3,747	549
Activity:				
Transcript Fees	2,395	815	529	2,681
U.S. First	928	6,051	4,848	2,131
Vocal Music	3,501	3,462	6,475	488
Vocal Music Fundraiser	240	39,970	39,877	333
Woodshop	1,787	4,919	6,542	164
	\$ 267,560	\$ 1,048,631	\$ 1,013,681	\$ 302,510

Freeport School District No. 145

Freeport Senior High School

Activity Fund

Year ended June 30, 2018

SCHEDULE A

	Balance		Balance
	June 30, 2017	Additions	June 30, 2018
Activity			
Athletic Tournaments			
Cross Country Conces.	\$ 7,724	\$ 8,300	\$ 7,416
Cross Country Inv.	2,828	2,195	1,707
Total - Athletic Tournaments	\$ 10,552	\$ 10,495	\$ 9,124
Team Accounts			
Boys - Baseball Team	\$ 2,898	\$ 19,445	\$ 22,129
- Basketball Team	2,694	9,974	11,964
- Football Team	14,840	38,117	46,011
- Golf Team	4,281	7,663	6,171
- Swimming	2,909	5,967	8,108
- Tennis Team	4,895	3,111	3,029
- Track Team	1,553	6,317	6,511
- Wrestling	4,598	4,423	8,531
- Wrestling/PE	305	384	387
Total Boys	38,973	95,400	112,840
Girls - Basketball Team	4,200	5,196	7,356
- Golf Team	3,560	5,639	4,135
- Soccer Team	3,237		3,237
- Softball Team	8,874	15,173	15,269
- Swim Team	3,209	9,780	8,321
- Girls Tennis	62	3,021	1,857
- Track Team	1,252	2,850	2,766
- Volleyball Team	8,177	12,722	13,592
Total Girls	32,571	54,380	53,296
Total Team Accounts	\$ 71,544	\$ 149,780	\$ 166,136

Freeport School District No. 145

Freeport Senior High School

Activity Fund

Year ended June 30, 2018

SCHEDULE B

	Balance		Balance
	June 30, 2017	Additions	June 30, 2018
Activity			
Board of Education Transfers			
Accounts Payable	\$ -	\$ -	\$ -
Basketball Admin. Boys	-	8,173	-
B/G Soccer Admin.	-	5,075	-
B/G Swim Admin.	-	1,038	-
Career Tec	-	8,624	-
Driver's Ed. Lab	-	20,750	-
Football Admin.	-	16,778	-
G Basketball Admin.	-	2,845	-
JH (MS) Fines	-	600	-
Refunds	-	1,897	-
Textbook Fees	-	45	-
Volleyball Admin.	-	3,842	-
Wrestling Admin.	-	1,729	-
Workbooks/Fines	1,093	17,388	472
Total Board of Education Transfers	\$ 1,093	\$ 88,784	\$ 89,405
			\$ 472

Freeport School District No. 145

Jones Farrar Early Learning Center

Activity Fund

Year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Additions	Deductions	June 30, 2018
Activity				
General Account	\$ 2,959	\$ 33,584	\$ 33,349	\$ 3,194
Social Committee	944	900	1,747	97
	\$ 3,903	\$ 34,484	\$ 35,096	\$ 3,292

Freeport School District No. 145

Lincoln-Douglas School

Activity Fund

Year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Additions	Deductions	June 30, 2018
Activity				
General Account	\$ 1,073	\$ 6,764	\$ 6,209	\$ 1,628

Freeport School District No. 145

Medical & Dental Indigent Fund

Activity Fund

Year ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Activity				
General Account	\$ 1,146			1,146
CD	2,445			2,445
	\$ 3,591	\$ -	\$ -	\$ 3,591

Freeport School District No. 145

Taylor Park Elementary School

Activity Fund

Year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Additions	Deductions	June 30, 2018
Activity				
General Account	\$ 7,014	\$ 22,897	\$ 25,389	\$ 4,522

Statistical Section

Freeport School District No. 145

Schedule of Net Position by Component

Last Ten Fiscal Years

	For the year ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net investment in capital assets	\$ (6,989,062)	\$ (7,198,950)	\$ (7,157,916)	\$ (6,990,893)	\$ (7,311,028)
Restricted	24,520,925	12,405,808	11,511,487	9,737,657	9,644,808
Unrestricted	<u>(34,359,449)</u>	<u>(360,629)</u>	<u>(1,641,434)</u>	<u>(1,813,487)</u>	<u>(690,482)</u>
Total government net position	<u>\$ (16,827,586)</u>	<u>\$ 4,846,229</u>	<u>\$ 2,712,137</u>	<u>\$ 933,277</u>	<u>\$ 1,643,298</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net investment in capital assets	\$ (7,171,878)	\$ (6,732,580)	\$ (7,481,198)	\$ (7,809,482)	\$ (8,406,032)
Restricted	10,810,403	10,878,897	11,347,822	7,575,717	7,026,430
Unrestricted	<u>1,462,062</u>	<u>1,627,139</u>	<u>1,426,048</u>	<u>3,237,387</u>	<u>2,265,544</u>
Total government net position	<u>\$ 5,100,587</u>	<u>\$ 5,773,456</u>	<u>\$ 5,292,672</u>	<u>\$ 3,003,622</u>	<u>\$ 885,942</u>

Source: District Records

Note: The District implemented GASB 68 for the year ended June 30, 2015.

Note: The District implemented GASB 75 for the year ended June 30, 2018.

Freeport School District No. 145

Schedule of Expenses by Identifiable Activity

Last Ten Fiscal Years

	For the Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction	25,786,991	26,349,743	\$ 25,176,842	\$ 23,001,221	\$ 23,800,889
Pupil service	3,548,077	3,368,345	3,273,702	2,782,228	2,855,968
Instructional staff	4,290,819	4,372,394	4,537,490	3,988,404	4,199,052
General administration	1,387,329	1,429,661	1,701,537	1,921,270	3,836,215
School administration	2,904,653	2,935,512	3,026,860	2,983,836	3,008,251
Business services	10,216,015	10,155,762	10,016,088	13,731,959	10,355,105
Central services	556,864	553,543	638,451	563,202	588,245
Other support services	223,553	224,305	189,051	208,686	239,406
Community services	130,176	106,299	136,567	127,749	114,790
Payments to other governmental units	677,235	722,924	687,725	792,917	867,681
On behalf - State portion of of payments	15,798,516	8,598,035	8,206,923	7,355,453	8,130,657
Interest and service charges on long term debt	<u>2,220,378</u>	<u>1,588,661</u>	<u>1,548,464</u>	<u>1,450,752</u>	<u>1,599,916</u>
Total Expenses	<u>67,740,606</u>	<u>60,405,184</u>	<u>59,139,700</u>	<u>58,907,677</u>	<u>59,596,175</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction	\$ 24,142,744	\$ 24,076,437	\$ 22,532,743	\$ 22,857,431	\$ 22,393,386
Pupil service	2,774,629	2,782,341	2,588,846	2,730,692	2,582,145
Instructional staff	3,671,644	3,442,801	2,493,091	3,049,278	2,279,478
General administration	1,744,274	1,767,649	1,699,345	1,742,209	1,753,054
School administration	3,447,241	2,783,339	2,589,409	2,651,361	2,632,337
Business services	9,063,255	9,773,995	12,007,298	8,830,165	9,884,366
Central services	563,124	518,918	490,620	485,749	437,914
Other support services	147,648	93,141	139,665	61,459	104,000
Community services	120,454	114,240	214,924	85,757	106,794
Payments to other governmental units	1,061,437	830,805	901,636	745,762	966,014
On behalf - State portion of of payments	6,434,195	5,724,014	4,915,526	5,080,849	3,442,319
Interest and service charges on long term debt	<u>1,548,255</u>	<u>1,494,002</u>	<u>1,213,009</u>	<u>828,031</u>	<u>571,173</u>
Total Expenses	<u>54,718,900</u>	<u>53,401,682</u>	<u>51,786,112</u>	<u>49,148,743</u>	<u>47,152,980</u>

Source: District Records

Freeport School District No. 145

Schedule of Revenues by Source and Total Changes in Net Position Last Ten Fiscal Years

	For the Year Ended June 30				
	2018	2017	2016	2015	2014
Charges for Services	\$ 2,974,048	\$ 2,931,135	\$ 2,913,018	\$ 2,840,703	\$ 960,291
Operating Grants and Contributions	23,820,601	17,090,888	16,538,862	16,048,140	16,492,518
Capital Grants and Contributions	-	-	-	34,500	109,652
Total operating revenues	26,794,649	20,022,023	19,451,880	18,923,343	17,562,461
Total net (expense) revenue	(40,945,957)	(40,383,161)	(39,687,820)	(39,984,334)	(42,033,714)
Local property taxes	22,884,235	22,785,406	22,741,952	22,548,659	22,122,996
Payments in lieu of taxes	1,530,154	1,818,855	1,644,539	1,781,217	1,707,538
Earnings on investments	67,855	59,190	36,730	33,909	39,368
General state aid	20,546,665	17,853,802	17,043,459	14,910,528	14,706,523
Total nonoperating revenues	45,028,909	42,517,253	41,466,680	39,274,313	38,576,425
Changes in Net Position	\$ 4,082,952	\$ 2,134,092	\$ 1,778,860	\$ (710,021)	\$ (3,457,289)
	For the Year Ended June 30				
	2013	2012	2011	2010	2009
Charges for Services	\$ 1,167,486	\$ 1,231,120	\$ 1,004,376	\$ 1,250,516	\$ 1,524,670
Operating Grants and Contributions	15,338,420	15,727,820	13,985,491	14,341,868	11,666,677
Capital Grants and Contributions	119,123	119,123	56,583	-	-
Total operating revenues	16,625,029	17,078,063	15,046,450	15,592,384	13,191,347
Total net (expense) revenue	(38,093,871)	(36,323,619)	(36,739,662)	(33,556,359)	(33,961,633)
Local property taxes	21,453,482	21,002,461	20,499,712	20,072,287	19,534,192
Payments in lieu of taxes	1,629,087	1,574,076	1,715,900	1,417,841	1,701,922
Earnings on investments	30,698	17,513	47,050	24,419	157,876
General state aid	14,161,503	14,402,438	14,957,784	14,330,862	14,685,323
Total nonoperating revenues	37,274,770	36,996,488	37,220,446	35,845,409	36,079,313
Changes in Net Position	\$ (819,101)	\$ 672,869	\$ 480,784	\$ 2,289,050	\$ 2,117,680

Source: District Records

Freeport School District No. 145

Fund Balances - Modified Accrual Basis - Last Ten Fiscal Years

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
General Fund:										
Nonspendable	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Assigned	284,525	5,706,047	5,605,887	5,505,918	5,405,772	5,305,438	5,171,091	4,998,963	4,825,531	4,650,630
Unassigned	<u>7,427,527</u>	<u>1,667,895</u>	<u>882,453</u>	<u>1,157,103</u>	<u>2,131,877</u>	<u>3,719,745</u>	<u>5,684,891</u>	<u>5,849,670</u>	<u>4,010,710</u>	<u>3,959,618</u>
Total General Fund	<u>7,727,052</u>	<u>7,388,942</u>	<u>6,503,340</u>	<u>6,678,021</u>	<u>7,552,649</u>	<u>9,040,183</u>	<u>10,870,982</u>	<u>10,863,633</u>	<u>8,851,241</u>	<u>8,625,248</u>
All other Governmental Funds:										
Nonspendable	676,822	951,780	1,057,533	1,163,286	1,269,039	1,374,792	1,480,545	1,586,298	1,692,051	-
Restricted	<u>23,844,103</u>	<u>11,454,028</u>	<u>10,453,954</u>	<u>9,737,657</u>	<u>8,648,739</u>	<u>9,435,611</u>	<u>9,398,352</u>	<u>9,761,524</u>	<u>5,883,666</u>	<u>7,026,430</u>
Total All other Governmental Funds	<u>24,520,925</u>	<u>12,405,808</u>	<u>11,511,487</u>	<u>10,900,943</u>	<u>9,917,778</u>	<u>10,810,403</u>	<u>10,878,897</u>	<u>11,347,822</u>	<u>7,575,717</u>	<u>7,026,430</u>
Total All Governmental Funds	<u>\$ 32,247,977</u>	<u>\$ 19,794,750</u>	<u>\$ 18,014,827</u>	<u>\$ 17,578,964</u>	<u>\$ 17,470,427</u>	<u>\$ 19,850,586</u>	<u>\$ 21,749,879</u>	<u>\$ 22,211,455</u>	<u>\$ 16,426,958</u>	<u>\$ 15,651,678</u>

Note: All balances were restated for the implementation of GASB 54 in 2010.

Source: District Records

Freeport School District No. 145

Changes in Fund Balance - Governmental Funds

Last Ten Fiscal Years

	For the Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Local property taxes	\$ 22,884,235	\$ 22,785,406	\$ 22,741,952	\$ 22,548,659	\$ 22,122,996	\$ 21,453,482	\$ 21,002,461	\$ 20,499,712	\$ 20,072,287	\$ 19,534,192
Payments in lieu of taxes	1,530,154	1,818,855	1,644,539	1,781,217	1,707,538	1,629,087	1,574,076	1,715,900	1,417,841	1,701,922
Earnings on investments	67,855	59,190	36,730	33,909	39,368	30,698	17,513	47,050	24,419	157,876
Other local sources	965,631	1,054,971	1,282,702	1,354,951	960,291	1,155,643	1,228,325	1,004,376	1,250,516	1,522,867
Unrestricted state aid	20,546,665	17,853,802	17,043,459	14,910,528	14,706,523	14,161,503	14,402,438	14,957,784	14,330,862	14,685,323
Restricted state aid	2,010,632	3,242,773	3,189,442	4,126,869	3,570,623	3,830,184	3,600,751	3,549,011	1,414,097	775,232
Restricted federal aid	6,011,453	5,250,080	5,142,497	4,600,318	4,900,890	5,193,164	6,522,178	5,577,537	7,846,922	7,449,126
On behalf - State portion of payments	15,798,516	8,598,035	8,206,923	7,355,453	8,130,657	6,434,195	5,724,014	4,915,526	5,080,849	3,442,319
Total Revenues	69,815,141	60,663,112	59,288,244	56,711,904	56,138,886	53,887,956	54,071,756	52,266,896	51,437,793	49,268,857
Expenditures:										
Instruction	\$ 24,664,666	\$ 23,589,488	\$ 25,025,333	\$ 23,001,221	\$ 23,623,019	\$ 23,926,873	\$ 23,825,269	\$ 22,246,492	\$ 22,633,530	\$ 22,125,409
Pupil service	3,864,741	3,407,960	3,250,360	2,782,228	2,855,968	2,774,629	2,782,341	2,588,846	2,730,692	2,557,715
Instructional staff	4,379,844	4,295,451	4,437,725	3,988,404	3,997,656	3,454,999	2,985,303	2,429,516	2,878,618	2,104,370
General administration	1,444,784	1,436,933	1,699,613	1,921,270	3,836,215	1,743,178	1,767,649	1,699,345	1,738,098	1,742,986
School administration	3,153,513	2,967,573	3,026,860	2,983,836	3,008,251	3,447,241	2,783,339	2,589,409	2,651,361	2,630,281
Business services	10,185,598	9,545,776	9,414,485	9,482,112	9,698,359	8,929,112	8,779,987	11,738,061	8,048,221	8,720,475
Central services	587,451	554,413	638,451	563,202	588,245	563,124	518,918	490,620	485,749	437,914
Other support services	241,114	226,589	189,051	208,686	239,406	147,648	93,141	139,665	61,459	104,000
Community services	133,860	106,847	136,567	127,749	114,790	120,454	114,240	214,924	85,757	106,794
Payments to other governmental units	677,235	722,924	687,725	792,917	867,681	1,061,437	830,805	901,636	745,762	966,014
On behalf - State portion of payments	15,798,516	8,598,035	8,206,923	7,355,453	8,130,657	6,434,195	5,724,014	4,915,526	5,080,849	3,442,319
Capital outlay	854,475	729,634	980,922	1,216,491	1,217,221	702,291	2,047,311	619,063	1,431,760	1,643,530
Debt service:										
Principal retirement	1,080,431	1,112,905	1,152,501	1,054,342	1,028,531	1,080,192	1,134,445	4,398,664	1,513,769	1,797,697
Interest and service charges on long term debt	2,220,378	1,588,661	1,548,464	1,450,752	1,599,916	1,548,255	1,494,002	1,213,009	828,031	571,173
Total Expenditures	69,286,606	58,883,189	60,394,980	56,928,663	60,805,915	55,933,628	54,880,764	56,184,776	50,913,656	48,950,677
Excess (deficiency) of revenues over expenditures	528,535	1,779,923	(1,106,736)	(216,759)	(4,667,029)	(2,045,672)	(809,008)	(3,917,880)	524,137	318,180
Other financing sources (uses):										
Net debt proceeds	11,924,692	286,559	101,954	325,296	181,209	134,536	344,637	-	251,144	-
Transfers in	17,048,946	19,060	117,431	15,005	14,647	16,444	4,050	25,631	8,569	69,917
Transfers out	(17,048,946)	(19,060)	(15,476)	(15,005)	(14,647)	(16,444)	(4,050)	(25,631)	(8,569)	(69,917)
Total other financing sources (uses)	11,924,692	286,559	203,909	325,296	181,209	134,536	344,637	-	251,144	-
Net change in fund balance	12,453,227	2,066,482	(902,827)	108,537	(4,485,820)	(1,911,136)	(464,371)	(3,917,880)	775,281	318,180
Debt service as a percentage of noncapital expenditures	4.8%	4.6%	4.5%	4.5%	4.4%	4.8%	5.0%	10.1%	4.7%	5.0%

Source: District Records

Freeport School District No. 145

Schedule of Property Tax Equalized Assessed Valuations Last Ten Fiscal Years

<u>Levy Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Farm Property</u>	<u>Railroad Property</u>	<u>Total Equalized Assessed Valuation</u>
2017	\$ 183,106,423	\$ 67,943,270	\$ 14,744,839	\$ 23,350,805	\$ 2,617,878	\$ 291,763,215
2016	\$ 184,505,997	\$ 67,419,206	\$ 15,224,220	\$ 22,193,369	\$ 3,220,684	\$ 292,563,476
2015	190,529,678	67,097,056	15,467,904	21,276,535	2,634,874	297,006,047
2014	197,551,430	68,652,479	16,738,727	20,617,397	2,428,189	305,988,222
2013	208,938,115	70,822,060	16,985,543	20,273,137	1,801,208	318,820,063
2012	221,965,545	72,762,901	17,775,833	20,124,531	1,684,189	334,312,999
2011	231,090,583	74,324,557	17,902,408	19,538,454	1,377,985	344,233,987
2010	263,630,218	74,751,400	16,132,015	18,984,527	1,519,192	375,017,352
2009	238,750,132	75,562,414	16,270,691	17,789,154	1,457,183	349,829,574
2008	241,163,605	74,985,204	16,810,044	16,646,698	1,187,113	350,792,664
2007	235,381,971	74,310,203	16,401,470	15,767,940	909,751	342,771,335

Source: Stephenson County Assessor

Freeport School District No. 145

Ten Year Statistics - Assessed Valuations, Tax Rates and Extensions

Levy Year	Assessed Valuations	Actual Value	Total Tax Rate	Taxes Extended
2017	\$ 291,763,215	\$ 875,289,645	7.93278	\$ 23,144,934
2016	292,563,476	877,690,428	7.80684	22,839,962
2015	297,006,047	891,018,141	7.69178	22,845,052
2014	305,988,222	917,964,666	7.46903	22,854,352
2013	318,820,063	956,460,189	7.01410	22,362,358
2012	334,312,999	1,002,938,997	6.56894	21,960,820
2011	355,334,348	1,066,003,044	6.19545	21,326,845
2010	348,017,352	1,044,052,056	5.98946	20,844,360
2009	363,253,571	1,089,760,713	5.77607	20,206,401
2008	350,792,664	1,052,377,992	5.69613	19,981,606

Note: The District is subject to the Property Tax Limitation Law which limits its ability to raise its direct rate.

Source: Stephenson County Assessor

Freeport School District No. 145

Schedule of Property Tax Levies and Collections Last Ten Fiscal Years

Tax Levy Year	Final Tax Levy	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percent of Levy
2017	\$ 23,144,934	\$ 3,013,389	13.02%	\$ -	3,013,389	13.02%
2016	22,839,962	4,356,296	19.07%	19,870,846	24,227,142	106.07%
2015	22,845,052	3,707,964	16.23%	19,079,986	22,787,950	99.75%
2014	22,854,352	1,803,097	7.89%	20,943,503	22,746,600	99.53%
2013	22,362,358	12,040,865	53.84%	10,263,982	22,304,847	99.74%
2012	21,960,820	3,460,696	15.76%	18,418,431	21,879,127	99.63%
2011	21,326,845	11,218,961	52.60%	9,917,534	21,136,495	99.11%
2010	20,844,360	10,405,052	49.92%	10,339,042	20,744,094	99.52%
2009	20,206,401	10,614,413	52.53%	9,576,599	20,191,012	99.92%
2008	19,981,606	1,961,414	9.82%	18,005,320	19,966,734	99.93%

Source: District Records

Freeport School District No. 145

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

<u>Levy Year</u>	<u>Stephenson County</u>	<u>City of Freeport</u>	<u>Freeport Library</u>	<u>Highland College</u>	<u>Freeport Park District</u>	<u>Freeport Township</u>	<u>Freeport Mosquito District</u>	<u>Freeport School District</u>	<u>Total</u>
2017	1.40894	1.20963	0.47068	0.55651	1.08094	0.50202	0.05115	7.93278	13.21265
2016	1.40414	1.19899	0.47004	0.56143	1.08089	0.48747	0.05115	7.80684	13.06095
2015	1.40801	1.16454	0.44330	0.56690	1.08306	0.46880	0.05112	7.69178	12.87751
2014	1.39135	1.12227	0.44174	0.48368	1.08192	0.45577	0.05109	7.46903	12.49685
2013	1.35593	1.10111	0.44256	0.48479	1.07186	0.43846	0.04971	7.01410	11.95852
2012	1.27725	1.09819	0.44048	0.47813	1.03686	0.42559	0.04643	6.56894	11.37187
2011	1.20950	1.07009	0.43906	0.49382	0.97853	0.40077	0.04488	6.19545	10.83210
2010	1.17959	1.04272	0.43368	0.48532	0.96249	0.40381	0.04323	5.98946	10.54030
2009	1.14966	0.99993	0.43590	0.47834	0.94098	0.40150	0.04281	5.77607	10.22519
2008	1.13045	0.99200	0.43561	0.48794	0.92693	0.39558	0.04256	5.69613	10.10720

Source: Stephenson County Treasurer/Collector

Freeport School District No. 145

Principal Taxpayers

Current Calendar Year and Calendar Year Nine Years Prior

Name	2017		2008	
	Equalized Assessed Valuation	Percent of District's Total EAV	Equalized Assessed Valuation	Percent of District's Total EAV
Plymouth Industrial Reit, Inc	\$3,485,000.00	1.19%		
Walmart Stores, Inc.	2,073,930.00	0.71%		
Menard Inc.	2,052,206.00	0.70%		
Titan Tire Corporation	2,034,953.00	0.70%		
Honeywell Micro Switch	1,928,868.00	0.66%		
Residential Alternatives of IL Inc.	1,715,630.00	0.59%		
Freeport Assisted Living LLC	1,674,610.00	0.57%		
Meadows LLC	1,343,018.00	0.46%		
Heritage Woods of Freeport LP	1,260,220.00	0.43%		
Freeport-3133 Industrial Dr LLC	1,171,622.00	0.40%		
CJF2 LLC			\$4,866,853.00	1.39%
Titan Tire Corporation			4,215,405.00	1.20%
Walmart Stores Inc			2,869,510.00	0.82%
Honeywell Micro Switch			2,843,880.00	0.81%
Menard Inc			2,544,210.00	0.73%
Edwin Enterprises LLC			1,608,094.00	0.46%
Meadows LLC			1,574,000.00	0.45%
General Casualty Co of IL			1,396,680.00	0.40%
LT Freport Senior Housing LLC			1,392,180.00	0.40%
Shopko Special Real Estate LLC			1,363,446.00	0.39%

Source: Stephenson County Assessor

Freeport School District No. 145

Legal Debt Margin Information

Last Ten Fiscal Years

Fiscal Year	Debt Limit	General Obligation Bonds	Total Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
2018	\$ 40,263,324	\$ 28,809,003	\$ 28,809,003	\$ 11,454,321	71.55%
2017	40,373,760	18,048,434	18,048,434	22,325,326	44.70%
2016	40,986,834	19,161,339	19,161,339	21,825,495	46.75%
2015	42,226,375	20,313,840	20,313,840	21,912,535	48.11%
2014	43,997,169	21,368,182	21,368,182	22,628,987	48.57%
2013	46,135,194	22,396,713	22,396,713	23,738,481	48.55%
2012	49,036,140	23,476,905	23,476,905	25,559,235	47.88%
2011	48,026,395	24,611,350	24,611,350	23,415,045	51.25%
2010	50,128,993	19,320,014	19,320,014	30,808,979	38.54%
2009	48,409,388	20,833,783	20,833,783	27,575,605	43.04%

Source: District Records

Freeport School District No. 145

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total Outstanding Debt	Percentage of Personal Income	Population	Debt per Capita
2018	\$ 28,809,003	\$ 28,809,003	5.85%	25,570	\$ 1,127
2017	18,048,434	18,048,434	3.55%	25,266	714
2016	19,161,339	19,161,339	4.15%	25,738	744
2015	20,313,840	20,313,840	4.50%	25,951	783
2014	21,368,182	21,368,182	4.20%	26,086	819
2013	22,396,713	22,396,713	4.20%	26,333	851
2012	23,476,905	23,476,905	5.09%	26,520	885
2011	24,611,350	24,611,350	5.11%	26,542	927
2010	19,320,014	19,320,014	3.94%	26,465	730
2009	20,833,783	20,833,783	4.36%	26,509	786

Source: District Records and United States Census Bureau

Freeport School District No. 145

Ratios of Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Population	Per Capita
2018	\$ 28,809,003	\$ 2,284,810	\$ 26,524,193	9.07%	25,570	\$ 1,037
2017	18,048,434	2,547,272	15,501,162	5.22%	25,266	614
2016	19,161,339	2,635,470	16,525,869	5.40%	25,738	642
2015	20,313,840	2,729,265	17,584,575	5.52%	25,951	678
2014	21,368,182	2,684,497	18,683,685	5.59%	26,086	716
2013	22,396,713	2,779,474	19,617,239	5.70%	26,333	745
2012	23,476,905	2,883,553	20,593,352	5.49%	26,520	777
2011	24,611,350	2,975,982	21,635,368	6.18%	26,542	815
2010	19,320,014	1,345,825	17,974,189	5.12%	26,465	679
2009	20,833,783	1,327,100	19,506,683	5.69%	26,509	736

Source: District Records and United States Census Bureau

Freeport School District No. 145

Direct and Overlapping Debt

June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to School District	Estimated Amount Applicable to School District
Overlapping:			
Stephenson County	\$ 8,635,000	49%	\$ 4,237,899
City of Freeport	22,030,000	100%	22,030,000
Freeport Park District	901,000	100%	901,000
Highland Community College	6,396,775	19%	1,184,846
 Total Overlapping Debt	 37,962,775		 28,353,745
Direct:			
General Obligation Bonds	28,809,003	100%	28,809,003
Less: Amount in Debt Service Fund			<u>(2,547,272)</u>
Net General Bonded Debt			26,261,731
 Direct and Overlapping Debt			 57,162,748
Net Direct General Obligation Bonded Debt			
As a Percentage of Equalized Assessed Valuation			9%
As a Percentage of Personal Income			5%
Amount per Capita		\$	1,039
Direct and Overlapping General Bonded Debt			
As a Percentage of Equalized Assessed Valuation			20%
As a Percentage of Estimated Full Valuation			59%

Note: The percentage of overlap for each District is determined by the amount of assessed valuation of the District within the other governments.

Freeport School District No. 145

Schedule of Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	District Population	Total Household Income	Household Income Per Capita	Unemployment Rate
2017	25,570	492,241,659	39,351	4.8%
2016	25,266	508,640,958	40,662	7.5%
2015	25,738	461,376,288	42,531	7.8%
2014	25,951	451,187,328	41,088	9.3%
2013	26,086	509,333,532	45,258	9.2%
2012	26,333	532,702,896	46,595	10.0%
2011	26,520	460,821,530	39,829	10.8%
2010	26,542	481,523,328	42,328	12.5%
2009	26,465	490,541,310	42,917	6.5%
2008	26,509	477,695,478	41,691	5.0%

Sources: American Community 5-year survey 2-10-2017, US Census Bureau Quickfacts Data, Federal Reserve Bank Economic Data

Note: Values are the averages of the values for for the three communities that make up Freeport School District: Freeport, IL, Cedarville, IL, and Ridott, IL.

Freeport School District No. 145

Principal Employers

Current Calendar Year and Calendar Year Nine Years Prior

2017

Employer	Number of Employees	Rank	Percent of District's Employment
Freeport Health Network	1,400	1	11.2%
The Helm Group	850	2	6.8%
Berner Food and Beverage	829	3	6.6%
Freeport School District	750	4	6.0%
Honeywell	550	5	4.4%
Snak King	445	6	3.6%
Highland Community College	425	7	3.4%
WalMart	380	8	3.0%
Titan Tire Corporation	350	9	2.8%
Stephenson County	350	10	2.8%

2008

Employer	Number of Employees	Rank	Percent of District's Employment
Freeport Health Network	1,309	1	9.8%
Honeywell	1,180	2	8.9%
Freeport School District	800	3	6.0%
Titan Tire	725	4	5.4%
Newell Rubbermaid	530	5	4.0%
Met Life Auto & Home	500	6	3.8%
Highland Community College	495	7	3.7%
Stephenson County	403	8	3.0%
Sauer-Danfoss	315	9	2.4%
City of Freeport	250	10	1.9%

Sources: 2017 Illinois Department of Commerce & Economic Opportunity
Freeport Chamber of Commerce

Freeport School District No. 145

Faculty, Staff, and Administrator Statistics

Full-Time Equivalent Data

Last Ten Fiscal Years

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Faculty										
Part-time (FTE)	4	3	12	11	11	16	16	14	11	9
Full-time (FTE)	346	343	366	363	358	364	364	345	304	316
Staff and Administrators										
Part-time (FTE)	210	201	301	291	302	288	279	285	354	337
Full-time (FTE)	201	167	168	169	148	113	101	93	114	122
Total Employees										
Part-time (FTE)	214	204	313	302	313	304	295	299	365	346
Full-time (FTE)	547	510	534	532	506	477	465	438	418	438

Source: District Records

Freeport School District No. 145

Schedule of Average Daily Attendance, Operating Expense Per Pupil, and Total Operating Expense Last Ten Fiscal Years

Year Ended June 30,	Average Daily Attendance	Operating Expense Per Pupil	Total Operating Expense
2018	3,415	\$ 13,717	\$ 46,850,050
2017	3,797	11,895	45,160,481
2016	3,814	11,903	45,403,106
2015	3,571	12,546	44,803,076
2014	3,783	12,464	47,151,695
2013	3,923	11,190	43,894,814
2012	3,838	11,194	42,959,082
2011	3,861	10,409	40,187,183
2010	3,888	10,449	40,621,670
2009	3,838	10,619	40,761,069

Source: District Records

Freeport School District No. 145

Capital Asset Statistics

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2000	2009
Schools										
Elementary										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	252,619	252,619	252,619	252,619	252,619	252,619	252,619	252,619	252,619	252,619
Capacity	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,800	1,800
Enrollment	1,607	1,651	1,707	1,654	1,748	1,733	1,711	1,667	1,724	1,658
Middle										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	260,106	260,106	260,106	260,106	260,106	260,106	260,106	260,106	260,106	260,106
Capacity	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,300	1,300
Enrollment	1,142	1,140	1,184	1,203	1,189	1,247	1,243	1,255	1,277	1,285
High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	248,681	248,681	248,681	248,681	248,681	248,681	248,681	248,681	248,681	248,681
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,112	1,159	1,189	1,231	1,263	1,282	1,302	1,331	1,340	1,294
Other										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	20,883	20,883	20,883	20,883	20,883	20,883	20,883	20,883	20,883	20,883
Capacity	112	112	112	112	112	112	112	112	90	90
Enrollment	95	107	59	71	75	80	84	85	66	*
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	10,065	10,065	10,065	10,065	10,065	10,065	10,065	10,065	10,065	10,065
Transportation										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	56	54	54	51	51	39	39	37	36	39
Athletic Fields										
Football fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	7	7	7	7	7	7	7	7	7	7

Source: District records