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***TRI-STATE FIRE PROTECTION DISTRICT
DARIEN, ILLINOIS***

ANNUAL FINANCIAL REPORT

MAY 31, 2019

eder, caseilla & co

TRI-STATE FIRE PROTECTION DISTRICT
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MAY 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tri-State Fire Protection District
Darien, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

TRI-STATE FIRE PROTECTION DISTRICT

Darien, Illinois

as of and for the year ended May 31, 2019, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 District'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 District'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 District, as of May 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As described in Note 15 to the financial statements, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions* and GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in the Employer's Net Pension/OPEB Liability and Related Ratios, Schedules of Employer Contribution, and budgetary comparison information, as listed in the table of contents, 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
February 4, 2020

REQUIRED SUPPLEMENTARY INFORMATION

TRI-STATE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2019

As management of the Tri-State Fire Protection District (District), we offer readers of the District's statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended May 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources as of May 31, 2019 by \$18,741,238 (net position). Unrestricted net position, which consists of assets that may be used to meet the District's ongoing obligation to citizens and creditors, is \$(25,473,242).

The District's total net position increased by \$1,062,502 during the current year, before factoring in net position adjustments and changes in accounting principles.

As of May 31, 2019, the District's governmental funds reported combined ending fund balances of \$4,894,033, an increase of \$928,278 (\$388,430 from current year activity and \$539,848 from a prior period adjustment) in comparison with the prior year.

Long-term debt decreased \$88,935 due to annual debt retirements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference 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 when comparing year to year results.

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

The government-wide financial statements show functions of the District that are principally supported by taxes, fees, and other revenues (governmental activities). The District does not conduct functions intended to recover all or a significant portion of their costs through user fees and charges (business-

type activities). The governmental activities of the District include providing general governmental administrative services and public safety functions of fire protection and emergency medical services (EMS) and related services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. The Corporate Fund is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general Fire Protection District purposes. The Ambulance Fund is used to account for funds received from ambulance taxes and fees and to account for expenditures made for emergency medical services purposes. The Audit, Tort, and Social Security and IMRF Funds are used to account for funds received from taxes that are restricted for specific purposes, and the associated expenditures for these purposes.

Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the Corporate and Ambulance Funds, which are considered to be a major funds. The other funds are non-major and are aggregated for the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is in accordance with accounting principles generally accepted in the United States of America.

The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 17 through 38 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s progress in meeting its obligation to provide as fully adequate as possible fire protection and emergency medical services to all of its residents.

The District adopts an annual budget and appropriation ordinance for all of its funds. A budgetary comparison statement has been provided for each fund presented as required supplementary information to demonstrate compliance with the adopted budget and appropriation ordinance.

The budgetary comparison statements and related notes can be found on pages 39 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$18,741,238 as of May 31, 2019.

A portion of the District’s net position (\$6,634,949) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tri-State Fire Protection District’s Net Position at Year End:

	Governmental Activities	
	FY 2019	FY 2018
ASSETS		
Current and Other Assets	\$ 17,439,701	\$ 17,471,565
Capital Assets	7,083,665	5,783,839
Total Assets	<u>\$ 24,523,366</u>	<u>\$ 23,255,404</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Expense	\$ 10,936,197	\$ 11,555,445
OPEB Expense	34,948	-
Total Deferred Outflows of Resources	<u>\$ 10,971,145</u>	<u>\$ 11,555,445</u>
LIABILITIES		
Long-Term Liabilities Outstanding	\$ 28,852,320	\$ 30,253,041
Other Liabilities	1,054,702	586,198
Total Liabilities	<u>\$ 29,907,022</u>	<u>\$ 30,839,239</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Property Taxes	\$ 11,872,520	\$ 12,919,612
Pension Revenue	12,456,207	10,218,729
Total Deferred Inflows of Resources	<u>\$ 24,328,727</u>	<u>\$ 23,138,341</u>
NET POSITION		
Net Investment in Capital Assets	\$ 6,634,949	\$ 5,246,188
Restricted	97,055	224,709
Unrestricted	(25,473,242)	(24,637,628)
Total Net Position	<u>\$ (18,741,238)</u>	<u>\$ (19,166,731)</u>

The District’s net position increased by \$425,493, which includes net position adjustments totaling \$(637,009), during the year ended May 31, 2019.

Governmental Activities – Governmental activities increased the District's net position by \$1,062,502. The key elements of this increase are as follows:

Tri-State Fire Protection District's Change in Net Position:

	Governmental Activities	
	FY 2019	FY 2018
Revenues		
Program Revenues		
Charges for Services	\$ 1,430,148	\$ 1,038,905
Capital Grants and Contributions	-	26,980
General Revenues		
Property Taxes	12,700,301	11,865,392
Replacement Taxes	60,525	55,954
Intergovernmental Revenues	24,920	6,630
Interest Income	66,855	32,224
Miscellaneous Income	123,441	587,739
Total Revenues	<u>\$ 14,406,190</u>	<u>\$ 13,613,824</u>
Expenses		
Public Safety	\$ 13,328,234	\$ 15,227,246
Interest on Long-Term Debt	15,454	17,591
Total Expenses	<u>\$ 13,343,688</u>	<u>\$ 15,244,837</u>
Increase/(Decrease) in Net Position	\$ 1,062,502	\$ (1,631,013)
Net Position - Beginning	(19,166,731)	(17,535,718)
Net Position Adjustment	539,848	-
Change in Accounting Principle	(1,176,857)	-
Net Position - Ending	<u>\$ (18,741,238)</u>	<u>\$ (19,166,731)</u>

- Charges for services revenue increased as a result of increased ambulance and plan review billings.
- Property taxes revenue increased as a result of a levy increase from the 2016 to 2017 tax years.
- Miscellaneous income decreased as a result of the district switching from a self-insured method of health insurance to a PPO; therefore, there were no claim reimbursements in the current year.
- Public safety expenses decreased as a result of lower healthcare costs (related to the switch in insurance mentioned above) and lower tort expenditures.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

At May 31, 2019, the District reported combined ending fund balances of \$4,894,033.

The Corporate Fund is the chief operating fund of the District. The focus of the Corporate Fund is to provide information on the revenues and expenditures of the funds that the District receives from its corporate property tax levy and from other unrestricted sources, such as personal property replacement taxes, foreign fire insurance taxes, and interest on bank deposits, and associated expenditures. As a measure of the Corporate Fund's liquidity, it may be useful to compare fund balance to total Corporate Fund expenditures. Total fund balance of \$3,434,686 represents 45.0% of total Corporate Fund expenditures.

The fund balance of the Corporate Fund decreased by \$242,664 in comparison with the prior year, due primarily to the District's purchase of the Willow Springs Fire Station.

The Ambulance Fund is a special revenue fund used to track revenues and expenditures related to ambulance services. At May 31, 2019, total fund balance of the Ambulance Fund was \$1,338,505. As a measure of the Ambulance Fund's liquidity, it may be useful to compare total fund balance to total Ambulance Fund expenditures. Total fund balance represents 23.3% of total Ambulance Fund expenditures.

The fund balance of the Ambulance Fund increased by \$654,053 in comparison with the prior year, due primarily to increased charges for services and decreased health care costs.

The District's non-major funds include the Audit Fund, the Tort Fund, and the Social Security & IMRF Fund. The Audit Fund's fund balance increased \$4,255 and the Tort Fund's fund balance increased \$49,531 – both due to property tax revenues in excess of expenditures. The Social Security & IMRF Fund's fund balance decreased \$76,745 from the prior year, due to increased payroll tax and retirement costs and lower property tax revenues.

CORPORATE FUND BUDGETARY HIGHLIGHTS

The District did not amend the budget during the year ended May 31, 2019.

Significant differences between the final budget and the actual revenues and expenditures are summarized as follows:

The difference between the estimated revenues and the actual revenues was \$63,691 (unfavorable), primarily attributable to lower than budgeted property tax receipts.

The difference between the estimated expenditures and the actual expenditures was \$2,808,054 (favorable), primarily attributable to lower than anticipated expenditures for capital outlay and compensation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The District's investment in capital assets for its governmental activities as of December 31, 2019 amounts to \$7,083,665 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and vehicles. The total increase in the District's investment in capital assets for the year ended May 31, 2019 was \$1,299,826 and was primarily due to depreciation expense being lower than the amount of capital asset purchases in the current year.

Major capital asset events during the year ended May 31, 2019 included the following:

- Purchase of Willow Springs fire station (land and building) at a total cost of \$1,450,000

Tri-State Fire Protection District's Capital Assets - (net of Depreciation):

	Governmental Activities	
	5/31/19	5/31/18
Land	\$ 1,112,755	\$ 937,755
Assets not in Service	103,955	603,774
Buildings and Improvements	2,303,483	1,127,890
Equipment	640,317	571,399
Apparatus and Vehicles	2,923,155	2,543,021
Total	<u>\$ 7,083,665</u>	<u>\$ 5,783,839</u>

Additional information on the District’s capital assets can be found in Note 4 on pages 22 and 23 of this report.

Long-Term Debt – At May 31, 2019, the District had total long-term debt outstanding of \$448,715. This entire amount comprises two capital leases for which certain of the District’s capital assets are pledged as collateral.

	Governmental Activities	
	5/31/19	5/31/18
Capital Lease - PUC Truck	\$ 376,567	\$ 430,950
Capital Lease - Pumper Truck	72,149	106,701
Total	<u>\$ 448,716</u>	<u>\$ 537,651</u>

The District’s total debt decreased by \$88,935 during the year ended May 31, 2019, due to normal debt retirement during the year.

Additional information on the District’s long-term debt can be found in Note 5 on pages 23 and 24 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The property tax levy for the 2018 tax year, which will be recognized as revenue in 2020, listed \$11,872,520 in levied taxes, a decrease of \$1,047,092 (8.1%) from the previous year. No significant budgetary expenditure changes were noted for 2020.

The Trustees of the District considered these factors when preparing the budget and appropriation ordinance for the District which was adopted for the 2020 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Trustees, Tri-State Fire Protection District, 419 Plainfield Road, Darien, IL 60561.

BASIC FINANCIAL STATEMENTS

TRI-STATE FIRE PROTECTION DISTRICT
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 MAY 31, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 5,824,787
Receivables	
Property Taxes, net of allowance of \$0	10,964,752
Ambulance Billing Receivable, net of allowance of \$141,276	537,713
Prepaid Items	112,449
Capital Assets (Note 4):	
Land	1,112,755
Construction in Progress	103,955
Other Capital Assets, Net of Depreciation	5,866,955
Total Assets	\$ 24,523,366
DEFERRED OUTFLOWS OF RESOURCES	
Pension Expense - IMRF	\$ 479,948
Pension Expense - Fire Pension	10,456,249
OPEB Expense	34,948
Total Deferred Outflows of Resources	\$ 10,971,145
LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 963,126
Non-Current Liabilities	
Due Within One Year	91,576
Due In More Than One Year	28,852,320
Total Liabilities	\$ 29,907,022
DEFERRED INFLOWS OF RESOURCES	
Unavailable Property Taxes	\$ 11,872,520
Pension Revenue - IMRF	300,290
Pension Revenue - Fire Pension	12,155,917
Total Deferred Inflows of Resources	\$ 24,328,727
NET POSITION	
Net Investment in Capital Assets	\$ 6,634,949
Restricted for Audit	21,702
Restricted for Social Security/IMRF	32,637
Restricted for Tort	42,716
Unrestricted/(Deficit)	(25,473,242)
Total Net Position	\$ (18,741,238)

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	
Functions/Programs				
Governmental Activities:				
Public Safety	\$ 13,328,234	\$ 1,430,148	\$ -	\$ (11,898,086)
Interest and Fees on Long-Term Debt	15,454	-	-	(15,454)
Total Governmental Activities	\$ 13,343,688	\$ 1,430,148	\$ -	\$ (11,913,540)
General Revenues				
Taxes				
Property Taxes				\$ 12,700,301
Replacement Taxes				60,525
Intergovernmental Revenues				24,920
Interest Income				66,855
Miscellaneous Income				123,441
Total General Revenues				\$ 12,976,042
Change in Net Position				\$ 1,062,502
Net Position - Beginning of Year				(19,166,731)
Net Position Adjustment (Note 14)				539,848
Change in Accounting Principle (Note 15)				(1,176,857)
Net Position - End of Year				\$ (18,741,238)

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 MAY 31, 2019

	Corporate Fund	Ambulance Fund	Non-Major Funds	Total Fund
ASSETS				
Cash and Cash Equivalents	\$ 4,195,141	\$ 1,482,531	\$ 147,115	\$ 5,824,787
Receivables				
Property Taxes, net of allowance of \$0	6,624,244	3,840,734	499,774	10,964,752
Ambulance Billing Receivable, net of allowance of \$141,276	-	537,713	-	537,713
Prepaid Items	44,331	44,331	23,787	112,449
Total Assets	\$ 10,863,716	\$ 5,905,309	\$ 670,676	\$ 17,439,701
DEFERRED OUTFLOWS OF RESOURCES				
Willow Springs Building Purchase	\$ 283,333	\$ -	\$ -	\$ 283,333
Total Deferred Outflows of Resources	\$ 283,333	\$ -	\$ -	\$ 283,333
LIABILITIES				
Accounts Payable	\$ 446,944	\$ 167,118	\$ -	\$ 614,062
Accrued Payroll Liabilities	174,002	168,417	-	342,419
Total Liabilities	\$ 620,946	\$ 335,535	\$ -	\$ 956,481
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	\$ 7,091,417	\$ 4,231,269	\$ 549,834	\$ 11,872,520
Total Deferred Inflows of Resources	\$ 7,091,417	\$ 4,231,269	\$ 549,834	\$ 11,872,520
FUND BALANCES				
Nonspendable				
Prepaid Items	\$ 44,331	\$ 44,331	\$ 23,787	\$ 112,449
Restricted				
Audit	-	-	21,702	21,702
Social Security/IMRF	-	-	32,637	32,637
Tort Liability	-	-	42,716	42,716
Assigned				
Ambulance	-	1,294,174	-	1,294,174
Unassigned	3,390,355	-	-	3,390,355
Total Fund Balances	\$ 3,434,686	\$ 1,338,505	\$ 120,842	\$ 4,894,033
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,147,049	\$ 5,905,309	\$ 670,676	\$ 17,723,034

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 MAY 31, 2019

Total Fund Balances - Governmental Funds		\$ 4,894,033
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets, net of accumulated depreciation		7,083,665
Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.		
Deferred Inflows/(Outflows) - IMRF	\$ 179,658	
Deferred Inflows/(Outflows) - Fire Pension	(1,699,668)	
Deferred Inflows/(Outflows) - OPEB	<u>34,948</u>	
		(1,485,062)
Some expenditures are not considered spent within the current period and therefore are deferred outflows of resources in the funds.		
Willow Springs Building Purchase		(283,333)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Long-Term Debt	\$ (448,716)	
Compensated Absences	(446,761)	
Accrued Interest on LTD	(6,645)	
Net Pension Liability - IMRF	(415,771)	
Net Pension Liability - Fire Pension	(26,045,635)	
Net OPEB Liability	<u>(1,587,013)</u>	
		<u>(28,950,541)</u>
Net Position of Governmental Activities		<u><u>\$ (18,741,238)</u></u>

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED MAY 31, 2019

	Corporate Fund	Ambulance Fund	Non-Major Funds	Total Fund
REVENUES				
Property Taxes	\$ 6,937,412	\$ 5,153,724	\$ 609,165	\$ 12,700,301
Replacement Taxes	60,525	-	-	60,525
Intergovernmental Income	24,920	-	-	24,920
Charges for Services	208,012	1,222,136	-	1,430,148
Interest Income	37,359	29,496	-	66,855
Miscellaneous Income	123,441	-	-	123,441
	<u>\$ 7,391,669</u>	<u>\$ 6,405,356</u>	<u>\$ 609,165</u>	<u>\$ 14,406,190</u>
EXPENDITURES				
Current				
Public Safety	\$ 6,246,458	\$ 5,558,720	\$ 632,124	\$ 12,437,302
Capital Outlay	1,335,375	140,083	-	1,475,458
Debt Service	52,500	52,500	-	105,000
	<u>\$ 7,634,333</u>	<u>\$ 5,751,303</u>	<u>\$ 632,124</u>	<u>\$ 14,017,760</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (242,664)	\$ 654,053	\$ (22,959)	\$ 388,430
OTHER FINANCING SOURCES/(USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ (242,664)	\$ 654,053	\$ (22,959)	\$ 388,430
FUND BALANCES - JUNE 1, 2018	3,677,350	144,604	143,801	3,965,755
NET POSITION ADJUSTMENT (NOTE 14)	-	539,848	-	539,848
FUND BALANCES - MAY 31, 2019	<u>\$ 3,434,686</u>	<u>\$ 1,338,505</u>	<u>\$ 120,842</u>	<u>\$ 4,894,033</u>

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED MAY 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 388,430

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (458,965)	
Capital Outlays	1,475,458	
		1,016,493

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Expense	\$ (2,656,899)	
OPEB Expense	(132,048)	
Change in Accrued Interest	611	
Compensated Absences	19,046	
		(2,769,290)

Employer Pension and OPEB Contributions are expensed in the fund financial statements but treated as a reduction in the Net Position Liability on the government-wide financial statements. 2,337,934

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		88,935

Change in Net Position of Governmental Activities \$ 1,062,502

TRI-STATE FIRE PROTECTION DISTRICT
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND - PENSION FUND
 MARCH 31, 2019

ASSETS	
Cash and Cash Equivalents	\$ 1,252,247
Investments, at fair value	
Mutual Funds	24,299,128
U.S. Government Securities	1,712,704
U.S. Agency Securities	7,408,377
Corporate Bonds	2,931,014
Municipal Bonds	1,109,186
Insurance Annuities	1,373,747
Accrued Interest Receivable	82,822
Prepays	336
Total Assets	<u>\$ 40,169,561</u>
LIABILITIES	
Expenses Due/Unpaid	\$ 8,893
Due to Members	2,245
Total Liabilities	<u>\$ 11,138</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 40,158,423</u></u>

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND - PENSION FUND
 MARCH 31, 2019

	<u>Pension Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 2,389,618
Plan Members	421,760
Total Contributions	<u>\$ 2,811,378</u>
Investment and Other Income	
Net Appreciation/(Depreciation) in Fair Value of Investments	\$ 355,615
Interest and Dividends	1,462,680
	<u>\$ 1,818,295</u>
Less: Investment Advisor Fees	(33,119)
Net Investment and Other Income	<u>\$ 1,785,176</u>
TOTAL ADDITIONS	<u>\$ 4,596,554</u>
DEDUCTIONS	
Benefits	\$ 1,814,526
Contributions Refunded	9,623
Administration	48,293
TOTAL DEDUCTIONS	<u>\$ 1,872,442</u>
CHANGE IN NET POSITION	\$ 2,724,112
NET POSITION - APRIL 1, 2018	<u>37,434,311</u>
NET POSITION - MARCH 31, 2019	<u><u>\$ 40,158,423</u></u>

The Notes to Financial Statements are an integral part of this statement.

TRI-STATE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tri-State Fire Protection District (District) was organized under the provisions of Chapter 70 of the Illinois Compiled Statutes. The District operates under the direction of a Board of Trustees, and provides fire protection and emergency medical services in its district.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting principles established in GAAP and used by the District are discussed below.

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. The District has determined that the Long Grove Firefighter's Pension Fund meets the above criteria. The Long Grove Firefighter's Pension Fund is blended into the District's primary government financial statements as a Fiduciary Fund although it remains a separate legal entity. The Pension Fund's fiscal year ends March 31; therefore, the blended financial statements of the pension fund are as of March 31 within the primary government's current fiscal year. Reporting in this manner does not cause any inconsistencies between the primary government and its component units that would be required to be disclosed. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the District as governmental activities. The District's general government and public safety functions are classified as governmental activities. The District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, replacement taxes, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (general government or public safety). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Program revenues also include grants and

NOTES TO FINANCIAL STATEMENTS (Continued)

contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific grants and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenues (property taxes, replacement taxes, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

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

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The Corporate and Ambulance Funds are reported as the major funds of the District.

The following fund types are used by the District:

1. Governmental Funds

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

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Ambulance, Audit, Tort, and Social Security/IMRF Funds include revenues from property tax, ambulance billings (Ambulance Fund only), and miscellaneous income along with the related expenditures.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Funds

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

The District's Fiduciary Fund is presented in the Fiduciary Fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the District, this fund is not incorporated into the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. *Accrual*

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The District reports unavailable revenue on its governmental funds Balance Sheet. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. As of May 31, 2019 the District has \$11,872,520 of unavailable revenue from property taxes.

E. *Cash and Cash Equivalents and Investments*

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

H. *Inventory*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation of the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of at least \$5,000 or a portion of a related group of assets with an original cost of at least \$5,000 are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	15 - 50 years
Equipment	10 - 25 years
Apparatus and Vehicles	5 - 25 years

K. *Compensated Absences*

Sick leave is accumulated from year to year up to a specified maximum. Union employees and chiefs are eligible for payout of 25% of their hourly rate, up to 1,440 hours. Any hours over this limit are paid out at 25%, plus 1% for each year of creditable service. Non-union employees are only paid out for sick leave time earned before February 29, 2016. The total compensated absences liability for the employees who have met the minimum eligibility requirements is \$446,761.

L. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

M. *Government-Wide Fund Net Position*

Government fund net position is divided into three components:

Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgage, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted Net Position – the remaining net position is reported in this category.

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

NOTES TO FINANCIAL STATEMENTS (Continued)

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees (through Board resolution). Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body or official (Fire Chief) to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purpose (through Board resolution).

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the Corporate Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the Corporate Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the Corporate Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

Unassigned – Unassigned fund balance is the residual classification for the Corporate Fund. This classification represents the Corporate Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the Corporate Fund. This classification is also used to represent negative fund balances in special revenue funds, debt service funds, and capital projects funds.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

O. Property Tax Calendar and Revenues

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2018 tax levy was passed by the Board on December 18, 2018. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year. DuPage County property taxes are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts within approximately 15 days of these dates. Cook County property taxes are payable in two installments early in March and early in September of the following calendar year. The District receives significant distributions of tax receipts on or about each due date and for about ninety days thereafter.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6, and Chapter 40, Act 5/Article 4 – Pensions.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of May 31, 2019, deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

NOTE 3 - FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of May 31, 2019:

Investments by fair value level (Pension Fund Holdings)	5/31/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
U.S. Treasury Securities	\$ 1,712,704	\$ 1,712,704	\$ -
Agency Securities	7,408,377	-	7,408,377
Corporate Bonds	2,931,014	-	2,931,014
Municipal Bonds	1,109,186	-	1,109,186
Total Debt Securities	<u>\$ 13,161,281</u>	<u>\$ 1,712,704</u>	<u>\$ 11,448,577</u>
Equity Securities:			
Mutual Funds	\$ 24,299,128	\$ 24,299,128	\$ -
Total Investments by fair value level	<u>\$ 37,460,409</u>	<u>\$ 26,011,832</u>	<u>\$ 11,448,577</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2019 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Capital Assets not being depreciated:				
Land	\$ 937,755	\$ 175,000	\$ -	\$ 1,112,755
Assets not in Service	603,774	103,955	603,774	103,955
Total Capital Assets not being depreciated	<u>\$ 1,541,529</u>	<u>\$ 278,955</u>	<u>\$ 603,774</u>	<u>\$ 1,216,710</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,112,653	\$ 1,275,000	\$ -	\$ 4,387,653
Equipment	967,644	164,655	-	1,132,299
Apparatus and Vehicles	3,999,689	643,955	25,770	4,617,874
Total Other Capital Assets at Historical Cost	<u>\$ 8,079,986</u>	<u>\$ 2,083,610</u>	<u>\$ 25,770</u>	<u>\$ 10,137,826</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,984,763	\$ 99,407	\$ -	\$ 2,084,170
Equipment	396,245	95,737	-	491,982
Apparatus and Vehicles	1,456,668	263,821	25,770	1,694,719
Total Accumulated Depreciation	<u>\$ 3,837,676</u>	<u>\$ 458,965</u>	<u>\$ 25,770</u>	<u>\$ 4,270,871</u>
Other Capital Assets, Net	<u>\$ 4,242,310</u>	<u>\$ 1,624,645</u>	<u>\$ -</u>	<u>\$ 5,866,955</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,783,839</u>	<u>\$ 1,903,600</u>	<u>\$ 603,774</u>	<u>\$ 7,083,665</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Public Safety	<u>\$ 458,965</u>
Total Governmental Activities Depreciation Expense	<u>\$ 458,965</u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended May 31, 2019 was as follows:

	Balance 6/1/2018	Change in Accounting Principle (Note 15)	Additions	Retirement	Balance 5/31/2019	Amounts Due Within One Year
Governmental Activities:						
Long-Term Debt						
Capital Lease - PUC Truck	\$ 430,950	\$ -	\$ -	\$ (54,383)	\$ 376,567	\$ 56,019
Capital Lease - Pumper Truck	106,701	-	-	(34,552)	72,149	35,557
Total Long-Term Debt	<u>\$ 537,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (88,935)</u>	<u>\$ 448,716</u>	<u>\$ 91,576</u>
Other Long-Term Liabilities						
Compensated Absences	\$ 465,807	\$ -	\$ -	\$ (19,046)	\$ 446,761	\$ -
Net Pension Liability - IMRF	82,320	-	333,451	-	415,771	-
Net Pension Liability - Fire Pension	28,893,434	-	-	(2,847,799)	26,045,635	-
Net OPEB Liability	-	1,443,430	143,583	-	1,587,013	-
Total Other Long-Term Liabilities	<u>\$ 29,441,561</u>	<u>\$ 1,443,430</u>	<u>\$ 477,034</u>	<u>\$ (2,866,845)</u>	<u>\$ 28,495,180</u>	<u>\$ -</u>
Total Long-Term Obligations	<u>\$ 29,979,212</u>	<u>\$ 1,443,430</u>	<u>\$ 477,034</u>	<u>\$ (2,955,780)</u>	<u>\$ 28,943,896</u>	<u>\$ 91,576</u>

Long-term debt consisted of the following at May 31, 2019:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities					
Capital Lease - PUC Truck	11/16/2015	12/16/2022	3.00%	\$ 535,000	\$ 376,567
Capital Lease - Pumper Truck	2/23/2016	2/23/2021	2.91%	172,900	72,149

The capital leases are paid from the Corporate Fund.

At May 31, 2019 the annual debt service requirements to service long-term debt are:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending May 31	Principal	Interest	Total
2020	\$ 91,576	\$ 13,424	\$ 105,000
2021	94,296	10,704	105,000
2022	59,439	7,904	67,343
2023	203,405	6,468	209,873
	<u>\$ 448,716</u>	<u>\$ 38,500</u>	<u>\$ 487,216</u>

NOTE 6 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2018 tax levy. The unavailable revenue is 100% of the 2018 tax levy net of estimated uncollectible amounts. These taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the District does not consider the amounts to be available and does not budget for their use in fiscal year 2018. The District has determined that 100% of the amount collected for the 2017 levy is allocable for use in fiscal year 2019. Therefore, 100% of the amounts collected for the 2017 levy (\$12,700,301) are recorded in these financial statements as property tax revenue. A summary of the assessed valuations and extensions for tax years 2018, 2017, 2016 is as follows:

Cook County	2018		2017		2016	
	Rate	Extension	Rate	Extension	Rate	Extension
Assessed Valuation	\$188,332,015		\$195,148,668		\$161,052,940	
Corporate	0.2981	\$ 561,418	0.2783	\$ 543,099	0.3134	\$ 504,714
Ambulance	0.2525	475,538	0.2783	543,099	0.3134	504,714
Pension	0.0929	174,960	0.0910	177,585	0.0495	79,784
Tort Immunity	0.0277	52,168	0.0258	50,348	0.0433	69,811
Audit	0.0001	188	0.0008	1,561	0.0014	2,244
IMRF	0.0003	565	0.0019	3,708	0.0022	3,490
Social Security	0.0040	7,533	0.0042	8,196	0.0040	6,483
Fire Pension	0.0103	19,398	0.0107	20,926	0.0153	24,712
	<u>0.6859</u>	<u>\$ 1,291,768</u>	<u>0.6910</u>	<u>\$ 1,348,522</u>	<u>0.7425</u>	<u>\$ 1,195,952</u>
DuPage County	2018		2017		2016	
Assessed Valuation	\$1,642,208,793		\$1,571,097,742		\$1,495,440,137	
Corporate	0.2808	\$ 4,611,322	0.2975	\$ 4,674,016	0.2993	\$ 4,475,852
Ambulance	0.2287	3,755,731	0.2976	4,675,587	0.2994	4,477,348
Pension	0.0950	1,560,098	0.0969	1,522,394	0.0535	800,060
Tort Immunity	0.0258	423,690	0.0278	436,765	0.0397	593,690
Audit	0.0001	1,643	0.0009	14,140	0.0014	20,936
IMRF	0.0002	3,284	0.0021	32,993	0.0021	31,404
Social Security	0.0037	60,763	0.0044	69,128	0.0039	58,322
Fire Pension	0.0100	164,221	0.0093	146,112	0.0167	249,739
	<u>0.6443</u>	<u>\$ 10,580,752</u>	<u>0.7365</u>	<u>\$ 11,571,135</u>	<u>0.7160</u>	<u>\$ 10,707,351</u>

NOTE 7 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended May 31, 2019, the Social Security & IMRF Fund had expenditures that exceeded the budget by \$36,351. The overexpenditures were covered by available fund balance.

NOTE 8 - FIREFIGHTER’S PENSION PLAN

Plan Administration

Firefighter sworn personnel are covered by the Firefighter Pension Plan (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The District accounts for the Plan as a pension trust fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the President, one member is elected by pension beneficiaries, and two members are elected by active firefighter employees.

Plan Membership

At April 1, 2018, the valuation date, membership consisted of:

Inactive plan members currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	3
Active Plan Members	<u>46</u>
Total	<u><u>72</u></u>

Benefits Provided

The Fund provides retirement, disability, and death benefits to Fund members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 4 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Fund to the Illinois legislature.

Covered employees hired before January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary.

Covered employees hired on or after January 1, 2011 attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a firefighter officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lessor of 3% or ½ the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Contributions

Employees are required by ILCS to contribute 9.455% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The District is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the District has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended March 31, 2019, the District's contribution was 56.17% of covered payroll.

Investment Policy

Illinois Compiled Statutes (ILCS) limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies,

NOTES TO FINANCIAL STATEMENTS (Continued)

insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds, and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, and corporate equity securities.

The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target</u>
Fixed Income	4.3%	2.6%	1.7%	35.0%
Large Capital Domestic Equity	9.3%	2.6%	6.7%	45.5%
Small Capital Domestic Equity	11.1%	2.6%	8.5%	13.0%
International Equity	9.1%	2.6%	6.5%	6.5%

ILCS limit the Plan's investments in equities and mutual funds to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of March 31, 2019 are listed in the table above.

Investment Valuations

All investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at March 31, 2019 for debt securities, equity securities and mutual funds.

Investment Concentrations

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

Investment Rate of Return

For the year ended March 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. As required by the investment policy, the Plan limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Plan, to act as a custodian for its securities and collateral.

NOTES TO FINANCIAL STATEMENTS (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Plan's debt securities as of March 31, 2019:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
Mutual Funds	\$ 24,299,128	\$ 24,299,128	\$ -	\$ -	\$ -
U.S. Treasury Notes	1,712,704	-	257,153	968,345	487,206
Tennessee Valley Authority	152,255	-	-	152,255	-
Federal Natl Mtg Association (FNMA)	390,427	300,098	90,329	-	-
Freddie Mac	150,074	-	-	150,074	-
Federal Home Loan Banks (FHLB)	4,456,141	499,656	1,277,027	2,574,046	105,412
Federal Farm Credit Bank (FFCB)	2,259,480	-	869,757	1,389,723	-
Corporate Bonds	2,931,014	-	1,197,403	1,733,611	-
Municipal Bonds	1,109,186	-	557,944	551,242	-
Totals	<u>\$ 37,460,409</u>	<u>\$ 25,098,882</u>	<u>\$ 4,249,613</u>	<u>\$ 7,519,296</u>	<u>\$ 592,618</u>

In accordance with its investment policy, the Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk

State law limits investments based on credit risk. The Fund's investment policy also prescribes to the "prudent expert" rule, which states, "Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims" As of March 31, 2019, the Fund's investments were rated as follows:

Investment	Credit Rating	Rating Source
Mutual Funds	N/A	Not Rated
U.S. Treasury Notes	N/A	Not Rated
Tennessee Valley Authority	AA+	Standard and Poors'
Federal Natl Mtg Association (FNMA)	AA+	Standard and Poors'
Freddie Mac	AA+	Standard and Poors'
Federal Home Loan Banks (FHLB)	AA+ & Aaa	Standard and Poors' & Moody's
Federal Farm Credit Bank (FFCB)	AA+	Standard and Poors'
Corporate Bonds	BBB to AAA	Standard and Poors'
Municipal Bonds	AA to AAA & Aa2 to Aaa	Standard and Poors' & Moody's

Net Pension Liability

The components of the net pension liability of the Plan as of March 31, 2019, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 66,204,058
Plan Fiduciary Net Position	40,158,423
District's Net Pension Liability	26,045,635
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.66%

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of March 31, 2019 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight Line
Remaining Amortization Period	
Actuarial Experience and Changes in Assumptions	8.61 Year
Asset Experience	5 Years
Assumptions	
Inflation	2.50%
Salary Increases	2.50% - 14.25%
Interest Rate	7.00%
Payroll Growth	3.50%
Cost of Living Adjustments	2.50%
Asset Valuation Method	Market Value

Mortality rates were based on the RP-2014 Mortality Table, improved generationally using improvement scale MP-2016. The other non-economic actuarial assumptions used in the March 31, 2019 valuation was based on a review of assumptions in the L&A 2016 study for Illinois Firefighters' Officers.

Discount Rate

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the Fund's net fiduciary position is projected to be sufficient to pay benefits) and (2) a tax exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the Fund's projected fiduciary position is insufficient to pay benefits).

For the purposes of this valuation the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.79% (based upon an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA); and the resulting single discount rate is 5.98%.

The Fund's projected net position is expected to cover future benefit payments in full for the current employees through 2054.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at May 31, 2018	\$ 66,327,745	\$ 37,434,311	\$ 28,893,434
Changes for the year:			
Service Cost	\$ 1,522,084	\$ -	\$ 1,522,084
Interest on the Total Pension Liability	3,637,111	-	3,637,111
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	894,379	-	894,379
Changes of Assumptions	(4,353,112)	-	(4,353,112)
Contributions - Employer	-	2,399,072	(2,399,072)
Contributions - Employee	-	412,306	(412,306)
Net Investment Income	-	1,785,176	(1,785,176)
Benefit Payments, including Refunds of Employee Contributions	(1,824,149)	(1,824,149)	-
Administrative Expense	-	(48,293)	48,293
Net Changes	\$ (123,687)	\$ 2,724,112	\$ (2,847,799)
Balances at May 31, 2019	\$ 66,204,058	\$ 40,158,423	\$ 26,045,635

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 5.98% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.98%) or 1 percentage point higher (6.98%) than the current rate:

	1% Decrease 4.98%	Current Discount Rate 5.98%	1% Increase 6.98%
Net Pension Liability	\$ 37,135,387	\$ 26,045,635	\$ 17,161,113

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

For the year ended March 31, 2019, the District recognized pension expense of \$2,624,885. At March 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Expense in Future Periods			
Differences between expected and actual experience	\$ 3,881,475	\$ -	\$ 3,881,475
Assumption changes	5,367,100	11,412,926	(6,045,826)
Net difference between projected and actual earnings on pension investments	1,207,674	742,991	464,683
	\$ 10,456,249	\$ 12,155,917	\$ (1,699,668)
Pension contributions made subsequent to the measurement date	-	-	-
Total deferred amounts to be recognized in pension expense in future periods	\$ 10,456,249	\$ 12,155,917	\$ (1,699,668)

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ 492,552
2019	(20,543)
2020	143,931
2021	281,943
2022	(352,559)
Thereafter	(2,244,992)
	<u>\$ (1,699,668)</u>

NOTE 9 - ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The District'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 District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a 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 ten 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 ten 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	4
Total	<u>25</u>

Contributions

As set by statute, the District'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 District's annual contribution rate for calendar year 2018 was 9.94%. For the fiscal year ended May 31, 2019, the District contributed \$35,911 to the Plan. The District 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 components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2018, and a measurement date as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 3,357,840
IMRF Fiduciary Net Position	2,942,069
District's Net Pension Liability	415,771
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	87.62%

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

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

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 this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A)-(B)
Balances at December 31, 2017	\$ 3,287,798	\$ 3,205,478	\$ 82,320
Changes for the year:			
Service Cost	\$ 43,341	\$ -	\$ 43,341
Interest on the Total Pension Liability	243,357	-	243,357
Differences Between Expected and Actual Experience of the Total Pension Liability	(186,199)	-	(186,199)
Changes of Assumptions	98,951	-	98,951
Contributions - Employer	-	36,893	(36,893)
Contributions - Employee	-	16,702	(16,702)
Net Investment Income	-	(162,725)	162,725
Benefit Payments, including Refunds of Employee Contributions	(129,408)	(129,408)	-
Other (Net Transfer)	-	(24,871)	24,871
Net Changes	\$ 70,042	\$ (263,409)	\$ 333,451
Balances at December 31, 2018	\$ 3,357,840	\$ 2,942,069	\$ 415,771

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, 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 than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 870,914	\$ 415,771	\$ 50,031

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended May 31, 2019, the District recognized pension expense of \$32,014. At May 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

Expense in Future Periods	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Differences between expected and actual experience	\$ 63,699	\$ 107,860	\$ (44,161)
Assumption changes	40,287	45,192	(4,905)
Net difference between projected and actual earnings on pension investments	<u>360,505</u>	<u>147,238</u>	<u>213,267</u>
Total deferred amounts to be recognized in pension expense in future periods	\$ 464,491	\$ 300,290	\$ 164,201
Pension contributions made subsequent to the measurement date	<u>15,457</u>	<u>-</u>	<u>15,457</u>
Total deferred amounts related to pensions	<u><u>\$ 479,948</u></u>	<u><u>\$ 300,290</u></u>	<u><u>\$ 179,658</u></u>

The deferred outflows of resources related to pensions resulting from the District’s contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended May 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 10,335
2020	43,200
2021	30,794
2022	79,872
2023	-
Thereafter	-
	<u><u>\$ 164,201</u></u>

NOTE 10 - POST-EMPLOYMENT BENEFIT COMMITMENTS - RETIREE INSURANCE PLAN

Plan Overview

In addition to the retirement plans described in Notes 8 & 9, the District provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Medical Coverage

PPO Coverage (which includes dental and vision coverage), only offered to full-time employees before the age of 65. Retiree pays the full cost of coverage, which continues until Medicare eligibility is reached. No post-65 coverage is offered to retirees and no dependent coverage is available at retirement.

The Plan does not issue a stand-alone financial report.

Eligibility

Employees of the Fire Protection District are eligible for retiree health benefits as listed below:

Full-Time Employees - IMRF

- Tier I Full-Time IMRF employees, at least 55 years old with at least 8 years of service
- Tier I Full-Time IMRF employees, at least 62 years old with at least 10 years of service

Full-Time Employees - Firefighters

- Tier I Full-Time Firefighters, at least 50 years old with at least 20 years of service
- Tier II Full-Time Firefighters, at least 55 years old with at least 10 years of service

NOTES TO FINANCIAL STATEMENTS (Continued)

Membership in the plan consisted of the following at June 1, 2018, the date of the latest actuarial valuation:

Active Employees	58
Inactive Employees Entitled to but not yet Receiving Benefits	0
Inactive Employees Currently Receiving Benefits	1
Total	59

Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

Total OPEB Liability

The Fire Protection District’s total OPEB liability was measured as of May 31, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 1, 2018.

Actuarial Assumptions

The total OPEB liability in the June 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method	Entry Age Normal																										
Discount rate	3.51%																										
Salary Rate Increase	3.50%																										
Expected long-term investment rate of return	N/A																										
Health Care Trend	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Fiscal Year Trends</th> </tr> <tr> <th style="text-align: center;">Period</th> <th style="text-align: center;">PPO</th> </tr> </thead> <tbody> <tr><td>FY18-FY19</td><td style="text-align: right;">7.10%</td></tr> <tr><td>FY19-FY20</td><td style="text-align: right;">6.87%</td></tr> <tr><td>FY20-FY21</td><td style="text-align: right;">6.63%</td></tr> <tr><td>FY21-FY22</td><td style="text-align: right;">6.40%</td></tr> <tr><td>FY22-FY23</td><td style="text-align: right;">6.17%</td></tr> <tr><td>FY23-FY24</td><td style="text-align: right;">5.93%</td></tr> <tr><td>FY24-FY25</td><td style="text-align: right;">5.70%</td></tr> <tr><td>FY25-FY26</td><td style="text-align: right;">5.47%</td></tr> <tr><td>FY26-FY27</td><td style="text-align: right;">5.23%</td></tr> <tr><td>FY27-FY28</td><td style="text-align: right;">5.00%</td></tr> <tr><td>Subsequent</td><td style="text-align: right;">5.00%</td></tr> </tbody> </table>	Fiscal Year Trends		Period	PPO	FY18-FY19	7.10%	FY19-FY20	6.87%	FY20-FY21	6.63%	FY21-FY22	6.40%	FY22-FY23	6.17%	FY23-FY24	5.93%	FY24-FY25	5.70%	FY25-FY26	5.47%	FY26-FY27	5.23%	FY27-FY28	5.00%	Subsequent	5.00%
Fiscal Year Trends																											
Period	PPO																										
FY18-FY19	7.10%																										
FY19-FY20	6.87%																										
FY20-FY21	6.63%																										
FY21-FY22	6.40%																										
FY22-FY23	6.17%																										
FY23-FY24	5.93%																										
FY24-FY25	5.70%																										
FY25-FY26	5.47%																										
FY26-FY27	5.23%																										
FY27-FY28	5.00%																										
Subsequent	5.00%																										

Retiree Contribution Trend	Same as Health Care Trend
Mortality	RP-2014 Combined Annuitant Mortality Table for males and females. The Mortality Table reflects recent rates developed by the Society of Actuaries.
Disability Rates	IMRF 2017 for IMRF Employees; 2016 L&A Assumption Study for Firefighters
Average Retirement Age	IMRF Tier 1: Age 60 IMRF Tier 2: Age 62 Firefighters: Age 55

NOTES TO FINANCIAL STATEMENTS (Continued)

Termination/Turnover Rates

IMRF 2017 for IMRF Employees; 2016 L&A Assumption Study for Firefighters

Starting Per Capita Costs

	Retiree	Spouse
PPO - IMRF	\$ 18,146	\$ 25,193
PPO - Fire	16,581	23,020
	Retiree	Spouse
PPO Plan	\$ 7,783	\$ 10,805

Blended Premium Rates

Election at Retirement

30% of active employees are assumed to elect coverage at retirement

Marital Status

50% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

Retiree Lapse Rate

N/A

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

Discount Rate

The Fire Protection District does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 3.51% is used, which is the Bond Buyer 20-Bond GO Index as of May 30, 2019.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 1, 2018	\$ 1,443,430	\$ -	\$ 1,443,430
Changes for the year:			
Service Cost	\$ 75,397	\$ -	\$ 75,397
Interest on Total OPEB Liability	54,118	-	54,118
Assumption Changes	37,481	-	37,481
Contributions - Employer	-	23,413	(23,413)
Benefit Payments	(23,413)	(23,413)	-
Net Changes	\$ 143,583	\$ -	\$ 143,583
Balances at May 31, 2019	\$ 1,587,013	\$ -	\$ 1,587,013

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Fire Protection District, as well as what the Fire Protection District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Valuation Rate	1% Increase
\$ 1,737,364	\$ 1,587,013	\$ 1,453,986

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the Fire Protection District, as well as what the Fire Protection District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

NOTES TO FINANCIAL STATEMENTS (Continued)

Plan's Total OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Valuation Rate	1% Increase
\$ 1,405,986	\$ 1,587,013	\$ 1,798,060

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended May 31, 2019, the Fire Protection District recognized OPEB expense of \$132,048. At May 31, 2019, the Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -	\$ -
Changes of Assumptions	34,948	-	34,948
Total	<u>\$ 34,948</u>	<u>\$ -</u>	<u>\$ 34,948</u>

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (14.80 years, active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year ending May 31	Net Outflows of Resources
2020	\$ 2,533
2021	2,533
2022	2,533
2023	2,533
2024	2,533
Thereafter	22,283
	<u>\$ 34,948</u>

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

There were no interfund balances or transfers made for the year ended May 31, 2019.

NOTE 12 - 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. The District purchases commercial insurance to handle these risks of loss. During fiscal year 2019 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended May 31, 2019, there were no significant adjustments in premiums based on actual experience.

NOTE 13 - CONTINGENCIES

The District is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - FUND BALANCE/NET POSITION ADJUSTMENT

An adjustment was made to increase the fund balance of Ambulance Fund by \$539,848. Then adjustment then also increased net position by the same amount. This was due to an unrecorded ambulance receivable of the same amount in the prior year.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ending May 31, 2019, the District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. These Statements establish financial reporting standards for postemployment benefits other than pension agreements offered by the Fire Protection District. The Statements also require additional disclosures about the postemployment benefits other than pensions offered by the Fire Protection District (see Note 10). As a result of this change, beginning government-wide net position was decreased by \$1,176,857.

Also effective for the year ending May 31, 2019, the District has implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. There were no adjustments required for implementation of this standard.

NOTE 16 - SUBSEQUENT EVENTS

The District absorbed the Willow Springs Fire District Pension in 2020, after having purchased the Fire Station during fiscal year 2019. Part of the closing agreement on the building involved the District making later payments to Willow Springs; however, there were questions at to how much Willow Springs owed the District to match the funded percentages (the District's pension's funding percentage was higher than that of Willow Springs). In January 2020, the sides agreed to a proposal where Willow Springs would pay \$385,486 to the District settle the matter.

REQUIRED SUPPLEMENTARY INFORMATION

TRI-STATE FIRE PROTECTION DISTRICT
FIREFIGHTER'S PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
MARCH 31, 2019

	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,522,084	\$ 1,717,948	\$ 1,635,674	\$ 1,638,078	\$ 1,292,192
Interest	3,637,111	3,412,220	3,402,508	2,369,314	2,601,511
Differences Between Expected and Actual Experience	894,379	34,743	1,465,930	3,916,226	-
Changes in Assumptions	(4,353,112)	(5,873,411)	(4,767,457)	9,925,148	-
Benefit Payments, Including Refunds of Member Contributions	(1,824,149)	(1,602,251)	(1,484,939)	(1,270,143)	(881,537)
Net Change in Total Pension Liability	<u>\$ (123,687)</u>	<u>\$ (2,310,751)</u>	<u>\$ 251,716</u>	<u>\$ 16,578,623</u>	<u>\$ 3,012,166</u>
Total Pension Liability - Beginning	<u>66,327,745</u>	<u>68,638,496</u>	<u>68,386,780</u>	<u>51,808,157</u>	<u>48,795,991</u>
Total Pension Liability - Ending	<u>\$ 66,204,058</u>	<u>\$ 66,327,745</u>	<u>\$ 68,638,496</u>	<u>\$ 68,386,780</u>	<u>\$ 51,808,157</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 2,389,618	\$ 1,204,855	\$ 944,958	\$ 691,849	\$ 697,090
Contributions - Member	412,306	384,865	372,178	368,810	369,596
Contributions - Other	9,454	177	2,517	-	-
Net Investment Income	1,785,176	3,095,561	3,025,118	(324,135)	2,393,562
Benefit Payments, Including Refunds of Member Contributions	(1,824,149)	(1,602,251)	(1,484,939)	(1,270,143)	(881,537)
Administrative Expenses	(48,293)	(37,417)	(43,196)	(37,347)	(50,352)
Net Change in Plan Fiduciary Net Position	<u>\$ 2,724,112</u>	<u>\$ 3,045,790</u>	<u>\$ 2,816,636</u>	<u>\$ (570,966)</u>	<u>\$ 2,528,359</u>
Plan Fiduciary Net Position - Beginning	<u>37,434,311</u>	<u>34,388,521</u>	<u>31,571,885</u>	<u>32,142,851</u>	<u>29,614,492</u>
Plan Fiduciary Net Position - Ending	<u>\$ 40,158,423</u>	<u>\$ 37,434,311</u>	<u>\$ 34,388,521</u>	<u>\$ 31,571,885</u>	<u>\$ 32,142,851</u>
District's Net Pension Liability	<u>\$ 26,045,635</u>	<u>\$ 28,893,434</u>	<u>\$ 34,249,975</u>	<u>\$ 36,814,895</u>	<u>\$ 19,665,306</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.66%	56.44%	50.10%	46.17%	62.04%
Covered-Employee Payroll	\$ 4,254,564	\$ 4,157,713	\$ 4,017,114	\$ 3,757,808	\$ 3,726,141
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	612.18%	694.94%	852.60%	979.69%	527.77%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	4.66%	8.88%	9.63%	-1.02%	8.10%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

TRI-STATE FIRE PROTECTION DISTRICT
FIREFIGHTER'S PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
LAST TEN FISCAL YEARS

	<u>3/31/2019</u>	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>
Actuarially-Determined Contribution	\$ 1,838,838	\$ 1,616,252	\$ 1,215,563	\$ 1,171,056	\$ 1,039,017
Contributions in Relation to Actuarially-Determined Contribution	<u>2,389,618</u>	<u>1,204,855</u>	<u>944,958</u>	<u>691,849</u>	<u>697,090</u>
Contribution Deficiency/(Excess)	<u>\$ (550,780)</u>	<u>\$ 411,397</u>	<u>\$ 270,605</u>	<u>\$ 479,207</u>	<u>\$ 341,927</u>
Covered-Employee Payroll	\$ 4,254,564	\$ 4,157,713	\$ 4,017,114	\$ 3,757,808	\$ 3,726,141
Contributions as a Percentage of Covered-Employee Payroll	56.17%	28.98%	23.52%	18.41%	18.71%

Notes to Schedule of Contributions:

Actuarial Method and Assumptions Used on the Calculation of the 2019 Contribution Rate *

The actuarially-determined contribution shown is from the April 1, 2017 actuary's report completed by Lauterbach and Amen, LLP for the tax levy recommendation for the December 2017 tax levy.

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 17-year closed period

Asset Valuation Method: 5-year smoothed market

Inflation: 2.50%

Payroll Increase: 3.50%

Individual Pay Increases: 4.00% to 14.25%, including inflation

Investment Rate of Return: 7.00%

Mortality: RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate

Retirement Rates: L&A 2016 Illinois Firefighters Retirement Rates Capped at Age 65

Termination Rate: L&A 2016 Illinois Firefighters Termination Rates

Disability Rates: L&A 2016 Illinois Firefighters Disability Rates

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

TRI-STATE FIRE PROTECTION DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
MAY 31, 2019

	<u>12/31/2018 *</u>	<u>12/31/2017 *</u>	<u>12/31/2016 *</u>	<u>12/31/2015 *</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 43,341	\$ 63,608	\$ 68,057	\$ 71,057
Interest	243,357	227,676	214,709	216,463
Differences Between Expected and Actual Experience	(186,199)	129,499	(15,032)	(225,107)
Changes in Assumptions	98,951	(87,598)	(8,254)	3,958
Benefit Payments, Including Refunds of Member Contributions	<u>(129,408)</u>	<u>(98,527)</u>	<u>(85,498)</u>	<u>(83,424)</u>
Net Change in Total Pension Liability	\$ 70,042	\$ 234,658	\$ 173,982	\$ (17,053)
 Total Pension Liability - Beginning	 <u>3,287,798</u>	 <u>3,053,140</u>	 <u>2,879,158</u>	 <u>2,896,211</u>
Total Pension Liability - Ending	<u>\$ 3,357,840</u>	<u>\$ 3,287,798</u>	<u>\$ 3,053,140</u>	<u>\$ 2,879,158</u>
 PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 36,893	\$ 34,657	\$ 73,004	\$ 154,216
Contributions - Member	16,702	16,662	23,818	28,289
Net Investment Income	(162,725)	453,707	182,806	12,927
Benefit Payments, Including Refunds of Member Contributions	(129,408)	(98,527)	(85,498)	(83,424)
Other	<u>(24,871)</u>	<u>(4,165)</u>	<u>9,151</u>	<u>(48,024)</u>
Net Change in Plan Fiduciary Net Position	\$ (263,409)	\$ 402,334	\$ 203,281	\$ 63,984
 Plan Net Position - Beginning	 <u>3,205,478</u>	 <u>2,803,144</u>	 <u>2,599,863</u>	 <u>2,535,879</u>
Plan Net Position - Ending	<u>\$ 2,942,069</u>	<u>\$ 3,205,478</u>	<u>\$ 2,803,144</u>	<u>\$ 2,599,863</u>
 District's Net Pension Liability	 <u>\$ 415,771</u>	 <u>\$ 82,320</u>	 <u>\$ 249,996</u>	 <u>\$ 279,295</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 87.62%	 97.50%	 91.81%	 90.30%
 Covered-Employee Payroll	 \$ 371,167	 \$ 370,269	 \$ 545,507	 \$ 628,647
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 112.02%	 22.23%	 45.83%	 44.43%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

TRI-STATE FIRE PROTECTION DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
MAY 31, 2019

	12/31/18 *	12/31/17 *	12/31/16 *	12/31/15 *
Actuarially-Determined Contribution	\$ 36,894	\$ 34,657	\$ 74,789	\$ 69,214
Contributions in Relation to Actuarially-Determined Contribution	36,893	34,657	73,004	154,216
Contribution Deficiency/(Excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,785</u>	<u>\$ (85,002)</u>
Covered-Employee Payroll	\$ 337,664	\$ 370,269	\$ 545,507	\$ 628,647
Contributions as a Percentage of Covered-Employee Payroll	10.93%	9.36%	13.38%	24.53%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2018 Contribution Rate *

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

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 25-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.5%

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 to 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 adjustments 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.

*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

TRI-STATE FIRE PROTECTION DISTRICT
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
MAY 31, 2019

	5/31/2019
TOTAL OPEB LIABILITY	
Service Cost	\$ 75,397
Interest	54,118
Benefit Payments	(23,413)
Changes in Assumptions	37,481
Net Change in Total OPEB Liability	\$ 143,583
 Total OPEB Liability - Beginning	 1,443,430
Total OPEB Liability - Ending	\$ 1,587,013
 OPEB PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 23,413
Benefit Payments	(23,413)
Net Change in OPEB Plan Net Position	\$ -
 OPEB Plan Net Position - Beginning	 -
OPEB Net Position - Ending	\$ -
 District's Net OPEB Plan Liability	 \$ 1,587,013
 OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
 Covered-Employee Payroll	\$ 4,956,163
 Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	32.02%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

TRI-STATE FIRE PROTECTION DISTRICT
 OTHER POST-EMPLOYMENT BENEFIT
 SCHEDULE OF EMPLOYER CONTRIBUTION
 MAY 31, 2019

	5/31/2019
Actuarially-Determined Contribution	N/A
Contributions in Relation to Actuarially-Determined Contribution	-
Contribution Deficiency/(Excess)	N/A
Covered-Employee Payroll	\$ 4,956,163
Contributions as a Percentage of Covered-Employee Payroll	0.00%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

TRI-STATE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - CORPORATE FUND
YEAR ENDED MAY 31, 2019

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>
REVENUES		
Property Taxes	\$ 7,084,087	\$ 6,937,412
Replacement Taxes	56,000	60,525
Intergovernmental Income	28,000	24,920
Charges for Services	180,000	208,012
Grant Income	56,273	-
Interest Income	16,000	37,359
Miscellaneous Income	35,000	123,441
TOTAL REVENUES	<u>\$ 7,455,360</u>	<u>\$ 7,391,669</u>
EXPENDITURES		
Current		
Public Safety		
Administrative Expenses	\$ 783,382	\$ 646,576
Compensation	2,897,977	2,788,193
Fire Equipment	280,415	263,722
Building and Grounds	201,500	98,753
Medical	668,239	663,973
Pension Contributions	1,991,972	1,785,241
Total Public Safety	<u>\$ 6,823,485</u>	<u>\$ 6,246,458</u>
Total Current	<u>\$ 6,823,485</u>	<u>\$ 6,246,458</u>
Capital Outlay		
Public Safety		
Administrative Expenses	\$ -	\$ 6,297
Fire Equipment	247,402	268,889
Building and Grounds	3,371,500	1,060,189
Total Public Safety	<u>\$ 3,618,902</u>	<u>\$ 1,335,375</u>
Total Capital Outlay	<u>\$ 3,618,902</u>	<u>\$ 1,335,375</u>
Debt Service		
Principal	\$ -	\$ 44,468
Interest	-	8,032
Total Debt Service	<u>\$ -</u>	<u>\$ 52,500</u>
TOTAL EXPENDITURES	<u>\$ 10,442,387</u>	<u>\$ 7,634,333</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,987,027)</u>	<u>\$ (242,664)</u>
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,987,027)</u>	<u>\$ (242,664)</u>
FUND BALANCES - JUNE 1, 2018		<u>3,677,350</u>
FUND BALANCES - MAY 31, 2019		<u>\$ 3,434,686</u>

See Accompanying Independent Auditor's Report

TRI-STATE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - AMBULANCE FUND
YEAR ENDED MAY 31, 2019

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 5,217,115	\$ 5,153,724
Charges for Services	1,100,000	1,222,136
Interest Income	-	29,496
Miscellaneous Income	4,000	-
TOTAL REVENUES	\$ 6,321,115	\$ 6,405,356
EXPENDITURES		
Current		
Public Safety		
Administrative Expenses	\$ 1,286,382	\$ 692,689
Compensation	3,064,349	3,729,255
Fire Equipment	294,115	81,632
Building and Grounds	193,500	101,141
Medical	597,594	663,973
EMS	633,565	290,030
Pension Contribution	125,000	-
Total Public Safety	\$ 6,194,505	\$ 5,558,720
Total Current	\$ 6,194,505	\$ 5,558,720
Capital Outlay		
Public Safety		
Administrative Expenses	\$ -	\$ 6,296
Fire Equipment	-	133,787
Total Public Safety	\$ -	\$ 140,083
Total Capital Outlay	\$ -	\$ 140,083
Debt Service		
Principal	\$ -	\$ 44,467
Interest	-	8,033
Total Debt Service	\$ -	\$ 52,500
TOTAL EXPENDITURES	\$ 6,194,505	\$ 5,751,303
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 126,610	\$ 654,053
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ 126,610	\$ 654,053
FUND BALANCES - JUNE 1, 2018		144,604
FUND BALANCE ADJUSTMENT (NOTE 14)		539,848
FUND BALANCES - MAY 31, 2019		\$ 1,338,505

See Accompanying Independent Auditor's Report

TRI-STATE FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MAY 31, 2019

NOTE 1 - BUDGET

Annual budgets are legally adopted and separately reported for all funds of the District. The budget was passed on August 20, 2018 and was not amended.

The fire chief submits an annual budget request to the trustees of the District prior to the end of the fiscal year or as may be requested by the trustees. The trustees shall provide adequate funding in the annual appropriation ordinance, which in all cases is higher than the budget, for the operation of the District.

SUPPLEMENTARY INFORMATION

TRI-STATE FIRE PROTECTION DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 MAY 31, 2019

	Audit Fund	Tort Fund	Social Security IMRF Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 21,863	\$ 85,961	\$ 39,291	\$ 147,115
Property Taxes Receivable, net of allowance of \$0	1,670	432,613	65,491	499,774
Prepaid Expenses	-	23,787	-	23,787
Total Assets	\$ 23,533	\$ 542,361	\$ 104,782	\$ 670,676
LIABILITIES				
Total Liabilities	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Property Taxes - Subsequent Year	\$ 1,831	\$ 475,858	\$ 72,145	\$ 549,834
Total Deferred Inflows of Resources	\$ 1,831	\$ 475,858	\$ 72,145	\$ 549,834
FUND BALANCE				
Nonspendable				
Prepaid Expenses	\$ -	\$ 23,787	\$ -	\$ 23,787
Restricted				
Audit	21,702	-	-	21,702
Social Security/IMRF	-	-	32,637	32,637
Tort Liability	-	42,716	-	42,716
Total Fund Balance	\$ 21,702	\$ 66,503	\$ 32,637	\$ 120,842
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 23,533	\$ 542,361	\$ 104,782	\$ 670,676

See Accompanying Independent Auditor's Opinion

TRI-STATE FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MAY 31, 2019

	Audit Fund	Tort Fund	Social Security IMRF Fund	Total
REVENUES				
Property Taxes	\$ 15,506	\$ 481,053	\$ 112,606	\$ 609,165
	<u>\$ 15,506</u>	<u>\$ 481,053</u>	<u>\$ 112,606</u>	<u>\$ 609,165</u>
EXPENDITURES				
Current				
Public Safety	\$ 11,251	\$ 431,522	\$ 189,351	\$ 632,124
	<u>\$ 11,251</u>	<u>\$ 431,522</u>	<u>\$ 189,351</u>	<u>\$ 632,124</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,255	\$ 49,531	\$ (76,745)	\$ (22,959)
OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ 4,255	\$ 49,531	\$ (76,745)	\$ (22,959)
FUND BALANCES - JUNE 1, 2018	17,447	16,972	109,382	143,801
FUND BALANCES - MAY 31, 2019	<u>\$ 21,702</u>	<u>\$ 66,503</u>	<u>\$ 32,637</u>	<u>\$ 120,842</u>

See Accompanying Independent Auditor's Opinion

TRI-STATE FIRE PROTECTION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - AUDIT FUND
 YEAR ENDED MAY 31, 2019

	Budgeted Amounts	
	Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 15,701	\$ 15,506
TOTAL REVENUES	\$ 15,701	\$ 15,506
EXPENDITURES		
Current		
Public Safety		
Professional Fees	\$ 13,000	\$ 11,251
TOTAL EXPENDITURES	\$ 13,000	\$ 11,251
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,701	\$ 4,255
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ 2,701	\$ 4,255
FUND BALANCES - JUNE 1, 2018		17,447
FUND BALANCES - MAY 31, 2019		\$ 21,702

See Accompanying Independent Auditor's Report

TRI-STATE FIRE PROTECTION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - TORT FUND
 YEAR ENDED MAY 31, 2019

	Budgeted Amounts		Actual Amounts
	Original and Final		
REVENUES			
Property Taxes	\$ 487,113		\$ 481,053
TOTAL REVENUES	\$ 487,113		\$ 481,053
EXPENDITURES			
Current			
Public Safety			
Tort Expenses	\$ 33,000		\$ 72,084
Insurance	492,508		359,438
Total Public Safety	\$ 525,508		\$ 431,522
Total Current	\$ 525,508		\$ 431,522
TOTAL EXPENDITURES	\$ 525,508		\$ 431,522
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (38,395)		\$ 49,531
OTHER FINANCING SOURCES/(USES)	-		-
NET CHANGE IN FUND BALANCE	\$ (38,395)		\$ 49,531
FUND BALANCES - JUNE 1, 2018			16,972
FUND BALANCES - MAY 31, 2019			\$ 66,503

See Accompanying Independent Auditor's Report

TRI-STATE FIRE PROTECTION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - SOCIAL SECURITY AND IMRF FUND
 YEAR ENDED MAY 31, 2019

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Property Taxes	\$ 114,025	\$ 112,606
TOTAL REVENUES	\$ 114,025	\$ 112,606
EXPENDITURES		
Current		
Public Safety		
Payroll Taxes	\$ 153,000	\$ 189,351
Total Public Safety	\$ 153,000	\$ 189,351
Total Current	\$ 153,000	\$ 189,351
TOTAL EXPENDITURES	\$ 153,000	\$ 189,351
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (38,975)	\$ (76,745)
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (38,975)	\$ (76,745)
FUND BALANCES - JUNE 1, 2018		109,382
FUND BALANCES - MAY 31, 2019		\$ 32,637

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