

**South Elgin and Countryside Fire Protection District
(Located within the State of Illinois)**

Comprehensive Annual Financial Report

For the Fiscal Year Ended May 31, 2016

**South Elgin and Countryside Fire Protection District
Comprehensive Annual Financial Report
For the Fiscal Year Ended May 31, 2016**

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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, fiduciary funds, 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, 2016, 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, fiduciary funds, each major fund, and the aggregate remaining fund information of the South Elgin and Countryside Fire Protection District as of May 31, 2016, 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, budgetary comparison information, and pension information on pages 3-9 and pages 31-34 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.

Tight, Knest & Au P.C.

Elgin, Illinois
August 1, 2016

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

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, 2016. Please review it in conjunction with the District's basic financial statements, which begin on page 10.

Financial Highlights

- Total net position decreased \$4,023,162, which represents a 54.0 percent decrease from May 31, 2015. This is primarily due to the Implementation of GASB 68 in the current fiscal year. GASB 68 requires that the Net Pension Liability for pensions be recorded on the government-wide statements.
- General revenues accounted for \$5,583,601 in revenues, or 87.1 percent of all revenues.
- The District had \$5,950,792 in expenditures related to general governmental activities. Charges for services of \$827,937 were used to pay expenditures. The excess expenses were paid by general revenues.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

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.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

Government-Wide Financial Statements (continued):

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 South Elgin and Countryside Fire Protection District does not have this type of activity. 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 provides 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 (the only major fund). This statement demonstrates compliance with the District's adopted and final revised budget.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

Fund Financial Statements (continued):

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.

Required Supplementary Information (pages 31-34):

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* including a budgetary comparison statement 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) tell 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 in a way that helps to answer this question. These statements include *all* assets and liabilities using a modified 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.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

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, decreasing from \$7,484,700 to \$3,461,538. Our analysis below focuses on the net position (Table 1) of the District's governmental activities.

Net position of the District's activities decreased 53.8 percent or \$4,023,162. 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, decreased \$3,966,173 during the year. This shows a decrease in the overall financial position of the District.

		Table 1			
		Condensed Statement of Net Position (in thousands)			
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$	6,198.2	\$ 5,874.4		
Capital assets, net of accumulated depreciation		2,803.0	2,860.0		
Deferred Outflows of Resources		620.4	-		
Total Assets and Deferred Outflows of Resources		<u>9,621.6</u>	<u>8,734.4</u>		
				Net Position:	
				Net investment in capital assets	\$ 2,803.0 \$ 2,860.0
Current liabilities		953.0	1,171.2	Unrestricted	658.5 4,624.7
Other liabilities	\$	<u>5,207.1</u>	<u>78.5</u>	Temporarily restricted	-
Total Liabilities		<u>6,160.1</u>	<u>\$ 1,249.7</u>	Total Net Position	<u>\$ 3,461.5</u> <u>\$ 7,484.7</u>

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

The District as a Whole (continued)

Table 2
Condensed Statement of Activities (in thousands)

	For the Year Ended		% Change
	May 31, 2016	May 31, 2015	
General Revenues:			
Property taxes	\$ 5,436.8	\$ 5,334.9	1.91%
Replacement tax	22.1	22.5	-1.78%
Impact fees	6.2	8.8	-29.55%
Interest income	7.0	6.5	7.69%
Sale of equipment	6.5	20.0	-67.50%
Other	105.0	88.5	18.64%
Total General Revenues	<u>5,583.6</u>	<u>5,481.2</u>	1.87%
Program Revenues:			
Ambulance	827.9	660.1	25.42%
Grant income	-	16.2	-100.00%
Total Program Revenues	<u>827.9</u>	<u>676.3</u>	22.42%
Total Revenues	<u>6,411.5</u>	<u>6,157.5</u>	4.13%
General Expenses:			
General government activities	<u>5,950.8</u>	<u>5,894.6</u>	0.95%
Total General Expenses	<u>5,950.8</u>	<u>5,894.6</u>	0.95%
Change in Net Position	460.7	262.9	75.24%
Net Position - Beginning of Year	7,484.7	7,221.8	3.64%
Prior Period Adjustment - GASB 68	<u>(4,483.9)</u>	<u>-</u>	100.00%
Beginning of Year, restated	3,000.8	7,221.8	-58.45%
End of Year	<u>\$ 3,461.5</u>	<u>\$ 7,484.7</u>	-53.75%

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

The District's Funds

Table 3 presents the fund balance of the single major fund and an analysis of significant changes in the fund balance. The District does not have non-major funds.

Table 3
Fund Balance
(in thousands)

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
General	\$ 4,831.3	\$ 4,624.7	4.5%
Total Governmental Balances	<u>\$ 4,831.3</u>	<u>\$ 4,624.7</u>	<u>4.5%</u>

The 4.5 percent increase was due to an increase in revenues \$6,411,538 over expenditures \$6,204,878 for the year ended May 31, 2016. The specific events that contributed to this increase are an increase in ambulance income of \$167,828 from fiscal year end 2015, a decrease in equipment supplies, maintenance, and fuel expenditures of \$58,975 due to fuel prices being down and less maintenance due to the purchase of a new ambulance during fiscal year end 2016.

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)

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Revenues:			
Property tax	\$ 4,871.6	\$ 5,436.8	\$ 565.2
Replacement tax	15.0	22.1	7.1
Impact fee income	-	6.2	6.2
Ambulance income	460.0	827.9	367.9
Interest income	5.5	7.0	1.5
Grant income	-	-	-
Miscellaneous income	27.0	111.5	84.5
Expenditures:			
Total general government	\$ 7,550.3	\$ 6,204.9	\$ 1,345.4

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2016**

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 operations of the District.

Revenues in the general fund were \$6,411,538, which exceeded budget by \$1,032,391 or 19.2%. The variance was due to property tax receipts being higher than anticipated by roughly \$565,000 and an increase in ambulance income over budgeted amount by nearly \$368,000. The general fund expenditures were \$1,345,456 under budget, due to lower actual spending in most expenditures with significant lower actual spending in capital outlay, payroll, insurance, and general and administrative. These functions had a positive variance of actual to final budget of \$496,731, \$246,211, \$227,429 and \$218,699, respectively. The overall net budget variance in the General Fund was a favorable \$2,377,847.

The general fund's excess of revenues over expenditures was \$206,660. The fund increased to \$4,831,335 at the end of the fiscal year from \$4,624,675 the prior year.

Capital Assets

The District's net investment in capital assets, as of May 31, 2016 amounted to \$2,803,036. The investment in capital assets included land, buildings, leasehold improvements, vehicles, furniture, and equipment. Capital assets decreased by \$56,989 during the fiscal year due to depreciation in excess of additions.

Additional information on the capital assets can be found in the notes to the financial statements starting on pages 20-21 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, 2016

Assets and Deferred Outflow of Resources

Current Assets:	
Cash and cash equivalents	\$ 5,782,138
Accounts receivable rescue billing, net of allowance for uncollectible of \$30,000	383,738
Impact fee receivable	26,692
Prepaid expenses	5,624
Total Current Assets	<u>6,198,192</u>
Non-Current Assets:	
Land, buildings, and equipment, net of accumulated depreciation	2,803,036
Total Non-Current Assets	<u>2,803,036</u>
Total Assets	<u>9,001,228</u>
Deferred Outflows of Resources	620,416
Total Assets and Deferred Outflow of Resources	<u>\$ 9,621,644</u>

Liabilities and Net Position

Current Liabilities:	
Accounts payable	\$ 8,719
Accrued payroll	171,899
Accrued vacation and sick pay-current portion	375,598
Deferred revenue - property taxes	396,824
Total Current Liabilities	<u>953,040</u>
Noncurrent liabilities	
Accrued vacation and sick pay-long term portion	413,817
Net pension liability	4,793,249
Total non-current liabilities	<u>5,207,066</u>
Total Liabilities	<u>6,160,106</u>
Net Position:	
Net investment in capital assets	2,803,036
Unrestricted	658,502
Restricted	-
Total Net Position	<u>3,461,538</u>
Total Liabilities and Net Position	<u>\$ 9,621,644</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, 2016

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	\$ (5,950,792)	\$ 827,937	\$ -	\$ -	\$ (5,122,855)
Total Primary Government	<u>\$ (5,950,792)</u>	<u>\$ 827,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,122,855)</u>
 General Revenues:					
Property taxes					5,436,806
Replacement taxes					22,067
Impact fee income					6,196
Interest income					6,999
Sale of equipment					6,500
Miscellaneous					105,033
Total General Revenues					<u>5,583,601</u>
Change in Net Position					460,746
Net Position - Beginning of Year					7,484,700
Prior Period Adjustment - Implementation of GASB 68					<u>(4,483,908)</u>
Net Position - Beginning of Year, restated					3,000,792
Net Position - End of Year					<u>\$ 3,461,538</u>

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, 2016**

Assets

Assets:

Cash and cash equivalents	\$	5,782,138
Accounts receivable rescue billing, net of allowance for uncollectible of \$30,000		383,738
Impact fee receivable		26,692
Prepaid expenses		5,624
Total Assets	\$	<u>6,198,192</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	8,719
Accrued payroll		171,899
Accrued vacation and sick pay		789,415
Deferred revenue - property taxes		396,824
Total Liabilities		<u>1,366,857</u>

Fund Balance:

Non-spendable		-
Restricted		-
Committed		-
Assigned		-
Unassigned		4,831,335
Total Fund Balance		<u>4,831,335</u>

Total Liabilities and Fund Balance	\$	<u>6,198,192</u>
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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 the Net Position of Governmental Activities
For the Fiscal Year Ended May 31, 2016**

Total Governmental Fund Balance	\$ 4,831,335
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.	2,803,036
Net Pension Liability is not included on the governmental fund statements.	(4,793,249)
Deferred outflows of resources for pension are not recognized on the governmental fund statement.	<u>620,416</u>
Net Position of Governmental Activities	<u>\$ 3,461,538</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, 2016

Revenues:	
Property taxes	\$ 5,436,806
Replacement tax	22,067
Impact fees	6,196
Ambulance income	827,937
Interest income	6,999
Sale of equipment	6,500
Miscellaneous	<u>105,033</u>
Total Revenues	<u>6,411,538</u>
Expenditures:	
Public safety:	
Personnel service	3,752,354
Retirement/Social Security	697,555
Insurance	820,321
Occupancy	85,004
General and administrative	325,226
Equipment supplies, maintenance, and fuel	289,275
Capital outlay	<u>235,143</u>
Total Expenditures	<u>6,204,878</u>
Net Change in Fund Balance	206,660
Fund Balance - Beginning of Year	<u>4,624,675</u>
Fund Balance - End of Year	<u>\$ <u>4,831,335</u></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, 2016**

Net Change in Governmental Fund Balance	\$	206,660
Amounts reported in governmental activities in the statement of net position are different because:		
Governmental funds reports 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 (\$235,143) and the depreciation allocation (\$292,132).	(56,989)	
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	(279,291)	
Employer contributions	590,366	311,075
Change in Net Position of Governmental Activities	\$	460,746

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, 2016

	<u>Pension Trust Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ <u>93,227</u>
Total Current Assets	<u>93,227</u>
Non-Current Assets:	
Interest and dividend receivable	39,310
Prepaid expenses	2,870
Investments, at current market value:	
US Government and agency obligations (cost - \$4,668,305)	4,763,587
Mutual funds (cost - \$4,832,736)	5,935,369
Total Non-Current Assets	<u>10,741,136</u>
Total Assets	\$ <u><u>10,834,363</u></u>
Liabilities and Net Position	
Current Liabilities:	
Accounts payable	\$ <u>7,649</u>
Total Current Liabilities	<u>7,649</u>
Total Liabilities	<u>7,649</u>
Net Position:	
Assets held in trust for pension benefits	<u>10,826,714</u>
Total Liabilities and Net Position	\$ <u><u>10,834,363</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, 2016

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer - property taxes	\$ 620,416
Plan member contributions	241,324
Total Contributions	<u>861,740</u>
Investment Earnings:	
Interest and dividend income	385,277
Gain (loss) on securities	(251,471)
Total investment earnings	<u>133,806</u>
Less investment expense	41,328
Net Investment Earnings	<u>92,478</u>
Total Additions	<u>954,218</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	288,921
Total administrative expenses	31,993
Total Deductions	<u>320,914</u>
Change in Net Position	633,304
Net Position Held In Trust for Pension Benefits:	
Beginning of Year	10,193,410
End of Year	<u>\$ 10,826,714</u>

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

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

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 more significant of the District's policies 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. No component units exist 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
May 31, 2016

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 in 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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.

Implementation of GASB 68

Effective May 31, 2016, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 improves accounting and financial reporting by the state and local governments for pensions. It also improves information provided by other entities. This Statement amends the requirements in Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50 *Pension Disclosures*.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

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. All fair values are determined by external consultants. 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.

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, 2016, the allowance for uncollectible accounts was \$30,000.

Property tax revenues are recognized when there is an enforceable legal claim. There is not a property tax receivable; all funds have been collected.

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 fixed asset acquisitions for the year ended May 31, 2016 are reflected as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Depreciation expense of \$292,132 is reflected as an expense in the accompanying statement of activities.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method with useful lives of 5 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.

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.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2015 was levied for calendar year 2014. Property taxes are received by the county treasurer who remits to the District its share of collections.

Note 3 – Pension Plan

Plan Description

The South Elgin and Countryside Fire Protection 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.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 3 – Pension Plan (continued)

Employee membership data related to the Plan, as of May 31, 2015 was as follows:

Retirees and beneficiaries receiving benefits	4
Terminated plan members	3
Active vested plan members	22
Active non-vested plan members	<u>8</u>
Total	<u>37</u>
Number of participating employers	1

The following is a summary of the pension plan as provided for in Illinois State Statutes.

Employees 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.

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.

Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise 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 disabled in the line of duty receive 65% of final salary.

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.

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.

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; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 3 – Pension Plan (continued)

Pension Liabilities and Pension Expense Related to Pensions

At May 31, 2015, the District reported a liability of \$4,793,249 for the net pension liability. The net pension liability was measured as of June 1, 2015, 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.

For the year ended May 31, 2016, the District recognized pension expense of \$929,757.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at June 1, 2015:

Valuation Date	June 1, 2015
Asset Valuation Method	5-year Average Market Value (PA 096-1495)
Investment Return	7.5% net of investment expenses
Salary Scale	4.50%
Mortality	RP 2000 Mortality Table (CHBCA). There is no margin for future mortality improvement beyond the valuation date.
Withdrawal	Based on studies of the Fund and the department of Insurance, Sample Rates below
Disability	Based on studies of the Fund and the department of Insurance, Sample Rates below
Retirement	Based on studies of the Fund and the department of Insurance, Sample Rates below (100% by age 70)
Marital Status	80% Married, Female spouses 3 years younger

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 3 – Pension Plan (continued)

<u>Age</u>	<u>Sample Annual Rates Per 100 Participants</u>			
	<u>Mortality</u>	<u>Withdrawal</u>	<u>Disability</u>	<u>Retirement</u>
20	0.03	9.00	0.10	-
25	0.04	5.00	0.10	-
30	0.07	2.50	0.20	-
35	0.11	2.00	0.35	-
40	0.14	1.00	0.50	-
45	0.18	1.00	0.65	-
50	0.24	1.00	1.00	14.00
55	0.42	1.00	1.50	20.00
60	0.83	1.00	3.00	25.00
65	1.55	1.00	4.25	50.00
70	2.68	-	-	100.00

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Lower</u>	<u>Current</u>	<u>1% Higher</u>
	<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
Net Pension Liability	\$ 7,151,188	\$ 4,793,249	\$ 2,861,955

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 4 – Deposits and Investments

Deposits

It is the District's policy for deposits to be fully secured by the Federal Deposit Insurance Corporation insurance. 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, 2016. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 – Uninsured and uncollateralized

Deposits categorized by level of risk are:

	Bank Balance	Category 1	Category 2	Category 3	Carrying Amount
Primary Government					
General fund	\$ 5,829,192	\$ 500,000	\$ 5,091,616	\$ 237,576	\$ 5,639,679
Pension trust fund	93,227	11,559	-	81,668	93,227
	<u>\$ 5,922,419</u>	<u>\$ 511,559</u>	<u>\$ 5,091,616</u>	<u>\$ 319,244</u>	<u>\$ 5,732,906</u>

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, 2016, \$237,576 of the government's bank balance of \$5,922,419 was exposed to custodial credit risk as noted above.

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.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	Thereafter
U.S. Treasuries	\$ 570,289	\$ -	\$ 267,784	\$ 207,414	\$ 95,091
Agency Securities	3,282,901	150,541	1,128,071	1,751,053	253,236
Municipal Bonds	857,428	78,230	518,292	260,906	-
Mortgage Pools	52,969	600	5,030	19,671	27,668
Mutual Funds	5,935,369	5,935,369	-	-	-
Total	<u>\$ 10,698,956</u>	<u>\$ 6,164,740</u>	<u>\$ 1,919,177</u>	<u>\$ 2,239,044</u>	<u>\$ 375,995</u>

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 4 – Deposits and Investments (continued)

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%
Certificates 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.

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.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

Note 4 – Deposits and Investments (continued)

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, 2016, the District's portfolio investments were classified as follows, based on fair values:

	<u>Fair Value</u>
Level 1	\$ 10,698,956
Level 2	-
Level 3	-
Total portfolio investments	<u>\$ 10,698,956</u>

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

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 \$292,132:

	Capital Assets		Capital Assets	
	June 1, 2015	Additions	Deletions	May 31, 2016
Assets not subject to depreciation:				
Land	\$ 322,900	\$ -	\$ -	\$ 322,900
Construction in progress	-	10,344	-	10,344
	<u>322,900</u>	<u>10,344</u>	<u>-</u>	<u>333,244</u>
Assets subject to depreciation:				
Buildings and improvements	2,655,794	-	-	2,655,794
Vehicles and equipment	6,493,935	224,799	(139,556)	6,579,178
	<u>9,149,729</u>	<u>224,799</u>	<u>(139,556)</u>	<u>9,234,972</u>
Less accumulated depreciation:				
Buildings and improvements	1,165,040	57,348	-	1,222,388
Vehicles and equipment	5,447,564	234,784	(139,556)	5,542,792
	<u>6,612,604</u>	<u>292,132</u>	<u>(139,556)</u>	<u>6,765,180</u>
Total Net Capital Assets	<u>\$ 2,860,025</u>	<u>\$ (56,989)</u>	<u>\$ -</u>	<u>\$ 2,803,036</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	Additions	Reductions	Balance, May 31	Due Within One Year
Compensated absences	General	\$ 592,404	\$ 537,211	\$ 340,200	\$ 789,415	\$ 375,598
Total		<u>\$ 592,404</u>	<u>\$ 537,211</u>	<u>\$ 340,200</u>	<u>\$ 789,415</u>	<u>\$ 375,598</u>

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2016

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 does have 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 \$28,744.

Note 9 – Expenditures Over Budget

For the year ending May 31, 2016, the District's general fund had individual line expenditures over budget. Total expenditures were under budget.

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 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
For the Fiscal Year Ended May 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Revenues:				
Property taxes	\$ 4,871,587	\$ 4,871,587	\$ 5,436,806	\$ 565,219
Replacement tax	15,000	15,000	22,067	7,067
Impact fee income	-	-	6,196	6,196
Ambulance income	460,000	460,000	827,937	367,937
Interest income	5,500	5,500	6,999	1,499
Miscellaneous	27,060	27,060	111,533	84,473
Total Revenues	<u>5,379,147</u>	<u>5,379,147</u>	<u>6,411,538</u>	<u>1,032,391</u>
Expenditures:				
Public safety:				
Payroll	4,696,120	4,696,120	4,449,909	246,211
Insurance	1,047,750	1,047,750	820,321	227,429
Capital outlay	731,874	731,874	235,143	496,731
Equipment supplies and maintenance	255,574	255,574	274,937	(19,363)
Fire prevention	13,255	13,255	7,610	5,645
Building maintenance and utilities	158,235	158,235	85,004	73,231
EMS expenses	27,731	27,731	14,338	13,393
Logistics	64,845	64,845	33,841	31,004
Training	64,141	64,141	11,665	52,476
General and administrative	490,809	490,809	272,110	218,699
Total Expenditures	<u>7,550,334</u>	<u>7,550,334</u>	<u>6,204,878</u>	<u>1,345,456</u>
Net Change in Fund Balance	<u>\$ (2,171,187)</u>	<u>\$ (2,171,187)</u>	206,660	<u>\$ 2,377,847</u>
Fund Balance - Beginning of Year			<u>4,624,675</u>	
Fund Balance - End of Year			<u>\$ 4,831,335</u>	

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

**South Elgin and Countryside Fire Protection
Multiyear Schedule of Contributions
May 31, 2016**

<u>Fiscal Year Ending May 31,</u>	<u>Actuarially Determined Contribution*</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 559,385	\$ 590,366	\$ (30,981)	\$ 2,427,473	24.32%

* Estimated based on contribution rate of 24.32% and covered valuation payroll of \$2,427,473.

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

**South Elgin and Countryside Fire Protection
Multiyear Schedule of Changes in Net Pension Liability
and Related Ratios
May 31, 2016**

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

Fiscal year ending May 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2005
Total Pension Liability										
Service cost	\$ 593,391	-	-	-	-	-	-	-	-	-
Interest on the total pension liability	1,010,528	-	-	-	-	-	-	-	-	-
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(360,194)	-	-	-	-	-	-	-	-	-
Assumption changes	394,917	-	-	-	-	-	-	-	-	-
Benefit payments and refunds	251,389	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,387,253	-	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning	13,599,406	-	-	-	-	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 14,986,659	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position										
Employer contributions	\$ 590,366	-	-	-	-	-	-	-	-	-
Employee contributions	232,642	-	-	-	-	-	-	-	-	-
Pension plan net investment income	556,992	-	-	-	-	-	-	-	-	-
Benefit payments and refunds	251,389	-	-	-	-	-	-	-	-	-
Administrative expense	50,700	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,077,911	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	9,115,498	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 10,193,410	-	-	-	-	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	4,793,249	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage										
of Total Pension Liability	68.02%	-	-	-	-	-	-	-	-	-
Covered Valuation Payroll	\$ 2,427,473	-	-	-	-	-	-	-	-	-
Net Pension Liability as a Percentage										
of Covered Valuation Payroll	197.46%	-	-	-	-	-	-	-	-	-

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

South Elgin and Countryside Fire Protection District
Note to Required Supplementary Information
May 31, 2016

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.