

South Elgin and Countryside Fire Protection District

(Located within the State of Illinois)

Comprehensive Annual Financial Report

For the Fiscal Year Ended May 31, 2021

**South Elgin and Countryside Fire Protection District
Comprehensive Annual Financial Report
For the Fiscal Year Ended May 31, 2021**

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Independent Auditor's Report

To the Board of Trustees of
South Elgin and Countryside Fire Protection District
South Elgin, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Elgin and Countryside Fire Protection District, as of and for the year ended May 31, 2021, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report (continued)

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 South Elgin and Countryside Fire Protection District, as of May 31, 2021, and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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.

Ligke Gross : On, PC

Elgin, Illinois
December 22, 2021

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

Our discussion and analysis of the South Elgin and Countryside Fire Protect District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2021. Please review it in conjunction with the District's basic financial statements, which begin on page 10.

Financial Highlights

- The change in net position was an increase of \$368,686 which represents a 58.8 percent increase from May 31, 2020 for the year. This is primarily due to the gain on sale of fixed assets and increases in charges for services.
- General revenues accounted for \$8,517,986 in revenues, or 87.2 percent of all revenues.
- The District had \$9,401,906 in expenditures related to general governmental activities. Operating grants and contributions of \$216,526 and charges for services of \$1,036,080 were used to pay expenditures. The excess expenses were paid by general revenues.

Overview of the Financial Statements

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information.

Government-Wide Financial Statements (pages 10-11):

The District's comprehensive annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector.

The Statement of Net Position – This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, 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 as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors. Diversification of the taxpayer base or the condition of the District infrastructure should be considered in addition to the financial information provided in the report.

The Statement of Activities – This statement reports how the District's net position changed during the current fiscal year. All current year revenue and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the District that are principally supported by taxes and other intergovernmental revenues. Business-type activities recover all or a significant portion of their costs through user fees and charges. The District does not have this type of activity.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

Government-Wide Financial Statements (continued):

Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund District needs. The statements for the Pension Funds are in the Fund Financial Statements.

The District's financial reporting entity includes the funds of the District (primary government). There are no organizations for which the District is accountable (component units).

Fund Financial Statements (pages 12-17):

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulation. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has two kinds of funds: Governmental Funds and Fiduciary Funds.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

A budgetary comparison statement is included in the required supplementary information for the general fund and capital projects bond fund. This statement demonstrates compliance with the District's adopted and final revised budget.

Fiduciary funds such as the employee pension plan are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund the District's programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the Financial Statements (pages 18-30):

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

Required Supplementary Information (pages 31-35):

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* including a budgetary comparison statements and the District's progress in funding its obligation to provide pension benefits to its employees.

Using this Annual Report

The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements (on pages 12 and 14) show how services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?". The Statement of Net Position and Statement of Activities report information about the District as a whole and about its activities to help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position and changes in them. You can think of the District's net position (the difference between assets-what the District owns, and liabilities-what the District owes), as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's jurisdiction, the availability of capital projects, and continuing local government support to assess the overall health of the District.

Reporting the District's Most Significant Fund

The District's services are reported in a governmental fund which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District as a Whole

The District's total net position changed from last year, increasing from \$626,487 to \$995,173. Our analysis below focuses on the net position (Table 1) of the District's governmental activities.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

The District as a Whole (continued)

Net position of the District's activities increased 58.8 percent or \$368,686. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased \$70,507 during the year. This shows an increase in the overall financial position of the District.

Table 1
Condensed Statement of Net Position (in thousands)

	2021	2020
Current and other assets	\$ 5,475.3	\$ 6,314.1
Capital assets, net of accumulated depreciation	13,303.8	12,889.8
Deferred outflows of resources	1,966.3	2,023.5
Total Assets and Deferred Outflows of Resources	\$ 20,745.4	\$ 21,227.4
Current liabilities	\$ 1,142.4	\$ 1,053.6
Other liabilities	14,527.1	18,706.4
Deferred inflows of resources	4,080.7	840.9
Total Liabilities and Deferred Inflows of Resources	\$ 19,750.2	\$ 20,600.9
Net investment in capital assets	\$ 4,448.9	\$ 4,150.7
Unrestricted	(3,453.7)	(3,524.2)
Temporarily restricted	-	-
Total Net Position	\$ 995.2	\$ 626.5

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

The District as a Whole (continued)

Table 2
Condensed Statement of Activities (in thousands)

	<u>For the Year Ended</u>		<u>% Change</u>
	<u>May 31, 2021</u>	<u>May 31, 2020</u>	
General Revenues:			
Property taxes	\$ 7,745.1	\$ 7,457.6	3.86%
Replacement tax	28.9	22.8	26.75%
Impact fees	32.9	11.1	196.40%
Foreign fire insurance tax	46.2	40.8	13.24%
Interest income	2.6	112.1	-97.68%
Investment earnings (loss), net	33.6	186.8	-82.01%
Sale of equipment	0.6	23.6	-97.46%
Other	282.0	109.5	157.53%
Gain on sale of building	346.0	-	100.00%
Total General Revenues	<u>8,517.9</u>	<u>7,964.3</u>	6.95%
Program Revenues:			
Charges for services	1,036.1	738.5	40.30%
Grant income	216.5	21.4	911.68%
Total Program Revenues	<u>1,252.6</u>	<u>759.9</u>	64.84%
Total Revenues	<u>9,770.5</u>	<u>8,724.2</u>	11.99%
General Expenses:			
General government activities	9,401.8	9,219.8	1.97%
Total General Expenses	<u>9,401.8</u>	<u>9,219.8</u>	1.97%
Change in Net Position	368.7	(495.6)	-174.39%
Net Position - Beginning of Year	626.5	1,122.1	-44.17%
End of Year	<u>\$ 995.2</u>	<u>\$ 626.5</u>	58.85%

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

The District's Funds

Table 3 presents the fund balance of the major funds and single non-major fund, and an analysis of significant changes in the fund balances.

Table 3
Fund Balance
(in thousands)

	2021	2020	% Change
General	\$ 4,070.0	\$ 3,971.1	2.5%
Capital Projects Debt Fund	-	880.7	-100.0%
Foreign Fire Insurance	55.6	60.4	-7.9%
Total Governmental Balances	<u>\$ 4,125.6</u>	<u>\$ 4,912.2</u>	<u>-105.4%</u>

In the General Fund, the 2.5% percent increase was due to a deficiency of expenditures of \$9,610,445 under revenues of \$9,721,785 for the year ended May 31, 2021. The specific events that contributed to the increase in fund balance are an increase in charges for services and sales of equipment and building from fiscal year end 2020.

In the Capital Projects Debt Fund, the District used the remaining funds. This resulted in an overall fund decrease of 100.0%.

In the Foreign Fire Insurance Fund, the 7.9% decrease was due to an increase of general and administrative expenditures during the year. The fund had a deficiency of revenues \$47,844 under expenditures of \$52,647 during the year.

Following is a comparison of the actual and budgeted items for the general fund.

Table 4
Original/Final Budget versus Actual Results
General Fund
(in thousands)

	Original/ Final Budget	Actual	Positive/ (Negative)
Revenues:			
Property tax	\$ 6,652.5	\$ 7,745.1	\$ 1,092.6
Replacement tax	20.0	28.9	8.9
Impact fee income	-	32.9	32.9
Ambulance income	825.0	1,036.1	211.1
Interest income	10.0	1.6	(8.4)
Investment earnings, net	-	33.6	33.6
Grant income	-	216.5	216.5
Miscellaneous income	-	281.0	281.0
Expenditures:			
Total general government	\$ 13,610.8	\$ 9,610.4	\$ 4,000.4

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended May 31, 2021**

General Fund Budgetary Highlights

The adopted budget was not amended during the year.

The general fund is reported as a major fund and accounts for the fire and ambulance operations of the District.

Revenues in the general fund were \$9,375,722 which exceeded budget by \$1,868,236 or 24.9%. The variance was mainly due to actual property taxes over budget by \$1,092,651. The general fund expenditures were \$4,000,323 under budget, due to lower actual spending in most expenditures with significantly lower actual spending in general and administrative expenditures. This function had a positive variance of actual to final budget of \$5,868,559. The overall net budget variance in the General Fund was a favorable \$6,214,622.

The general fund's increase of revenues over expenditures was \$111,340. The fund increased to \$4,069,970 at the end of the fiscal year from \$3,958,630 the prior year.

Capital Assets

The District's net investment in capital assets, as of May 31, 2021 amounted to \$4,448,879. The investment in capital assets included land, buildings, leasehold improvements, vehicles, furniture, and equipment, less the debt used to finance the purchase of new assets. Capital assets increased by \$414,029 during the fiscal year due to additions in excess of depreciation and disposals, including further construction on Station 23 and new equipment purchased.

Additional information on the capital assets can be found in the notes to the financial statements on pages 20 and 29.

Request 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 government's finances. Questions concerning any of the information provided in this report or a request for additional financial information should be addressed to South Elgin and Countryside Fire Protection District, 150 West State Street, South Elgin, Illinois 60177.

South Elgin and Countryside Fire Protection District
Statement of Net Position
May 31, 2021

Assets and Deferred Outflow of Resources

Current Assets:	
Cash and cash equivalents	\$ 1,729,165
Investments, at current market value	3,319,287
Accounts receivable rescue billing, net of allowance for uncollectible of \$151,699	407,265
Impact fee receivable	5,365
Accrued interest receivable	14,221
Total Current Assets	<u>5,475,303</u>
Non-Current Assets:	
Land, buildings, and equipment, net of accumulated depreciation	13,303,879
Total Assets	<u>18,779,182</u>
Deferred Outflows of Resources	<u>1,966,256</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 20,745,438</u>

Liabilities and Deferred Inflows of Resources

Current Liabilities:	
Accounts payable	\$ 97,013
Accrued payroll	105,776
Accrued interest payable	182,575
Accrued vacation and sick pay-current	431,994
Bond payable - current portion	325,000
Total Current Liabilities	<u>1,142,358</u>
Noncurrent Liabilities:	
Accrued vacation and sick pay-long term portion	392,877
Bond payable net current portion, net premium of \$423,693	8,953,693
Net pension liability	5,180,625
Total Non-Current Liabilities	<u>14,527,195</u>
Total Liabilities	<u>15,669,553</u>
Deferred Inflows of Resources:	
Deferred revenue-property taxes	322,058
Pension related	3,758,654
Total Deferred Inflows of Resources	<u>4,080,712</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 19,750,265</u>

Net Position

Net Position:	
Net investment in capital assets	\$ 4,448,879
Unrestricted	(3,453,706)
Restricted	<u>-</u>
Total Net Position	<u>\$ 995,173</u>

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Statement of Activities
For the Fiscal Year Ended May 31, 2021

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue and Changes in Net Position
Primary Government:					
General government activities	\$ (9,401,906)	\$ 1,036,080	\$ 216,526	\$ -	\$ (8,149,300)
Total Primary Government	\$ (9,401,906)	\$ 1,036,080	\$ 216,526	\$ -	\$ (8,149,300)
General Revenues:					
Property taxes					7,745,137
Replacement taxes					28,889
Impact fee income					32,853
Foreign fire insurance tax					46,210
Interest income					2,561
Investment earnings, net					33,621
Sale of equipment					596
Miscellaneous					282,056
Gain on sale of building					346,063
Total General Revenues					8,517,986
Change in Net Position					368,686
Net Position - Beginning of Year					626,487
Net Position - End of Year					\$ 995,173

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Balance Sheet - Modified Accrual Basis -
Governmental Funds
May 31, 2021

	General Fund	Capital Projects Bond Fund	Non-Major Foreign Fire Insurance Fund	Total Governmental Funds
Assets				
Assets:				
Cash and cash equivalents	\$ 1,673,550	\$ -	\$ 55,615	\$ 1,729,165
Accounts receivable rescue billing, net of allowance for uncollectible of \$151,699	407,265	-	-	407,265
Impact fee receivable	5,365	-	-	5,365
Accrued interest receivable	14,221	-	-	14,221
Investments, at current market value	3,319,287	-	-	3,319,287
Total Assets	\$ 5,419,688	\$ -	\$ 55,615	\$ 5,475,303
Liabilities, Deferred Inflow of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ 97,013	\$ -	\$ -	\$ 97,013
Accrued payroll	105,776	-	-	105,776
Accrued vacation and sick pay	824,871	-	-	824,871
Total Liabilities	1,027,660	-	-	1,027,660
Deferred Inflow of Resources:				
Deferred revenue - property taxes	322,058	-	-	322,058
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	55,615	55,615
Unassigned	4,069,970	-	-	4,069,970
Total Fund Balance	4,069,970	-	55,615	4,125,585
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 5,419,688	\$ -	\$ 55,615	\$ 5,475,303

The accompanying notes are an integral part of the financial statements.

**South Elgin and Countryside Fire Protection District
Reconciliation of Total Governmental Fund Balance -
Modified Accrual Basis - to Net Position of Governmental Activities
For the Fiscal Year Ended May 31, 2021**

Total Governmental Fund Balance	\$ 4,125,585
Amounts reported in 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.	13,303,879
Bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	(9,278,693)
Interest payable on bonds is not recognized in the fund statements.	(182,575)
Net Pension Liability is not included on the governmental fund statements.	(5,180,625)
Deferred inflows of resources for pension are not recognized on the governmental fund statements.	(3,758,654)
Deferred outflows of resources for pension are not recognized on the governmental fund statements.	<u>1,966,256</u>
Net Position of Governmental Activities	<u><u>\$ 995,173</u></u>

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Fiscal Year Ended May 31, 2021

	<u>General Fund</u>	<u>Capital Projects Bond Fund</u>	<u>Non-Major Foreign Fire Insurance Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 7,745,137	\$ -	\$ -	\$ 7,745,137
Replacement tax	28,889	-	-	28,889
Impact fees	32,853	-	-	32,853
Foreign fire insurance tax	-	-	46,210	46,210
Ambulance income	1,036,080	-	-	1,036,080
Interest income	1,598	963	-	2,561
Investment earnings, net	33,621	-	-	33,621
Grant income	216,526	-	-	216,526
Sale of surplus equipment	596	-	-	596
Miscellaneous	280,422	-	1,634	282,056
Total Revenues	<u>9,375,722</u>	<u>963</u>	<u>47,844</u>	<u>9,424,529</u>
Expenditures:				
Public safety:				
Personnel service	4,775,082	-	800	4,775,882
Retirement/Social Security	1,214,206	-	-	1,214,206
Insurance	1,309,660	-	-	1,309,660
Occupancy	128,685	-	-	128,685
General and administrative	548,032	-	64,306	612,338
Equipment supplies, maintenance, and fuel	472,021	-	-	472,021
Capital outlay	1,162,759	181,691	-	1,344,450
Bond expenditures	-	700,018	-	700,018
Total Expenditures	<u>9,610,445</u>	<u>881,709</u>	<u>65,106</u>	<u>10,557,260</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(234,723)</u>	<u>(880,746)</u>	<u>(17,262)</u>	<u>(1,132,731)</u>
Other Financing Sources/(Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Gain on sale of building	346,063	-	-	346,063
Total Other Financing Sources/(Uses)	<u>346,063</u>	<u>-</u>	<u>-</u>	<u>346,063</u>
Net Change in Fund Balance	111,340	(880,746)	(17,262)	(786,668)
Fund Balance - Beginning of Year	<u>3,958,630</u>	<u>880,746</u>	<u>72,877</u>	<u>4,912,253</u>
Fund Balance - End of Year	<u>\$ 4,069,970</u>	<u>\$ -</u>	<u>\$ 55,615</u>	<u>\$ 4,125,585</u>

The accompanying notes are an integral part of the financial statements.

**South Elgin and Countryside Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance - Modified Accrual Basis -
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended May 31, 2021**

Net Change in Governmental Fund Balance \$ (786,668)

Amounts reported in governmental activities in the statement
of net position are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
are capitalized as land, building and equipment, the difference
between capital outlay \$932,163 and the depreciation
allocations (\$518,134). 414,029

Bond premium amortization income 24,210

Principal debt payments on a full accrual basis is a liability, but on the
modified accrual basis principal debt payments are expenditures. 320,488

Accrued interest related to the bond payable is not an expense
on the fund financial statements.

Certain items reported in the statement of activities do not require
use of current financial resources and are not reported as expenditures
in the governmental funds. These items consist of:

Pension expense	(698,488)	
Employer contributions	<u>1,095,115</u>	<u>396,627</u>

Change in Net Position of Governmental Activities \$ 368,686

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Statement of Fiduciary Net Position -
Fiduciary Funds
May 31, 2021

	<u>Pension Trust Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ <u>53,438</u>
Total Current Assets	<u>53,438</u>
Non-Current Assets:	
Interest and dividend receivable	50,254
Prepaid expenses	6,220
Investments, at current market value:	
US Government and agency obligations	8,301,989
Mutual funds	13,066,864
Total Non-Current Assets	<u>21,425,327</u>
Total Assets	\$ <u><u>21,478,765</u></u>
Liabilities and Net Position	
Current Liabilities:	
Accounts payable	\$ <u>15,647</u>
Total Current Liabilities	<u>15,647</u>
Total Liabilities	<u>15,647</u>
Net Position:	
Assets held in trust for pension benefits	<u>21,463,118</u>
Total Liabilities and Net Position	\$ <u><u>21,478,765</u></u>

The accompanying notes are an integral part of the financial statements.

**South Elgin and Countryside Fire Protection District
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Fiscal Year Ended May 31, 2021**

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer contributions	\$ 1,095,115
Plan member contributions	304,498
Total Contributions	<u>1,399,613</u>
Investment Earnings:	
Interest and dividend income	450,749
Loss on securities	3,572,966
Total investment earnings	<u>4,023,715</u>
Less investment expense	(79,678)
Net Investment Earnings	<u>3,944,037</u>
Total Additions	<u>5,343,650</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	618,903
Administrative expenses	36,739
Total Deductions	<u>655,642</u>
Change in Net Position	4,688,008
Net Position Held In Trust for Pension Benefits:	
Beginning of Year	<u>16,775,110</u>
End of Year	<u>\$ 21,463,118</u>

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 1 – Summary of Significant Accounting Policies

The South Elgin and Countryside Fire Protection District (the “District”) provides public safety (fire protection) and rescue ambulance service to the residents of South Elgin, Illinois and the surrounding countryside. The financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Government Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant policies of the District are described below.

Financial Reporting Entity – Basis of Presentation

Primary Government: The District is a unit of government that has a separately elected governing body, is legally separate, and is financially independent of other state and local governments. A special purpose government that meets all three criteria is a primary government. The financial statements of the District consist only of the governmental funds and related pension trust fund of the District.

Component Unit: A component unit is a governmental unit for which elected officials of a primary government are financially accountable. It is a unit of government formed exclusively for the benefit of the primary unit, or it has the same governing body as the primary unit. A unit is a component unit if a primary government has the ability to a) remove appointed member of the board; b) modify or approve budget or revenues; c) veto, overrule, or modify decisions of the board; or d) is legally responsible to assume financial deficits or provide financial assistance. A legally separate unit of government can still be a component unit if any of the previously mentioned conditions are met. The Foreign Fire Insurance Fund is a blended component unit within the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statements of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Property tax and replacement taxes are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, although the latter are excluded from the government-wide financial statements.

Fund Accounting

The accounts of the District are organized into funds, each of which is considered to be a separate accounting entity. The major fund categories are:

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity. Pension trust funds use the economic resources measurement focus on essentially the same manner as proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund statements. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Program Revenues

Amounts reported as program revenues include (1) charges for goods or services provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Assets, Liabilities, and Net Position or Fund Balance

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when acquired.

Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. The domestic equity, international equity, and REIT portfolios, as well as the short-term investment fund, are valued based on the underlying assets in the funds. Equity securities and high-yield bonds are valued based on the last reported sales price. The remaining fixed-income bonds (those which are not high-yield) are valued either by comparing them to prices of similar investments or by computing the net present value of their cash flows discounted at a rate commensurate with the risk involved. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade-date basis.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables and Deferred Revenue

Trade receivables are reported when revenue is earned and include amounts due from ambulance services to the public. Receivables are reported net of an allowance for uncollectible accounts. For the year ended May 31, 2021, the allowance for uncollectible accounts was \$151,699.

Property tax revenues are recognized when there is an enforceable legal claim. As of May 31, 2021 there is not a property tax receivable.

Deferred revenue represents the monies collected on the next year's property tax lien. These monies are expected to finance the expenses of the next fiscal year.

Capital Assets

Capital assets, which include land, buildings, improvements, vehicles, and equipment, are reported in the government-wide fund statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000 and a useful life in excess of 2 years. Fixed assets, to the extent the information is available, are reflected at historical cost. There is no evidence to determine the cost of assets acquired by the District in the early years of operation. Therefore, these assets are reflected at an estimated value of \$210,000.

The capital asset acquisitions for the year ended May 31, 2021 are reflected as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Capital assets are depreciated using the straight-line method with useful lives of 3 to 50 years.

Compensated Absences

Vested or accumulated vacation and sick leave are reported as an expenditure and a fund liability of the governmental fund that will pay out once retirement or separation has occurred. Vested or accumulated vacation and sick leave of governmental activities are recorded as an expense and liability as the benefits accrue to employees.

Budgets and Budgetary Accounting

The District Board of Trustees appoints a committee to prepare the operating budget for the District's primary government fund and fiduciary pension funds. The proposed budget is then reviewed by the Trustees and approved. The budget is legally adopted, and an ordinance drafted, submitted, and approved.

Accounting Estimates

Management used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Amounts that are restricted to specific purposes, either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Trustees through a resolution are classified as committed fund balances. Amounts that are constrained by the Board of Trustees' intent to be used for specific purposes through a resolution, but are neither restricted nor committed, are classified as assigned fund balances. Negative fund balance in governmental funds, after determining the fund balance classification described above, is reported as unassigned fund balance.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first, followed by assigned, and then unassigned funds.

Note 2 – Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The taxes attach as an enforceable lien on property on January 1. The owner of real property on January 1 in any year is liable for taxes of that year. The District has a statutory tax rate limit in various operating funds subject to change only by approval of the voters of the District. Also, the District is subject to the Property Tax Extension Limitation Act, which, in general, limits that amount of taxes to be extended to the lesser of 5% or the percentage increase in the consumer price index for the year preceding the levy. Certain bond issue levies and referendum increases are exempt from this limitation.

The District is located within Kane County. Taxes levied in one year become due and payable in the following year in two installments on June 1 and September 1. Property tax revenue received in the fiscal year ended May 31, 2021 was levied for calendar year 2020. Property taxes are received by the county treasurer who remits to the District its share of collections.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 3 – Pension Plan

Plan Description

The District maintains a defined-benefit, single employer pension plan for all full-time firefighters. A separate board of trustees administers the pension plan, and a local bank holds assets in custody. An actuarial valuation for the plan is performed annually. All full-time firefighters are covered by the Firemen's Pension Plan, which is a defined benefit, single-employer pension plan. Although it is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois State Statutes (Chapter 108 1\2 – Pension – Article 4) and may be amended only by the Illinois legislature.

Benefits Provided

For Employees hired before January 1, 2011 and attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary.

Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service.

Employees disabled in the line of duty receive 65% of final salary.

For Employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost-of-living adjustments are simple increased (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; the surviving spouse's benefits are 66 2/3% of the Employee's benefit at the time of death.

The monthly pension of a covered employee 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 amount of the pension payable at the time of the increase.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 3 – Pension Plan (continued)

Employees Covered by Benefit Terms

As of May 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	5
Active members	<u>36</u>
Total	<u>50</u>

Contributions

As set by statute, the District’s employees are required to contribute 9.455% of their base salary to the Firefighters’ Pension Plan. If an employee leaves covered employment with less than twenty (20) years of service, accumulated employee contributions may be refunded without accumulated interest. 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 contribution rate for fiscal year 2020 was 33.44%. For the fiscal year ended May 31, 2021, the District contributed \$1,095,115 to the plan.

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

For the year ended May 31, 2021, the District recognized pension expense of \$698,488. At May 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 218,865	\$ (1,221,220)	\$ (1,002,355)
Change in assumptions	1,451,261	(96,182)	1,355,079
Net difference between projected and actual earnings on pension plan investments	296,130	(2,441,252)	(2,145,122)
Total Deferred Amounts Related To Pensions	\$ 1,966,256	\$ (3,758,654)	\$ (1,792,398)

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 3 – Pension Plan (continued)

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

Year Ending May 31	Net Deferred Outflows (Inflows) of Resources
2021	\$ (389,564)
2022	(373,300)
2023	(521,361)
2024	(456,065)
2025	101,208
Thereafter	(153,316)
Total	\$ <u>(1,792,398)</u>

Net Pension Liabilities

At May 31, 2020, the District reported a liability of \$5,180,625 for the net pension liability. The net pension liability was measured as of May 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 3 – Pension Plan (continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at May 31, 2021:

Valuation date	June 1, 2020
Asset Valuation Method	Market Value
Investment Rate of Return	6.75% net of investment expenses
Discount used for the Total Pension Liability	6.75%
Expected rate of Return on Investments	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.20%
Projected Individual Pay Increases	3.75% - 11.73%
Projected Total Payroll Increases	3.25%
Consumer Price Index (Urban)	2.25%
Inflation Rate	2.25%
Mortality Rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described.
Retirement Rates	100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at Age 65
Termination Rates	100% of L&A 2020 Illinois Firefighters Termination Rates
Disability Rates	100% of L&A 2020 Illinois Firefighters Disability Rates
Percent Married	80%

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	42%	5.60%
Small Cap Domestic Equity	12%	7.40%
International Equity	6%	6.90%
Fixed Income	40%	1.20%
	100%	

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 3 – Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Net Pension Liability to Changes in the Discount Rate

The following presents the District’s net pension liability calculated using the discount rate of 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Lower (5.75%)	Current Discount (6.75%)	1% Higher (7.75%)
Net Pension Liability \$	9,965,949	\$ 5,180,625	\$ 1,363,561

Note 4 – Deposits and Investments

Deposits

It is the District’s policy for deposits to be fully secured by the Federal Deposit Insurance Corporation. The District does not have pooled deposits, and non-pooled deposits are categorized to give an indication of the level of risk assumed by the District at May 31, 2021.

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’s investment policy requires pledging of collateral of bank balances in excess of federal deposit insurance with the collateral held by a 3rd party in the District’s name. As of May 31, 2021, all of the District’s deposits were fully collateralized.

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. In accordance with investment policy, the District manages its exposure to declines in fair values by maintaining the maturity of its investment portfolio to approximately 5 years and will range from 2 to 7 years.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 4 – Deposits and Investments (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>5 - 10</u>	<u>Thereafter</u>
U.S. Treasuries	\$ 1,069,090	\$ 227,144	\$ 344,617	\$ 497,329	\$ -
Agency Securities	5,226,141	400,605	1,879,417	2,843,297	102,822
Corporate Bonds	1,288,771	-	497,534	791,237	-
Municipal Bonds	1,583,429	206,983	1,327,764	48,682	-
Mortgage Pools	11,518	27	2,006	5,427	4,058
Exchanged Traded Funds	341,339	341,339	-	-	-
Mutual Fund	12,725,525	12,725,525	-	-	-
CDs and Banks	2,442,327	514,292	1,928,035	-	-
Total	\$ 24,688,140	\$ 14,415,915	\$ 5,979,373	\$ 4,185,972	\$ 106,880

Credit Risk

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

The allocation guidelines, by asset class, for fixed income investments are as follows:

	<u>Normal Allocation</u>	<u>Range of Allocation</u>
U.S. Treasury Bills/Notes/Bonds:	30%	0-100%
U.S. Government Agency Securities (Non-MBS):	35%	0-70%
U.S. Government Agency Securities - Callable:	20%	0-30%
U.S. Government Agency Securities (MBS):	5%	0-10%
Taxable Municipal Securities:	10%	0-20%
Ceritificates of Deposit:	0%	0-20%
Investment Grade Corporate Bonds:	0%	0-30%

Normal asset allocation range for equity portfolio allocation weightings are as follows:

	<u>Normal Allocation</u>	<u>Range of Allocation</u>
U.S. Large Company Stocks	70% +/-	30%
U.S. Small Company Stocks	20% +/-	20%
International Stocks	10% +/-	10%

The Pension Fund asset allocation is rebalanced at least annually when the allocation rises above the maximum allowable as a percentage of assets as defined by Illinois State Statute.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 4 – Deposits and Investments (continued)

Investments

The investment of pension funds is the responsibility of the Board of Trustees of the South Elgin/Countryside FPD Firefighters Fund (Pension Board). The purpose of the investment policy is to indicate a conscious, formal effort by the Pension Board to develop, implement and monitor the investment of pension funds.

The Pension Fund may invest in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.2 through 113.4a. If the Pension Fund has net assets of at least \$2,500,000 but less than \$10,000,000, the Pension Fund's investment in equity investments shall not exceed 45% of the market value of the Pension Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance. If the Pension Fund has net assets of at least \$10,000,000, the Pension Fund's total investment in equity investments shall not exceed 55% effective July 1, 2012 of the market value of the Pension Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

Pension Fund assets may be invested in savings accounts or certificates of deposit of a national or state bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank.

The financial statements reflect the adoption of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 is effective for financial statements issued for fiscal years beginning after November 15, 2007. ASC 820 established a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurement.

In accordance with ASC 820, the District classifies its investments into Level 1, which refers to securities traded in an active market; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction; and Level 3, which refers to securities not traded in an active market and for which no significant observable market inputs are available. As required by ASC 820, at May 31, 2021, the District's portfolio investments were classified as follows, based on fair values:

	<u>Fair Value</u>
Level 1	\$ 24,688,140
Level 2	-
Level 3	-
Total	\$ <u>24,688,140</u>

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 5 – Capital Assets

A summary of the changes in capital assets for the year follows. Total depreciation expense for governmental activities for the year was \$930,420:

	Capital Assets			Capital Assets
	June 1, 2020	Additions	Deletions	May 31, 2021
Assets not subject to depreciation:				
Land	\$ 674,200	\$ -	\$ -	\$ 674,200
Construction in progress	3,832,527	-	(3,832,527)	-
	<u>4,506,727</u>	<u>-</u>	<u>(3,832,527)</u>	<u>674,200</u>
Assets subject to depreciation:				
Buildings and improvements	8,456,700	4,658,103	(419,207)	12,695,596
Vehicles and equipment	7,572,585	525,794	-	8,098,379
	<u>16,029,285</u>	<u>5,183,897</u>	<u>(419,207)</u>	<u>20,793,975</u>
Less accumulated depreciation:				
Buildings and improvements	1,455,780	754,154	(419,207)	1,790,727
Vehicles and equipment	6,190,382	183,187	-	6,373,569
	<u>7,646,162</u>	<u>937,341</u>	<u>(419,207)</u>	<u>8,164,296</u>
Total Net Capital Assets	<u>\$ 12,889,850</u>	<u>\$ 4,246,556</u>	<u>\$ (3,832,527)</u>	<u>\$ 13,303,879</u>

Note 6 – 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; employees' health; and natural disasters for which the District carries commercial insurance to limit exposure to significant loss. There have been no significant reductions in insurance coverage. Settlement amounts, if any, have not exceeded insurance coverage for the current year or the three prior years.

Note 7 – Long-Term Liabilities

The compensated absences currently outstanding are as follows:

	Fund Debt Retired by	Balance June 1, 2020	Additions	Reductions	Balance May 31, 2021	Due Within One Year
Compensated absences	General	\$ 858,156	\$ 681,052	\$ (714,337)	\$ 824,871	\$ 431,994
Bonds payable, net of premium	Capital Project Bond Fund	9,612,904	-	(334,211)	9,278,693	325,000
Note Payable	General	6,992	-	(6,992)	-	-
Pension Fund	General	8,986,663	881,970	(4,688,008)	5,180,625	-
Total		<u>\$ 19,464,715</u>	<u>\$ 1,563,022</u>	<u>\$ (5,743,548)</u>	<u>\$ 15,284,189</u>	<u>\$ 756,994</u>

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
For the Fiscal Year Ended May 31, 2021

Note 7 – Long-Term Liabilities (continued)

During the year ended May 31, 2018, the District financed the purchase of a new CPR machine using a long-term note. The note had a principal balance of \$27,968 to be paid back over 4 years with 0% interest. The District decided to split the loan payments equally between the General Fund and the Foreign Fire Insurance Fund. The loan was repaid as of May 31, 2021.

Note 8 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination of employment, retirement, or death. The District funds all amounts of compensation deferred under the Plan, at the direction of the covered employee, through investments in mutual funds. The District has no liability for losses under the plan but has the duty of due care that would be required of an ordinary prudent investor. The cost of the deferred compensation plan for the year was \$53,071.

Note 9 – Bond Payable

During the year, the District issued a \$9,465,000 Series 2018 Bond for the purpose of building a new fire station. The interest rate on the 2018 Bond ranges from 5.0 percent in the first 9 years ending at 4.0 percent at maturity with final payment commencing in December 2038. The bond was issued at a premium of \$484,220 to be amortized over 20 years. The amount of premium amortized during the year, \$24,211 is reported as part of interest income on the accompanying financial statements. The unamortized premium at May 31, 2021 is \$423,693. The Series 2018 bond bears interest and matures as follows:

	Principal	Interest
6/15/2021	-	190,400
12/15/2021	325,000	190,400
6/15/2022	-	182,275
12/15/2022	345,000	182,275
6/15/2023	-	173,650
12/15/2023	360,000	173,650
6/15/2024	-	164,650
12/15/2024	380,000	164,650
6/15/2025	-	155,150
Thereafter	7,445,000	2,299,500
Total \$	8,855,000	\$ 3,876,600

Note 10 – Date of Management’s Review

Subsequent events have been evaluated through the date of this report. It was concluded that there are no other subsequent events required to be disclosed.

Required Supplementary Information

South Elgin and Countryside Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Accrual Basis - General Fund
For the Fiscal Year Ended May 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Revenues:				
Property taxes	\$ 6,652,486	\$ 6,652,486	\$ 7,745,137	\$ 1,092,651
Replacement tax	20,000	20,000	28,889	8,889
Impact fee income	-	-	32,853	32,853
Ambulance income	825,000	825,000	1,036,080	211,080
Interest income	10,000	10,000	1,598	(8,402)
Investment earnings, net	-	-	33,621	33,621
Grant income	-	-	216,526	216,526
Sale of equipment	-	-	596	596
Miscellaneous	-	-	280,422	280,422
Total Revenues	<u>7,507,486</u>	<u>7,507,486</u>	<u>9,375,722</u>	<u>1,868,236</u>
Expenditures:				
Public safety:				
Payroll	6,085,200	6,085,200	5,989,288	95,912
Insurance	1,633,280	1,633,280	1,309,660	323,620
Capital outlay	1,421,824	1,421,824	1,162,759	259,065
Equipment supplies and maintenance	1,229,320	1,229,320	418,903	810,417
Fire prevention	26,312	26,312	8,100	18,212
Building maintenance and utilities	234,741	234,741	128,685	106,056
EMS expenses	50,600	50,600	19,277	31,323
Logistics	98,451	98,451	33,841	64,610
Training	55,605	55,605	11,665	43,940
General and administrative	2,775,435	2,775,435	528,267	2,247,168
Total Expenditures	<u>13,610,768</u>	<u>13,610,768</u>	<u>9,610,445</u>	<u>4,000,323</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,103,282)</u>	<u>(6,103,282)</u>	(234,723)	<u>5,868,559</u>
Other Financing Sources:				
Gain on sale of building	<u>-</u>	<u>-</u>	346,063	346,063
Net Change in Fund Balance	<u>\$ (6,103,282)</u>	<u>\$ (6,103,282)</u>	111,340	<u>\$ 6,214,622</u>
Fund Balance - Beginning of Year			<u>3,958,630</u>	
Fund Balance - End of Year			<u>\$ 4,069,970</u>	

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Accrual Basis - Capital Projects Bond Fund
For the Fiscal Year Ended May 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 963	\$ 963
Total Revenues	<u>-</u>	<u>-</u>	<u>963</u>	<u>963</u>
Expenditures:				
Capital outlay	880,746	880,746	181,691	699,055
Bond expenditures	-	-	700,018	(700,018)
Total Expenditures	<u>880,746</u>	<u>880,746</u>	<u>881,709</u>	<u>(963)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(880,746)</u>	<u>(880,746)</u>	<u>(880,746)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (880,746)</u>	<u>\$ (880,746)</u>	(880,746)	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>880,746</u>	
Fund Balance - End of Year			<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection
Multiyear Schedule of Contributions
May 31, 2021
Last 10 Fiscal Years
(schedule to be built prospectively from 2015)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 1,091,645	\$ 954,220	\$ 816,172	\$ 699,226	\$ 586,953	\$ 586,180	\$ 559,385			
Contributions in Relation to the Actuarially Determined Contribution	1,095,115	954,785	817,525	700,558	651,428	620,416	590,367			
Contribution Deficiency/(Excess)	\$ (3,470)	\$ (565)	\$ (1,353)	\$ (1,332)	\$ (64,475)	\$ (34,236)	\$ (30,982)			
Covered-Employee Payroll	\$ 3,274,482	\$ 2,753,099	\$ 2,773,487	\$ 2,661,271	\$ 2,577,502	\$ 2,499,897	\$ 2,427,473			
Contributions as a Percentage of Covered-Employee Payroll	33.44%	34.68%	29.48%	26.32%	25.27%	24.82%	24.32%			

Note to Schedule of Contributions

In the current Fiscal Year, there was a Transition Plan between the Pension Board and the District. The Actuarially Determined Contribution shown above for the current year is the agreed upon Transition Contribution from the June 1, 2019 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2019 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Amortization Target	100% Funded Over 18 Years
Asset Valuation Method	5-Year Smoothed Market Value
Inflation (CPI-U)	2.50%
Total Payroll Increases	3.25%
Individual Pay Increases	4.00% - 11.98%
Expected Rate of Return on Investments	6.75%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	100% of L&A 2016 Illinois Firefighters Retirement Rates Capped at age 65
Termination Rates	100% of L&A 2016 Illinois Firefighters Termination Rates
Disability Rates	100% of L&A 2016 Illinois Firefighters Disability Rates

**South Elgin and Countryside Fire Protection
Multiyear Schedule of Changes in Net Pension Liability
and Related Ratios
May 31, 2021**

Last 10 Fiscal Years
(schedule to be built prospectively from 2015)

Fiscal year ending May 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service cost	\$ 935,598	\$ 769,211	\$ 778,687	\$ 723,364	\$ 677,624	\$ 604,306	\$ 593,391	-	-	-
Interest	1,644,389	1,571,526	1,438,100	1,328,828	1,250,122	1,001,848	1,010,528	-	-	-
Changes of Benefit Terms	-	125,162	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(1,079,114)	20,109	277,508	(35,318)	(277,196)	(159,177)	(360,194)	-	-	-
Changes in Assumptions	-	277,162	-	-	(174,387)	2,522,101	394,917	-	-	-
Benefit Payments and Refunds	(618,903)	(566,525)	(468,711)	(327,325)	(292,983)	(288,921)	(251,389)	-	-	-
Net Change in Total Pension Liability	881,970	2,196,645	2,025,584	1,689,549	1,183,180	3,680,157	1,387,253	-	-	-
Total Pension Liability - Beginning	25,761,774	23,565,129	21,539,545	19,849,996	18,666,816	14,986,659	13,599,406	-	-	-
Total Pension Liability - Ending (a)	\$ 26,643,744	\$ 25,761,774	\$ 23,565,129	\$ 21,539,545	\$ 19,849,996	\$ 18,666,816	\$ 14,986,659	-	-	-
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,095,115	\$ 954,785	\$ 817,525	\$ 700,558	\$ 651,428	\$ 620,416	\$ 590,366	-	-	-
Contributions - Members	304,498	283,182	256,651	261,538	241,311	234,175	232,642	-	-	-
Contributions - Other	-	-	-	-	-	7,098	-	-	-	-
Net Investment Income	3,943,817	1,346,432	224,473	943,696	1,082,542	92,528	556,993	-	-	-
Benefit Payments and Refunds	(618,903)	(566,525)	(468,711)	(327,325)	(292,983)	(288,921)	(251,389)	-	-	-
Administrative Expense	(36,519)	(35,255)	(56,207)	(35,919)	(32,798)	(31,993)	(50,700)	-	-	-
Net Change in Plan Fiduciary Net Position	4,688,008	1,982,619	773,731	1,542,548	1,649,500	633,303	1,077,912	-	-	-
Plan Fiduciary Net Position - Beginning	16,775,111	14,792,492	14,018,761	12,476,213	10,826,713	10,193,410	\$ 9,115,498	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 21,463,119	\$ 16,775,111	\$ 14,792,492	\$ 14,018,761	\$ 12,476,213	\$ 10,826,713	\$ 10,193,410	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	5,180,625	8,986,663	8,772,637	7,520,784	7,373,783	7,840,103	4,793,249	-	-	-
Plan Fiduciary Net Position as a Percentage										
of Total Pension Liability	80.56%	65.12%	62.77%	65.08%	62.85%	58.00%	68.02%	-	-	-
Covered Valuation Payroll	\$ 3,274,482	\$ 2,753,099	\$ 2,773,487	\$ 2,661,271	\$ 2,577,502	\$ 2,499,897	\$ 2,427,473	-	-	-
Net Pension Liability as a Percentage										
of Covered Valuation Payroll	158.21%	326.42%	316.30%	282.60%	286.08%	313.62%	197.46%	-	-	-

The current year information was developed in the completion of this report.

The accompanying notes are an integral part of the financial statements.

South Elgin and Countryside Fire Protection District
Note to Required Supplementary Information
For the Fiscal Year Ended May 31, 2021

Note 1 – Summary of Significant Accounting Policies

Budgets

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

1. The Board of Trustees appoints a committee to prepare the operating budget for the District's primary government fund and pension funds.
2. The proposed budget is then reviewed by the Trustees and approved. The budget is legally adopted, and an ordinance drafted, submitted and approved.

Budget figures are based on the modified accrual basis of accounting. Appropriated reserves are not included on the budgetary comparison schedule.