

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended May 31, 2015

**South Elgin and Countryside Fire Protection District
Comprehensive Annual Financial Report
For the Fiscal Year Ended May 31, 2015**

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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, 2015, 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, 2015, 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 budgetary comparison information on pages 3-9 and page 30 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.

Tygh. Kress & Co. P.C.

Elgin, Illinois
August 14, 2015

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2015**

Our discussion and analysis of the South Elgin and Countryside Fire Protection District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2015. Please review it in conjunction with the District's basic financial statements, which begin on page 10.

Financial Highlights

- Total net position increased \$262,861, which represents a 3.6 percent increase from May 31, 2014.
- General revenues accounted for \$5,481,243 in revenues, or 89.0 percent of all revenues.
- The District had \$5,894,660 in expenditures related to general governmental activities. Charges for services of \$660,109 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, 2015**

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, 2015**

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 18-29):

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

Other Information (Pages 30-32):

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, 2015**

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 \$7,221,839 to \$7,484,700. Our analysis below focuses on the net position (Table 1) of the District's governmental activities.

Table 1 Condensed Statement of Net Position (in thousands)					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Current and other assets	\$ 5,874.4	\$ 5,812.4	Net Position:		
Capital assets, net of accumulated depreciation	<u>2,860.0</u>	<u>3,080.7</u>	Net investment in capital assets	\$ 2,860.0	\$ 3,080.7
Total Assets	<u><u>8,734.4</u></u>	<u><u>8,893.1</u></u>			
Current liabilities	1,171.2	1,624.0	Unrestricted	4,624.7	4,141.1
Other liabilities	<u>78.5</u>	<u>47.3</u>	Temporarily restricted	-	-
Total Liabilities	<u><u>\$ 1,249.7</u></u>	<u><u>\$ 1,671.3</u></u>	Total Net Position	<u><u>\$ 7,484.7</u></u>	<u><u>\$ 7,221.8</u></u>

Net position of the District's activities increased 3.6 percent or \$262,861. 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 \$483,490 during the year. This increase shows an improvement in the overall financial position of the District.

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2015**

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, 2015</u>	<u>May 31, 2014</u>	
General Revenues:			
Property taxes	\$ 5,334.9	\$ 5,281.2	1.02%
Replacement tax	22.5	21.5	4.65%
Impact Fees	8.8	11.7	-24.79%
Interest income	6.5	7.0	-7.14%
Sale of equipment	20.0	0.1	19900.00%
Other	88.5	119.1	-25.69%
Total General Revenues	<u>5,481.2</u>	<u>5,440.6</u>	<u>0.75%</u>
Program Revenues:			
Ambulance	660.1	448.6	47.15%
Grant Income	16.2	38.4	-57.81%
Total Program Revenues	<u>676.3</u>	<u>487.0</u>	<u>38.87%</u>
Total Revenues	<u>6,157.5</u>	<u>5,927.6</u>	<u>3.88%</u>
General Expenses:			
General government activities	5,674.0	6,165.3	-7.97%
Total General Expenses	<u>\$ 5,674.0</u>	<u>\$ 6,165.3</u>	<u>-7.97%</u>
Change in Net Position	483.5	(237.7)	-303.41%
Net Position			
Beginning of Year	4,141.2	4378.9	-5.43%
End of Year	<u>4,624.7</u>	<u>4,141.2</u>	<u>11.68%</u>

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2015**

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)

	2015	2014	% Change
General	\$ 4,624.7	\$ 4,141.2	11.68%
Total Governmental Balances	\$ 4,624.7	\$ 4,141.2	11.68%

The 11.68 percent increase was due to an increase in revenues (\$6,157,521) over expenditures \$5,674,031 for the year ended May 31, 2015. The specific events that contributed to this increase are an increase in ambulance income of \$211,464 from fiscal year end 2014, a decrease in capital outlay expenditures of \$539,498 due to significant purchases in 2014 that did not occur in 2015. During fiscal year 2014 a new fire truck was purchased and a substantial amount of equipment was updated.

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	\$ 4,760.0	\$ 5,334.9	\$ 574.9
Replacement tax	15.5	22.5	7.0
Ambulance income	460.0	660.1	200.1
Interest income	5.5	6.5	1.0
Grant Income	0.0	16.2	16.2
Impact Fee Income	0.0	8.8	8.8
Miscellaneous income	12.6	108.5	95.9
Expenditures:			
Total General Government	\$ 7,187.1	\$ 5,674.0	\$ 1,513.1

**South Elgin and Countryside Fire Protection District
Management's Discussion and Analysis
May 31, 2015**

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 \$6,157,521, which exceeded budget by \$903,919 or 17.2%. The variance was due to property tax receipts being higher than anticipated by nearly \$575,000 and an increase in ambulance income over budgeted amount by roughly \$200,000 as well as receiving unanticipated grant income around \$16,000. The general fund expenditures were \$1,513,059 under budget, due to lower actual spending in most expenditures with significant lower actual spending in insurance, capital outlay, and general and administrative. These functions had a positive variance of actual to final budget of \$268,797, \$641,713, and \$207,675, respectively. The overall net budget variance in the General Fund was a favorable \$2,416,978.

The general fund's excess of revenues over expenditures was \$483,490. The fund increased to \$4,624,675 at the end of the fiscal year from \$4,141,185 the prior year.

Capital Assets

The District's net investment in capital assets, as of May 31, 2015 amounted to \$2,860,025. The investment in capital assets included land, buildings, leasehold improvements, vehicles, furniture, and equipment. Capital assets decreased by \$220,629 during the fiscal year.

Additional information on the capital assets can be found in the notes to the financial statements starting on page 18.

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, 2015

Assets

Current Assets:	
Cash and cash equivalents	\$ 5,558,329
Accounts receivable rescue billing, net of allowance for uncollectible of \$30,000	289,958
Impact fee receivable	20,495
Prepaid expenses	<u>5,624</u>
Total Current Assets	<u>5,874,406</u>
Non-Current Assets:	
Land, buildings, and equipment, net of accumulated depreciation	<u>2,860,025</u>
Total Non-Current Assets	<u>2,860,025</u>
Total Assets	<u><u>\$ 8,734,431</u></u>

Liabilities and Net Position

Current Liabilities:	
Accounts payable	\$ 38,664
Accrued payroll, vacation, and sick pay-current portion	647,573
Deferred revenue - property taxes	<u>484,938</u>
Total Current Liabilities	<u>1,171,175</u>
Noncurrent liabilities	
Accrued payroll, vacation, and sick pay-long term portion	<u>78,556</u>
Total non-current liabilities	<u>78,556</u>
Total Liabilities	<u><u>1,249,731</u></u>
Net Position:	
Net investment in capital assets	2,860,025
Unrestricted	4,624,675
Restricted	-
Total Net Position	<u><u>\$ 7,484,700</u></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, 2015

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	\$ (5,894,660)	\$ 660,109	\$ -	\$ 16,169	\$ (5,218,382)
Total Primary Government	\$ (5,894,660)	\$ 660,109	\$ -	\$ 16,169	\$ (5,218,382)
General Revenues:					
Property taxes					5,334,909
Replacement taxes					22,476
Impact fee income					8,812
Interest income					6,525
Sale of equipment					19,979
Miscellaneous					88,542
Total General Revenues					5,481,243
Change in Net Position					262,861
Net position - Beginning of year					7,221,839
Net position - End of year					\$ 7,484,700

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, 2015**

Assets	
Assets:	
Cash and cash equivalents	\$ 5,558,329
Accounts receivable rescue billing, net of allowance for uncollectible of \$30,000	289,958
Impact fee receivable	20,495
Prepaid expenses	5,624
Total Assets	\$ <u>5,874,406</u>

Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 38,664
Accrued payroll, vacation and sick pay	726,129
Deferred revenue - property taxes	484,938
Total Liabilities	\$ <u>1,249,731</u>

Fund Balance:	
Non-spendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	4,624,675
Total Fund Balance	\$ <u>4,624,675</u>

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, 2015**

Total Governmental Fund Balance \$ 4,624,675

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.

2,860,025

Net Position of Governmental Activities

\$ 7,484,700

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, 2015**

Revenues:		
Property taxes	\$	5,334,909
Replacement tax		22,476
Impact Fees		8,812
Ambulance income		660,109
Interest income		6,525
Sale of equipment		19,979
Grant income		16,169
Miscellaneous		88,542
Total Revenues		6,157,521
Expenditures:		
Public safety:		
Personnel service		3,476,325
Retirement/Social Security		671,725
Insurance		787,199
Occupancy		92,876
General and administrative		204,162
Equipment supplies, maintenance, and fuel		348,250
Capital outlay		93,494
Total Expenditures		5,674,031
Net Change in Fund Balance		483,490
Fund Balance - Beginning of Year		4,141,185
Fund Balance - End of Year	\$	4,624,675

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, 2015**

Net Change in Governmental Fund Balance	\$ 483,490
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 (\$93,494) and the depreciation allocation (\$314,123).	(220,629)
Change in Net Position of Governmental Activities	<u>\$ 262,861</u>

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, 2015**

		<u>Pension Trust Fund</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$	<u>82,176</u>
Total Current Assets		<u>82,176</u>
Non-Current Assets:		
Interest and dividend receivable		34,558
Prepaid expenses		2,821
Investments, at current market value:		
US Government and agency obligations (cost - \$4,449,133)		4,508,326
Mutual funds (cost - \$4,126,375)		5,572,804
Total Non-Current Assets		<u>10,118,509</u>
Total Assets	\$	<u><u>10,200,685</u></u>
Liabilities and Net Position		
Current Liabilities:		
Accounts payable	\$	<u>7,275</u>
Total Current Liabilities		<u><u>7,275</u></u>
Net Position:		
Assets held in trust for pension benefits	\$	<u><u>10,193,410</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, 2015**

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer - property taxes	\$ 590,367
Plan member contributions	232,642
Total Contributions	<u>823,009</u>
Investment Earnings:	
Interest and dividend income	364,814
Gain (loss) on securities	230,618
Total investment earnings	<u>595,432</u>
Less investment expense	38,441
Net Investment Earnings	<u>556,991</u>
Total Additions	<u>1,380,000</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	251,389
Total administrative expenses	50,700
Total Deductions	<u>302,089</u>
Change in Net Position	1,077,911
Net Position Held In Trust for Pension Benefits:	
Beginning of Year	<u>9,115,499</u>
End of Year	<u>\$ 10,193,410</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, 2015

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, 2015

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.

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

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2015, 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, 2015 are reflected as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Depreciation expense of \$314,123 is reflected as an expense in the accompanying statement of activities.

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.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

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 2013. Property taxes are received by the county treasurer who remits to the District its share of collections.

Note 3 – Pension Plan

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.

Plan Description

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. The District accounts for this plan as a pension trust fund. The total payroll for employees covered by the plan for the year ended May 31, 2015 was \$2,474,126 out of a total payroll of \$3,476,325 for the District.

At June 1, 2014 (the date of the latest actuarial report) the pension plan membership consisted of:

Retirees and beneficiaries receiving benefits	3
Terminated plan members	2
Active vested plan members	23
Active non-vested plan members	<u>8</u>
Total	<u>36</u>
Number of participating employers	1

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 3 – Pension Plan (continued)

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

The plan provides retirement, disability, and death benefits. 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 of service 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 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 disabled in the line of duty receive 65% of final salary. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1997 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55, by 3% of the amount of the pension payable at the time of the increase.

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 increases (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.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

As indicated in Note, 1 the financial statements of the pension plan are prepared using the accrual basis of accounting. Employees and employer contributions are recognized as revenue in the period in which employee services are performed.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 3 – Pension Plan (continued)

Method Used to Value Investments

Investment income is recognized when earned. Investments are reported at fair value which is determined using selected bases, as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Gains and losses on sales and exchanges are recognized on the transaction date.

Contributions

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 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The contributions are deducted from the employee's wages or salary and remitted by the District to the pension plan on a semi-monthly basis.

The District's current contribution rate is 21.456%. Administrative costs of the Plan are financed through investment earnings. The District's annual contributions to the Plan for the year ending May 31, 2015 were \$823,009, equal to the required contributions for the year.

Concentrations

There are no investments in any one organization representing 5% or more of the plan net assets. There are no investments in, loans to, or leases with related parties to the plan.

Funding Status and Progress

As of June 1, 2014 (the latest actuarial report available), the assets of the pension fund do not exceed the accrued liability as determined actuarially, the unfunded benefit obligation is \$4,528,373.

The following assumptions were used by the actuary in making their estimates of accrued pension liability:

Valuation date	June 1, 2014
Asset valuation method	5- year Average Market Value (PA 096-1495)
Investment return	7.5%, net of investment expense
Salary scale	4.5%
Status of social security in assumption	None
Mortality	RP 2000 Mortality Table (BCA, +1M,-4F, 2x>105), adjusted for future mortality improvement using 1-year setback after 15 year

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 3 – Pension Plan (continued)

Funding Status and Progress (continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Withdrawal	Based on studies of Fund and the Department of Insurance, Sample Rates below
Retirement	Uniform distribution from age 50-62 (100% by age 62)
Marital status	80% Married, Female spouses 3 years younger

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
5/31/2012	\$ 473,601	104.7%	\$ 447,656
5/31/2013	\$ 558,544	93.3%	\$ 485,202
5/31/2014	\$ 570,324	93.1%	\$ 524,689

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, 2015. 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	\$ 5,574,905	\$ 500,000	\$ -	\$ 234,712	\$ 5,558,329
Pension trust fund	82,176	10,374	-	71,803	82,176
	\$ 5,657,081	\$ 510,374	\$ -	\$ 306,515	\$ 5,640,505

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 4 – Deposits and Investments (continued)

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, 2015, \$306,515 of the government's bank balance of \$5,657,082 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	\$ 736,553	\$ -	\$ 440,025	\$ 203,406	\$ 93,122
Agency Securities	2,874,680	151,261	1,031,339	1,692,080	-
Municipal Bonds	823,053	10,183	423,432	389,438	-
Mortgage Pools	74,040	788	13,815	26,477	32,960
Mutual Funds	5,572,804	5,572,804	-	-	-
Total	<u>\$ 10,081,130</u>	<u>\$ 5,735,036</u>	<u>\$ 1,908,611</u>	<u>\$ 2,311,401</u>	<u>\$ 126,082</u>

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:

	Normal Allocation	Range of Allocation
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%

**South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015**

Note 4 – Deposits and Investments (continued)

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

	Normal Allocation		Range of Allocation
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.

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.

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

Note 4 – Deposits and Investments (continued)

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, 2015, the District's portfolio investments were classified as follows, based on fair values:

	Fair Value
Level 1	\$ 10,081,130
Level 2	-
Level 3	-
Total portfolio investments	\$ 10,081,130

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 \$314,123:

	Capital Assets June 1, 2014	Additions	Deletions	Capital Assets May 31, 2015
Assets not subject to depreciation:				
Land	\$ 322,900	\$ -	\$ -	\$ 322,900
	322,900	-	-	322,900
Assets subject to depreciation:				
Buildings and improvements	2,655,794	-	-	2,655,794
Vehicles and equipment	6,420,420	93,494	(19,979)	6,493,935
	9,076,214	93,494	(19,979)	9,149,729
Less accumulated depreciation:				
Buildings and improvements	1,107,692	57,348	-	1,165,040
Vehicles and equipment	5,210,768	256,775	19,979	5,447,564
	6,318,460	314,123	19,979	6,612,604
Total Net Capital Assets	\$ 3,080,654	\$ (220,629)	\$ -	\$ 2,860,025

South Elgin and Countryside Fire Protection District
Notes to Financial Statements
May 31, 2015

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 Debt

The compensated absences currently outstanding are as follows:

	<u>Fund Debt Retired by</u>	<u>Balance, June 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, May 31</u>	<u>Due Within One Year</u>
Compensated absences	General	\$ 662,282	\$ 341,119	\$ 410,997	\$ 592,404	\$ 513,848
Total		<u>\$ 662,282</u>	<u>\$ 341,119</u>	<u>\$ 410,997</u>	<u>\$ 592,404</u>	<u>\$ 513,848</u>

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 \$26,267.

Note 9 – Expenditures Over Budget

For the year ending May 31, 2015, 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Revenues:				
Property taxes	\$ 4,760,000	\$ 4,760,000	\$ 5,334,909	\$ 574,909
Replacement tax	15,500	15,500	22,476	6,976
Impact fee income	-	-	8,812	8,812
Ambulance income	460,000	460,000	660,109	200,109
Interest income	5,500	5,500	6,525	1,025
Grant income	-	-	16,169	16,169
Miscellaneous	12,602	12,602	108,521	95,919
Total Revenues	<u>5,253,602</u>	<u>5,253,602</u>	<u>6,157,521</u>	<u>903,919</u>
Expenditures:				
Public safety:				
Payroll	4,290,000	4,290,000	4,148,050	141,950
Insurance	1,055,996	1,055,996	787,199	268,797
Capital outlay	735,207	735,207	93,494	641,713
Equipment supplies and maintenance	238,743	238,743	331,139	(92,396)
Fire prevention	18,011	18,011	7,508	10,503
Building maintenance and utilities	252,728	252,728	92,876	159,852
EMS expenses	71,732	71,732	17,111	54,621
Logistics	73,409	73,409	33,058	40,351
Training	103,102	103,102	23,109	79,993
General and administrative	348,162	348,162	140,487	207,675
Total Expenditures	<u>7,187,090</u>	<u>7,187,090</u>	<u>5,674,031</u>	<u>1,513,059</u>
Net Change in Fund Balance	<u>\$ (1,933,488)</u>	<u>\$ (1,933,488)</u>	483,490	<u>\$ 2,416,978</u>
Fund Balance - Beginning of Year			<u>4,141,185</u>	
Fund Balance - End of Year			<u>\$ 4,624,675</u>	

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

**South Elgin and Countryside Fire Protection
Schedule of Defined Benefit Pension Trusts
May 31, 2015**

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (entry age)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 1, 2014	\$ 9,071,033	\$ 13,599,406	\$ 4,528,373	66.7%	\$ 2,474,126	183%
June 1, 2013	7,932,110	12,000,266	4,068,156	66.1%	2,384,318	173%
June 1, 2012	6,881,326	10,985,565	4,104,239	62.6%	2,393,261	186%
June 1, 2011	5,804,794	9,049,728	3,244,934	64.1%	2,211,238	147%
June 1, 2010	4,936,008	8,201,649	3,265,641	60.2%	2,143,699	152%
June 1, 2008	4,391,981	7,135,033	2,743,052	61.6%	2,159,394	127%
June 1, 2007	3,948,462	6,088,630	2,140,168	64.8%	1,970,599	109%
June 1, 2006	3,446,283	4,272,680	826,397	80.7%	1,808,162	46%

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>
May 31, 2015	\$ 590,366
May 31, 2014	547,920
May 31, 2013	503,460
May 31, 2012	494,400
May 31, 2011	355,101
May 31, 2010	304,101
May 31, 2009	286,037
May 31, 2008	242,138
May 31, 2007	280,783
May 31, 2006	213,251

Note to Schedule of Defined Benefit Pension Trusts

Valuation date	June 1, 2014
Actuarial cost method	Entry Age Normal Cost Method
Amortization period	N/A
Actuarial asset valuation method	5-year Average Market Value

Actuarial assumptions:

Investment rate of return*	7.5%
Projected salary increases*	4.5%
Post retirement benefit increases	3%
Cost of living adjustments	3%
* Includes inflation at	3%

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, 2015**

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.