

Byron Fire Protection District

Byron, Illinois

Annual Financial Report

August 31, 2019

Byron Fire Protection District

Year Ended August 31, 2019

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Byron Fire Protection District

Year Ended August 31, 2019

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Independent Auditor's Report

Board of Trustees
Byron Fire Protection District
Byron, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Fire Protection District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Fire Protection District, as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended August 31, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the schedules of funding progress, the actuarial valuations, and budgetary comparison information on pages 47 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements of Byron Fire Protection District taken as a whole. The schedule listed in the table of contents as "Other Information" is presented for the purpose of additional analysis and is not a part of the financial statements and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Wipfli LLP

Rockford, Illinois
January 23, 2020

Byron Fire Protection District

Statement of Net Position

August 31, 2019

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 6,506,542
Investments	9,692,885
Taxes receivable	1,556,188
Accounts receivable, net of a \$113,000 allowance	130,069
Interest receivable	39,708
Total current assets	17,925,392
Noncurrent assets:	
Capital assets:	
Not depreciated	523,367
Depreciated (Net of accumulated depreciation):	7,388,754
Total noncurrent assets	7,912,121
Total assets	25,837,513
Deferred Outflows of Resources	
Deferred outflows of pension resources	6,960
Deferred outflows of other-employment benefits	2,575,281
Total deferred outflows of resources	2,582,241
Liabilities	
Current liabilities:	
Bank overdraft	36,442
Accounts payable	30,357
Accrued payroll	41,074
Total current liabilities	107,873
Noncurrent liabilities:	
Compensated absences	135,133
Accrued other post-employment benefits	66,478
Net pension liability	5,283,790
Total noncurrent liabilities	5,485,401
Total liabilities	5,593,274
Deferred Inflows of Resources	
Deferred inflows of pension resources	3,415,282
Property taxes	3,250,070
Total deferred inflows of resources	6,665,352
Net Position	
Investment in capital assets	7,912,121
Restricted for:	
Ambulance	1,515,931
Insurance	2,353,417
Unrestricted	4,379,659
Total net position	\$ 16,161,128

See accompanying notes to financial statements.

Byron Fire Protection District

Statement of Activities

For the year ended August 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Public safety	\$ 4,325,214	\$ 248,461	\$ -	\$ -	\$ (4,076,753)
General revenues:					
Taxes:					
Property taxes					3,100,502
Other					35,089
Unrestricted investment earnings					655,745
Miscellaneous					33,368
Total general revenues					3,824,704
Change in net position					(252,049)
Net position - beginning					16,413,177
Net position - ending					\$ 16,161,128

Byron Fire Protection District

Balance Sheet Governmental Funds

August 31, 2019

	General	Ambulance	Total Governmental Funds
Assets			
Cash	\$ 4,204,041	\$ 2,103,040	\$ 6,307,081
Investments	7,542,185	-	7,542,185
Receivables:			
Taxes	945,681	610,507	1,556,188
Accounts	-	130,069	130,069
Interest	31,893	-	31,893
Total assets	\$ 12,723,800	\$ 2,843,616	\$ 15,567,416
Liabilities			
Bank overdraft	\$ 16,171	\$ 19,559	\$ 35,730
Accrued payroll	16,956	16,956	33,912
Accounts payable	17,534	16,138	33,672
Total liabilities	50,661	52,653	103,314
Deferred Inflows of Resources			
Property taxes	1,975,038	1,275,032	3,250,070
Total deferred inflows of resources	1,975,038	1,275,032	3,250,070
Fund Balance			
Restricted	-	1,515,931	1,515,931
Committed for future capital expenditures	8,328,786	-	8,328,786
Unassigned	2,369,315	-	2,369,315
Total fund balance	10,698,101	1,515,931	12,214,032
Total liabilities and fund balance	\$ 12,723,800	\$ 2,843,616	\$ 15,567,416

See accompanying notes to financial statements.

Byron Fire Protection District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

August 31, 2019

Total fund balances - governmental funds	\$ 12,214,032
Amounts reported for governmental activities in the statement of net position are different because:	
Accrued long-term employee benefits are not due and payable in the current period and therefore are not reported as liabilities of the funds, but are included as liabilities and deferred items in the statement of net position	(6,116,831)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The net book value of capital assets as report:	7,912,121
Internal services funds are used to charge the costs in insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,353,417
Long-term liabilities, including compensated absences and other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds.	(201,611)
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Total net position - governmental activities	<u>\$ 16,161,128</u>

Byron Fire Protection District

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the year ended August 31, 2019

	General	Ambulance	Total Governmental Funds
Revenue			
Taxes	\$ 1,863,271	\$ 1,263,163	\$ 3,126,434
Fees	-	248,461	248,461
Other	498,119	68,171	566,290
Total revenue	2,361,390	1,579,795	3,941,185
Expenditures			
Current:			
Public safety	1,704,069	1,435,693	3,139,762
Capital outlay	72,090	72,089	144,179
Total expenditures	1,776,159	1,507,782	3,283,941
Income (loss) before other financing sources (uses)	585,231	72,013	657,244
Net change in fund balance	585,231	72,013	657,244
Fund balances, beginning	10,112,870	1,443,918	11,556,788
Fund balances, ending	\$ 10,698,101	\$ 1,515,931	\$ 12,214,032

Byron Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended August 31, 2019

Net change in fund balance	\$ 657,244
Amounts reported for governmental activities in the statement of activities are different because:	
The increase in the net pension liability recorded on the government-wide statements is not recorded in the governmental funds because it does not affect current expenditures. This is the change in the net pension liability in the period.	334,465
The decrease in the other post-employment benefits recorded on the government-wide statements is not recorded in the governmental funds because it does not affect current expenditures. This is the decrease in the other post-employment benefits in the period.	111,326
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capitalized fixed assets in the period.	(370,469)
In the statement of activities, postretirement obligations, net pension obligations, and deferred sources are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year net pension liabilities and related deferred outflows exceed the amount paid by.	(753,136)
Compensated absences are reported in governmental funds as expenditures when paid. However, the increase in liability is recorded in the statement of activities. This is the increase in liability expensed in the period.	(7,813)
Internal services funds are used to charge the costs in insurance to individual funds. The net revenue and transfer of certain activities of internal service funds is reported with governmental activities.	(223,666)
Change in net position of governmental activities	\$ (252,049)

Byron Fire Protection District

Statement of Net Position Proprietary Funds

August 31, 2019

	Governmental Activities - Internal Service Fund
<hr/>	
Assets	
Current assets:	
Cash and cash equivalents	\$ 198,749
Investments	2,150,700
Interest receivable	7,815
<hr/>	
Total Assets	2,357,264
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Liabilities	
Current liabilities	
Accrued payroll	3,509
Miscellaneous payroll deduction	338
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Total liabilities	3,847
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Net Position	
Restricted	\$ 2,353,417
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Byron Fire Protection District

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

For the year ended August 31, 2019

	Governmental Activities - Internal Service Fund
<i>Operating expenses</i>	
Salaries	\$ 183,781
Professional services	18,094
Insurance	153,175
Miscellaneous	596
Total operating expenses	355,646
Operating loss	(355,646)
<i>Nonoperating revenues</i>	
Investment income	57,484
Net appreciation of investments	74,496
Total nonoperating revenues	131,980
Change in net position	(223,666)
Net position, beginning	2,577,083
Net position, ending	\$ 2,353,417

See accompanying notes to financial statements.

Byron Fire Protection District

Statement of Cash Flows Proprietary Funds

For the year ended August 31, 2019

	Governmental Activities -
	Internal Service Funds
Cash Flows From Operating Activities	
Payment to employees	\$ (183,005)
Payments to vendors	(173,800)
Net cash flows from operations	(356,805)
Cash Flows From Investing Activities	
Purchase of investments	(3,282,107)
Sales of investments	3,673,789
Investment income	55,559
Net cash flows from investing activities	447,241
Net change in cash and cash equivalents	90,436
Beginning cash and cash equivalents	108,313
Ending cash and cash equivalents	\$ 198,749
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (355,646)
Adjustments to reconcile operating income to net cash provided by (used in) operations:	
Changes in assets and liabilities:	
Increase in accounts payable	(1,935)
Increase in accrued payroll	922
Decrease in miscellaneous payroll deductions	(146)
Net cash used in operations	\$ (356,805)

Byron Fire Protection District

Statement of Fiduciary Net Position Fiduciary Funds

August 31, 2019

	Pension Trust Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 183,888
Receivables:	
Accrued interest	39,437
Investments	
Annuities	603,463
Corporate Bonds	856,330
U.S. government obligations	3,628,425
Municipal Bonds	603,444
Mutual Funds	5,205,882
Mortgage Pools	111,121
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Total investments	11,008,665
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Total assets	11,231,990
<hr/>	
Net Position	
Held in trust for pension benefits	\$ 11,231,990
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Byron Fire Protection District

Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the year ended August 31, 2019

	Pension Trust Fund
<hr/>	
Additions	
Contributions - employer	\$ 200,038
Contributions - employees	86,531
Investment income	409,132
Investment expenses	(9,664)
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Total additions	686,037
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Deductions	
Benefits and refunds	747,627
Other charges and services	25,668
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Total deductions	773,295
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Change in net position	(87,258)
Net position held in trust for pension benefits:	
Net position, beginning	11,319,248
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Net position, ending	\$ 11,231,990
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Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity

The District operates under a board of trustees' form of government. The District's major operations include fire protection and ambulance services.

In evaluating how to define the government, for financial reporting purposes, the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the District and is generally available to its residents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District is considered to be a primary government pursuant to GASB Statements since it is legally separate and financially independent. This report includes all of the funds and account groups of the District. It includes all activities considered to be part of (controlled by or dependent on) the District as set forth under the GAAP criteria.

Government Wide, Fund Financial Statements and Basis of Accounting

The government wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements.

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds for which the District maintains a Fiduciary or Agent responsibility are not presented in the government wide financial statements.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds for which the District maintains a Fiduciary or Agent responsibility are not presented in the government wide financial statements.

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

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

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Governmental fund financial statements are reported using the modified accrual basis method of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become 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 are recognized in the accounting period in which the fund liability is incurred, if measurable. The following is a description of the governmental funds of the District:

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

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

Governmental Funds (Continued)

2. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a particular purpose.

Proprietary Fund

The focus of the proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to employees for insurance coverage. Operating expenses for internal service funds include the administrative expenses and insurance premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds

The District reports the following major funds:

Governmental Funds:

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

Ambulance Fund: To account for the ambulance activities of the District. Financing is through property taxes, ambulance fees and interest income.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

Governmental Funds (Continued)

Proprietary Funds:

Insurance Fund: To account for the insurance costs related to the District. Funding is provided by interest income.

Fiduciary Funds:

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

Trust funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The District reports Pension Trust Funds and they are accounted for in essentially the same manner as proprietary funds, since capital management is critical.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be checking, savings, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District invests in accordance with Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Property Taxes

The District in which the District resides is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The levies were passed by the Board in November 2017 levy and November 2018 levy. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due approximately on or before June 1 and the second installment is due approximately on or before September 1. Payments made after the September 1 installment date are assessed interest at the rate of 1% for farmland and 1-1/2% for all others.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Pensions

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

Other Post-Employment ("OPEB") Obligations

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan net position and additions to/deductions from the plan net position has been determined on the same basis as they are reported by the plan. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The District has one type of this item that qualifies for reporting in this category. Accordingly, the item, deferred outflows of pension resources is reported in the governmental wide statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Accordingly, the items, deferred inflows of pension resources and property taxes are both reported in the governmental wide, and only the property taxes are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (continued)

The District has deferred inflows in the amount of \$3,250,070 from the 2018 tax levy. This revenue will be recognized in the fiscal year ending August 31, 2020. During the fiscal year ending August 31, 2019, the District recognized \$3,100,049 of revenue deferred from the 2017 tax levy.

Compensated Absences

Permanent full-time employees accrue and receive vested rights in vacation and sick pay according to their years of continuous service. Additionally accumulated vacation and sick pay which is not subject to forfeiture will be paid to employees upon separation from Byron Fire Protection District's service.

Vacation and sick pay is expensed when incurred/paid in the governmental funds. All accumulated unpaid vacation pay and sick pay is reported in the government-wide financial statements.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances

The District follows fund balance reporting definition that provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District reports a restricted fund balance within the Ambulance fund in the amount of \$1,515,931 for ambulance services;

Byron Fire Protection District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balances (continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint; The District reports a committed fund balance within the general fund for the following purpose:

Committed for future capital expenditures	<u>\$8,328,786</u>
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- Assigned fund balances – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegate the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets construction, debt service, or other purpose).

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

Change in accounting policies

Management adopted the new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB No. 75 replaces the requirements of GASB Statement No. 45 on *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments

Deposits. At year-end, the carrying amount of the District's deposits in checking, money market accounts, savings accounts and certificates of deposit was \$6,653,988 and the bank balance was \$6,690,478. Of the bank balance, \$6,690,478 was covered by Federal Depository Insurance or by collateral held by pledging bank's trust department or by its agent in the District's name and \$-0- was uninsured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. As of August 31, 2019 , \$0 of the District's balance was exposed to custodial credit risk and was uninsured and uncollateralized. The District has no foreign currency risk for deposits at year end.

Investments. As of August 31, 2019 , the District's investments were as follows:

	<u>Fair Value</u>
<i>Governmental Activities:</i>	
CDs & BAs	\$5,359,746
Corporate bonds	103,275
Mortgage pools	194,108
Muni bonds	919,071
U.S. Government obligations	<u>3,116,685</u>
Total	<u>\$9,692,885</u>
<i>Pension Trust Funds:</i>	
Annuities	\$ 603,463
Corporate bonds	856,330
Mortgage pools	111,121
Muni bonds	603,444
Mutual funds	5,205,882
U.S. Government obligations	<u>3,628,425</u>
Total	<u>\$11,008,665</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the District investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Interest Rate Risk

	Remaining Maturity (in Months)			
	12 Months or Less	13-60 Months	60+ Months	Total
<i>Governmental activities:</i>				
U.S. Government obligations	\$636,990	\$2,479,695		\$3,116,685
Mortgage pools			\$194,108	194,108
Muni bonds	<u>139,920</u>	<u>779,151</u>	<u> </u>	<u>919,071</u>
Total	<u>\$776,910</u>	<u>\$3,258,846</u>	<u>\$194,108</u>	<u>\$4,229,864</u>
<i>Pension Trust Funds:</i>				
U.S. Government obligations	\$124,717	\$ 749,191	\$2,754,517	\$3,628,425
Corporate bonds	49,993	516,496	289,841	856,330
Muni bonds	50,066	259,045	294,333	603,444
Mortgage pools	<u> </u>	<u> </u>	<u>111,121</u>	<u>111,121</u>
Total	<u>\$224,776</u>	<u>\$1,524,732</u>	<u>\$3,449,812</u>	<u>\$5,199,321</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government.

Presented below is the District’s investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Credit Risk (continued)

	Total as of August 31, 2019	Unrated	AAA	AA	A	BBB
Governmental activities:						
Certificates of deposits	\$5,359,746	\$5,359,746				
Corporate bonds	103,275	103,275				
Mortgage pools	194,108	194,108				
Muni bonds	919,071	274,139	\$ 153,417	\$491,515		
U.S. government obligations	3,116,685	111,665	3,005,020			
<hr/>						
Total governmental activities	\$9,692,885	\$6,042,932	\$3,158,437	\$491,515		
<hr/>						
Pension trust funds:						
Annuities	\$603,463	\$603,463				
Corporate bonds	856,330		\$ 91,549	\$133,263	\$524,192	\$107,326
Mortgage pools	111,121	111,121				
Municipal bonds	603,444	285,783	62,644	203,035	51,982	
Mutual funds	5,205,882	5,205,882				
U.S. government obligations	3,628,425		3,628,425			
<hr/>						
Total firefighters pension trust funds	\$11,008,665	\$6,206,249	\$3,782,618	\$336,298	\$576,174	\$107,326

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Credit Risk (continued)

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs other than quoted prices that are observable for the asset or liability.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents the District's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of August 31, 2019:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Governmental activities:				
Certificates of deposits	\$5,359,746		\$4,560,315	
Corporate bonds	103,275		103,275	
Mortgage pools	194,108		194,108	
Muni bonds	919,071		919,071	
U.S. government obligations	3,116,685	\$3,116,685		
Total governmental activities	\$9,692,885	\$3,116,685	\$5,776,769	

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Pension trust funds:				
Annuities	\$ 603,463		\$ 603,463	
Corporate bonds	856,330		856,330	
Mortgage pools	111,121		111,121	
Municipal bonds	603,444		603,444	
Mutual funds	5,205,882		5,205,882	
U.S government obligations	3,628,425	\$3,628,425		
Total pension trust	\$11,008,665	\$3,628,425	\$7,380,240	

Byron Fire Protection District

Notes to Financial Statements

Note 2 Deposits and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of August 31, 2019 there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk

The District has no foreign currency risk for investments at year end.

Note 3 Property, Plant, and Equipment

Capital assets, which include buildings, land improvements, construction in progress and equipment are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of one year.

Such assets are recorded at historical cost if purchased or constructed. Donated assets are stated at acquisition value as of the date of donation. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight-line method over the following useful lives:

Buildings & Improvements	20 - 50 years
Equipment	3 - 7 years
Vehicles	6 - 20 years

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

The governmental activities capital asset activity for the year ended August 31, 2019 is as follows:

Byron Fire Protection District

Notes to Financial Statements

Note 3 Property, Plant, and Equipment (Continued)

	<u>Balance</u> <u>August 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>August 31, 2019</u>
Capital assets not being depreciated:				
Land	\$ 523,367			\$ 523,367
Total capital assets not being depreciated	<u>523,367</u>			<u>523,367</u>
Capital assets being depreciated:				
Buildings and improvements	7,061,089	81,964		7,143,053
Equipment	1,018,802	62,215	696,151	384,866
Vehicles	4,668,212			4,668,212
Total capital assets being depreciated	<u>12,748,103</u>	<u>144,179</u>	<u>696,151</u>	<u>12,196,131</u>
Less accumulated depreciation for:				
Buildings and improvements	1,998,023	180,635		2,178,658
Equipment	934,303	28,980	696,151	267,132
Vehicles	2,056,554	305,033		2,361,587
Total accumulated depreciation	<u>4,988,880</u>	<u>514,648</u>	<u>696,151</u>	<u>4,807,377</u>
Total capital assets being depreciated, net:	<u>7,759,223</u>	<u>(370,469)</u>	<u> </u>	<u>7,388,754</u>
Governmental activities capital assets, net	<u>\$8,282,590</u>	<u>\$(370,469)</u>	<u> </u>	<u>\$7,912,121</u>

All depreciation expense is allocated to public safety function expense.

Note 4 Long-Term Liabilities

Changes in Long-Term Liabilities:

During the year ended August 31, 2019, the following changes occurred in the long-term liabilities:

Byron Fire Protection District

Notes to Financial Statements

Note 4 Long-Term Liabilities (Continued)

	<u>Balance August 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance August 31, 2019</u>	<u>Current Portion</u>
Compensated Absences	\$127,320	\$7,813		\$135,133	
Other Post-Employment benefits	177,804		\$111,326	66,478	
Total Long-Term Liabilities	\$305,124	\$7,813	\$111,326	\$201,611	

The District is subject to a debt limitation of 5.75% of its assessed valuation of \$667,625,842. As of August 31, 2019 the District had \$38,388,486 of remaining legal debt margin.

Note 5 Pension Plan

Illinois Municipal Retirement Fund

Plan Description

The District contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Firefighter Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. That report may be obtained on-line at www.imrf.org.

All employees (other than those covered by the Firefighter Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

Benefits provided

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

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

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

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

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

Employees Covered by the Benefit Terms

As of December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
Active employees	3
<hr/>	
Total	8
<hr/>	

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2018 was 21.68%. For the fiscal year ended August, 2019, the District contributed \$40,669 to the plan. The District also contributes for

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Contributions (Continued)

disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- **Mortality** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Actuarial assumptions (Continued)

estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2018	\$1,591,131	\$1,299,410	\$291,721
Service costs	20,099	0	20,099
Interest on total pension liability	117,547	0	117,547
Difference between expected and actual experience	22,234	0	22,234
Changes in assumptions	49,148	0	49,148
Employer contributions	0	41,292	(41,292)
Employee contributions	0	8,571	(8,571)
Net investment income	0	(54,176)	54,176
Benefit payments – net of refunds	(67,785)	(67,785)	0
Other changes	0	26,125	(26,125)
Net changes	141,243	(45,973)	187,216
Balances as of December 31, 2018	\$1,732,374	\$1,253,437	\$478,937

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$710,196	\$478,937	\$294,784

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

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

For the year ended August 31, 2019, the District recognized pension expense of \$43,442. At August 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pension

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$23,150	\$ 8,387
Changes in assumptions	37,167	31,027
Net difference between projected and actual earnings	138,265	64,916
Employer contributions subsequent to the measurement date	27,263	
Total	\$225,845	\$104,330

The District reported \$27,263 as deferred outflows related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability from the measurement period ending December 31, 2019.

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

Year Ending August 31:	Net Deferred Outflows of Resources
2020	\$28,646
2021	13,239
2022	21,922
2023	30,445
2024	0
Thereafter	0
Total	\$94,252

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Firefighter’s Pension

Plan description

Fire sworn personnel are covered by the Firefighter’s Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (ILCS) (Chapter 40- Article 5/4) and may be amended only by the Illinois legislature. The District accounts for the plan as a pension trust fund.

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

At September 1st, 2018, the actuarial valuation date, the Firefighter’s Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>12</u>
Total	<u>20</u>

Benefits provided

The following is a summary of benefits of the plan as provided for in ILCS:

The Firefighters’ Pension Plan provides retirement benefits as well as death and disability benefits in two tiers depending on when a participant enters a plan. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 3.0% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such 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. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of credible service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Benefits Provided (Continued)

salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455 percent of the 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 interest. The District is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The District's contributions must accumulate to the point where the past service cost for the Firefighter's Pension Plan is fully funded by the year 2034.

Investment policy

ILCS limit the Fire Pension Fund's investments to those allowable by ILCS and require the Fire Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fire Pension Fund's investment policy authorizes the Fire Pension Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds.

The Fire Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

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

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Investment policy (continued)

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	9.30%	2.70%	6.70%
Small Cap Domestic Equity	11.10%	2.70%	8.50%
International Equity	9.10%	2.70%	6.50%
Fixed Income	4.30%	2.70%	1.70%

ILCS limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

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

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at August 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of the Fire Pension Fund’s investments.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Investment Rate of Return

For the year ended August 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fire Pension Fund's deposits may not be returned to them. The Fire Pension Fund's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk

The following table presents the investments and maturities of the Fire Pension Fund's debt securities as of August 31, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Fixed income securities	\$5,199,321	\$224,776	\$1,524,732	\$3,449,813

In accordance with its investment policy, the Fire Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fire Pension Fund.

Credit Risk

The Fire Pension Fund 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, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB-by Standard and Poor's, Baa3 by Moody's and BBB-by Fitch by at least two of the three rating agencies. The fixed income securities are rated A1 to Aaa by Moody's. However, certain fixed income securities are not rated.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fire Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fire Pension Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fire Pension Fund's agent separate from where the investment was purchased in the Fire Pension Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Net Pension Liability

The components of the net pension liability of the Fire Pension Fund as of August 31, 2019 calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$16,036,844
Plan fiduciary net position	11,231,990
District's net pension liability	4,804,853
Plan fiduciary net position as a percentage of the total pension liability	70%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fire Pension Fund.

Actuarial Assumptions

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

Actuarial valuation date	September 1, 2018
Actuarial cost method	Entry age normal (level % pay)
Amortization method	Straight Line
Asset Valuation Method	Market Value
Assumptions:	
Investment rate of return	6.50%
Projected salary increases	4.50-5.50%
Aggregate payroll increases	3.25%
Inflation rate included	2.50%

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Actuarial Assumptions (continued)

Mortality rates were based on rates developed in a RP2000BlueM Table for Illinois Fire Fighters. Other demographic assumption rates were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 1, 2016.

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance September 1, 2018	\$16,645,782	\$11,319,248	\$326,534
Service costs	\$ 325,043	\$ 0	\$ 325,043
Interest on total pension liability	986,081	0	986,081
Difference between expected and actual experience	(240,885)	0	(240,885)
Changes in assumptions	(931,549)	0	(931,549)
Employer contributions	0	200,038	(200,038)
Employee contributions	0	86,531	(86,531)
Net investment income	0	409,133	(409,133)
Benefit payments – net of refunds	(747,628)	(747,628)	0
Other changes	0	(35,331)	35,331
Net changes	(608,938)	(87,257)	(521,681)
Balances as of August 31, 2019	\$16,036,844	\$11,231,991	\$4,804,853

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fire Pension Fund's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.50% was blended with the index rate of 2.97% for tax exempt general obligation municipal bonds rated AA or better at August 31, 2019 to arrive at a discount rate of 6.50% used to determine the total pension liability.

Byron Fire Protection District

Notes to Financial Statements

Note 5 Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 6.50% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	<u>\$ 7,050,698</u>	<u>\$ 4,804,853</u>	<u>\$ 2,967,485</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Fire Pension Fund

For the year ended August 31, 2019, the District recognized pension income of \$521,681. At August 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$1,005,104	\$968,563
Changes in assumptions	1,050,476	2,177,922
Net difference between projected and actual earnings	293,856	164,467
Total	\$2,349,436	\$3,310,952

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

Year Ending August 31:	Net Deferred Inflows of Resources
2020	\$(39,835)
2021	(85,302)
2022	(72,693)
2023	(26,277)
2024	(119,959)
Thereafter	(617,450)
Total	\$(961,516)

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits

Plan description

In addition to providing the pension benefits described, the District provides post-employment healthcare benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contribution are governed by the District and can be amended by the District through its personnel manual and union contracts. Retirees are 100% responsible for the premium cost. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the District's governmental type activities.

Benefits provided

The District provides continued health insurance coverage at the active employer rate to all eligible employees. To be eligible for the benefits, an employee must qualify for retirement under one of the District's retirement plans.

Membership

At August 31, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Active vested plan members	6
Active non-vested plan members	<u>13</u>
Total	<u>22</u>
Number of participating employers	<u>1</u>

Funding policy

For the fiscal year ending August 31, 2019, the employer contributed approximately \$38,302. The District is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

The funded status of the plan as of August 31, 2019, was as follows:

Actuarial accrued liability (AAL)	\$66,478
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	66,478
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	1,283,328
UAAL as a percentage of covered payroll	5.18%

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Actuarial valuation date	August 31, 2019
Actuarial cost method	Entry age normal
Discount rate	3.69%
Salary increase	3.50%
Rate of return	2.63%

Mortality rates: for retirement and beneficiary annuitants were based according to RO2014 based rates projected to 0219 using scale MP2019.

Participation: 50% of employees currently enrolled in medical plans were assumed to participate in the plan.

Health care cost trends: actual trend used for fiscal year 2019. For fiscal years after, trend started at 8.5% and gradually decreases to an ultimate trend of 4.5%.

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Changes in total OPEB liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 1, 2018	\$61,525	\$0	\$61,525
Changes for the year:			
Service cost	0	0	0
Interest	2,193	0	2,193
Changes in benefit terms	0	0	0
Differences between expected and actual experience	0	0	0
Changes in assumptions	6,960	0	6,960
Benefit payments	(4,200)	0	(4,200)
Net changes	4,953	0	4,953
Balance at August 31, 2019	\$66,478	\$0	\$66,478

Deferred Outflows and Inflows

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

Deferred Outflows and Inflows Obligation

The district's Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$0
Changes in assumption	6,960	0
Net difference between projected and actual earnings on OPEB plan investments	0	0
OPEB contributions made subsequent to the measurement date	0	0
Total	\$6,960	\$0

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Deferred Outflows and Inflows Obligation (Continued)

OPEB Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future OPEB Expenses:

Year ended August 31:	Net Deferred Outflows of Resources
2020	\$6,960
2021	0
2022	0
2023	0
2024	0
Thereafter	0
Total	\$6,960

Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 2.63%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (3.63%) or lower (1.63%) than the current rate:

Sensitivity of Net OPEB Liability as of August 31, 2019 to the Single Discount Rate Assumption

	1% Decrease (1.63%)	Current Single Discount Rate Assumption (2.63%)	1% Increase (3.63%)
Net OPEB liability	\$74,364	\$66,478	\$59,879

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates.

Sensitivity of Net OPEB Liability as of August 31, 2019 to the Healthcare Cost Trend Rate Assumption

	1% Decrease (A) 7.5% – 3.5%	Healthcare Cost Trend Rates Assumption 8.5% – 4.5%	1% Increase (B) 9.5% – 5.5%
Net OPEB liability	\$66,478	\$66,478	\$66,478

Byron Fire Protection District

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued)

- (A) One percentage point decrease in healthcare trend rates are 7.5% in 2019 decrease to an ultimate trend rate of 3.50% in 2027
- (B) One percentage point increase in healthcare trend rates are 9.5% in 2019 decreasing to an ultimate trend rate of 5.50% in 2027.

Note 7 Self-Insurance

The District is partially self-insured for liability claims against it. A reserve has been established from which claims in excess of the District's liability insurance will be paid. Various policies of the District will cover up to \$1,000,000 of liability claims while the umbrella policy has a limit of \$4,000,000. Any claims in excess of these amounts will be paid from the Self-Insurance Fund. Premiums for general insurance coverage, unemployment and workers compensation coverage are paid from the self-insurance fund.

Note 8 Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. In order to handle such risks of loss, the District purchases commercial insurance coverage. The deductibles in effect through these policies as of August 31, 2019 ranged from \$-0- to \$1,000. The amounts of settlements have not exceeded insurance coverage for any of the past three years. See Note 7 for an explanation of Self-Insurance.

Note 9 Economic Dependency

Because Exelon's nuclear plant's assessed valuation represents nearly 75% of the District's total assessed valuation, it is economically dependent upon Exelon in order to maintain its current level of services to the public.

Note 10 Contingencies

During the fiscal year end 2009, a four year agreement was made between Exelon and the taxing bodies for the Annual Credit Trigger Amounts. This agreement wiped away all (3) years worth of appealed EAV's filed with PTAB plus defined the EAV of the Exelon Byron Nuclear Station for tax years 2008, 2009, 2010 and 2011. This agreement started the EAV of the Exelon Byron Nuclear Station at \$450,000,000 for 2008 and adds \$10,000,000 every year thereafter with an ending EAV of \$480,000,000 for tax year 2011. The agreement expired at the end of the 2013 fiscal year. The current assessment is under appeal until an agreement is made between the taxing bodies and Exelon. The outcome of the appeal cannot be reasonably determined at this time. The financial statements do not reflect any adjustment that may be necessary for the future outcome of this appeal.

Byron Fire Protection District

Notes to Financial Statements

Note 11 Restricted Net Position

The following restricted net position existed as of August 31, 2019

Restricted for Ambulance	<u>\$1,515,931</u>
Restricted for Insurance	<u>\$2,353,417</u>
Fiduciary fund:	
Held in trust for pension benefits	<u>\$11,231,991</u>

Note 12 Pending Accounting Pronouncements

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

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

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

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

Byron Fire Protection District

Notes to Financial Statements

Note 12 Pending Accounting Pronouncements (Continued)

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, provides more relevant information about capital assets and the cost of borrowing for a reporting period. This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District has not determined the effect of this Statement.

GASB Statement No. 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61, improves accounting and financial reporting by presenting majority equity interest in legally separate organizations that were previously reported inconsistently. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District has not determined the effect of this Statement.

Byron Fire Protection District

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

IMRF Regular Plan - Last Ten Calendar Years

(Schedule to be built prospectively from 2014)

Required Supplementary Information

Calendar Year Ending December 31,

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 20,099	\$ 21,453	\$ 21,469	\$ 20,829	\$ 21,602
Interest on the total pension liability	117,547	116,582	110,477	105,475	99,185
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	22,234	(15,519)	15,874	6,027	(5,714)
Assumption changes	49,148	(42,102)	(23,722)	1,904	38,378
Benefit payments and refunds	(67,785)	(65,969)	(67,299)	(62,400)	(59,044)
Net change in total pension liability	141,243	14,445	56,799	71,835	94,407
Total pension liability - beginning	1,591,131	1,576,686	1,519,887	1,448,052	1,353,645
Total pension liability - ending (a)	\$ 1,732,374	\$ 1,591,131	\$ 1,576,686	\$ 1,519,887	\$ 1,448,052
Plan fiduciary net position:					
Employer contributions	\$ 41,292	\$ 38,279	\$ 39,554	\$ 39,596	\$ 38,524
Employee contributions	8,571	8,164	7,729	7,895	7,668
Pension plan net investment income	(54,176)	192,705	76,088	5,171	60,039
Benefit payments and refunds	(67,785)	(65,969)	(67,299)	(62,400)	(59,044)
Administrative expense	-	-	-	-	-
Other	26,125	(20,747)	8,868	50,110	3,799
Net change in plan fiduciary net position	(45,973)	152,432	64,940	40,372	50,986
Plan fiduciary net position - beginning	1,299,410	1,146,978	1,082,038	1,041,666	990,680
Plan fiduciary net position - ending (b)	\$ 1,253,437	\$ 1,299,410	\$ 1,146,978	\$ 1,082,038	\$ 1,041,666
Net pension liability(asset) - Ending (a) - (b)	\$ 478,937	\$ 291,721	\$ 429,708	\$ 437,849	\$ 406,386
Plan fiduciary net position as a percentage of total pension liability	72.35%	81.67%	72.75%	71.19%	71.94%
Covered valuation payroll	190,465	181,413	175,437	175,437	170,390
Net pension liability as a percentage of covered valuation payroll	251.46%	160.80%	244.94%	249.58%	238.50%

Byron Fire Protection District

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

Fire Pension Fund - Last Ten Fiscal Years

(Schedule to be built prospectively from 2014)

Required Supplementary Information

For the Fiscal Year Ending August 31,

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ 325,043	\$ 288,868	\$ 255,674	\$ 278,873	\$ 277,948	\$ 255,390
Interest on the total pension liability	986,081	941,100	932,785	791,830	765,180	788,579
Benefit changes	-	-	-	-	-	-
Difference between expected and actual experience	(240,885)	(29,228)	1,020,549	(1,051,048)	(284,671)	-
Assumption changes	(931,549)	(407,060)	(1,469,771)	1,330,967	643,096	-
Benefit payments and refunds	(747,628)	(635,991)	(556,767)	(486,557)	-	(415,756)
Net change in total pension liability	(608,938)	157,689	182,470	864,065	1,401,553	628,213
Total pension liability - beginning	16,645,782	16,488,093	16,305,623	15,441,558	14,040,005	13,411,792
Total pension liability - ending (a)	\$ 16,036,844	\$ 16,645,782	\$ 16,488,093	\$ 16,305,623	\$ 15,441,558	\$ 14,040,005
Plan fiduciary net position:						
Employer contributions	\$ 200,038	\$ 169,967	\$ 170,976	\$ 171,974	\$ 160,010	\$ 179,992
Employee contributions	86,531	84,508	87,799	83,881	74,556	74,108
Pension plan net investment income	409,133	921,544	728,833	440,593	52,029	811,989
Benefit payments and refunds	(747,628)	(635,991)	(556,767)	(486,557)	(444,911)	(391,232)
Administrative expense	(35,331)	(37,340)	(12,219)	(7,840)	(32,916)	(5,086)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	(87,257)	502,688	418,622	202,051	(191,232)	669,771
Plan fiduciary net position - beginning	11,319,248	10,816,560	10,397,938	10,195,887	10,387,119	9,717,348
Plan fiduciary net position - ending (b)	\$ 11,231,991	\$ 11,319,248	\$ 10,816,560	\$ 10,397,938	\$ 10,195,887	\$ 10,387,119
Net pension liability(asset) - Ending (a) - (b)	\$ 4,804,853	\$ 5,326,534	\$ 5,671,533	\$ 5,907,685	\$ 5,245,671	\$ 3,652,886
Plan fiduciary net position as a percentage of total pension liability	70.04%	68.00%	65.60%	63.77%	66.03%	73.98%
Covered valuation payroll	901,509	823,986	814,012	747,408	938,248	897,845
Net pension liability as a percentage of covered valuation payroll	532.98%	646.44%	696.74%	790.42%	559.09%	406.85%

Byron Fire Protection District

Multiyear Schedule of IMRF Contributions (Schedule to be built prospectively from 2015) Required Supplementary Information

Fiscal Year Ending August 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2019	\$40,669	\$40,669	\$0	\$194,892	20.87%
2018	43,052	38,278	\$4,774	186,937	20.48%
2017	41,560	39,164	\$2,396	180,462	21.70%
2016	40,860	40,860	\$0	178,704	22.86%
2015	39,596	39,596	\$0	175,437	22.57%

* Estimated based on 2019 calendar year contribution rate of 20.49%, 2018 calendar year contribution rate of 21.68% and covered payroll at \$194,892

The District implemented GASB Statement No. 68 effective August 31, 2015.

Byron Fire Protection District

Schedule of Employer Contributions
 Fire Pension Fund - Last Ten Fiscal Years
 (Schedule to be built prospectively from 2014)
 Required Supplementary Information

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially Determined Contribution	\$ 184,183	\$ 133,594	\$ 150,717	\$ 171,815	\$ 157,052	\$ 177,163	N/A	N/A	N/A	N/A
Contributions in Relation to the Actuarially Determined Contribution	200,038	169,967	170,976	171,974	160,010	179,992	N/A	N/A	N/A	N/A
CONTRIBUTION DEFICIENCY (Excess)	\$ (15,855)	\$ (36,373)	\$ (20,259)	\$ (159)	\$ (2,958)	\$ (2,829)	N/A	N/A	N/A	N/A
Covered-Employee Payroll	901,509	823,986	814,012	747,408	938,248	897,845	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	22.2%	20.6%	21.0%	23.0%	17.1%	20.0%	N/A	N/A	N/A	N/A

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation presented is as follows: The actuarial determined contribution shown is from the August 31, 2016 actuary's report completed by the Illinois Department of Insurance for the tax levy recommendation for the December, 2017 tax levy.

Byron Fire Protection District

Schedule of Investment Returns
Firefighter Pension Fund
For the year ending August 31, 2019
Required Supplementary Information

	2019
Firefighter Pension Fund	
Annual money - weighted rate of return, net of investment expense	3.63%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be obtained, information will be presented as is available.

Byron Fire Protection District

Multiyear Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB - Last 10 years

(Scheduled to be built prospectively from 2019)

Required Supplementary Information

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Fiscal year ending August 31,										
Total OPEB liability:										
Service cost	\$ -									
Interest on the total OPEB liability	2,193									
Benefit changes										
Difference between expected and actual experience	-									
Assumption changes	6,960									
Benefit payments and refunds	(4,200)									
Net change in OPEB liability	4,953									
Total OPEB liability - beginning	61,525									
Total OPEB liability - ending (a)	\$ 66,478									
Plan fiduciary net position:										
Employer contributions	\$ 4,200									
Employee contributions	-									
Pension plan net investment income	-									
Benefit payments and refunds	(4,200)									
Administrative expense	-									
Other										
Net change in plan fiduciary net position	-									
Plan fiduciary net position - beginning	-									
Plan fiduciary net position - ending (b)	\$ -									
Net OPEB liability(asset) - Ending (a) - (b)	\$ 66,478									
Plan fiduciary net position as a percentage of total OPEB liability	0.00%									
Covered valuation payroll	1,283,328									
Net OPEB liability as a percentage of covered valuation payroll	5.18%									

The District implemented GASB Statement No. 75 in August 31, 2019

Byron Fire Protection District

Multiyear Schedule of Contributions - OPEB

(schedule to be built prospectively from 2019)

Required Supplementary Information

Fiscal Year Ending August 31,	Actuarially Determined Contribution*	Actual Contributions	Contribution Deficiency (excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	-	4,200	(4,200)	1,283,328	0.33%

* There is no ADC

The District implemented GASB Statement No. 75 in August 31, 2019

The District implemented GASB Statement No. 68 in August 31, 2015

Byron Fire Protection District

General Fund
 Schedule of Revenues and Expenditures
 Compared with Budget
 Required Supplementary Information

For the year ended August 31, 2019

	Original & Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes			
Fire levy	\$ 1,650,000	\$ 1,650,267	\$ 267
Pension levy	200,000	200,038	38
Replacement tax	12,000	12,966	966
Total taxes	1,862,000	1,863,271	1,271
Other			
Interest (net unrealized loss on investments)	180,000	469,178	289,178
Training reimbursements	1,500	5,669	4,169
Foreign fire insurance	8,000	9,157	1,157
Miscellaneous	11,500	14,115	2,615
Total other	201,000	498,119	297,119
Total revenues	\$ 2,063,000	\$ 2,361,390	\$ 298,390
Expenditures			
Personnel:			
Salaries, firemen	\$ 810,000	\$ 740,564	\$ (69,436)
Salaries, office	112,500	86,483	(26,017)
Salaries, trustees	7,500	7,500	-
Employee benefits	50,000	19,977	(30,023)
Employee insurance	239,000	158,842	(80,158)
Social security taxes	40,000	37,209	(2,791)
Employee pension contribution	27,500	20,330	(7,170)
Employee incentive program	10,000	9,434	(566)
Pension expense	200,000	200,038	38
Fire commission board	5,000	2,853	(2,147)
Total personnel	1,501,500	1,283,230	(218,270)
Commodities			
Office supplies and postage	6,000	2,730	(3,270)
Gas and oil	20,000	11,902	(8,098)
Operating supplies	15,000	13,703	(1,297)
Uniforms	10,000	13,548	3,548
Publications and printing	4,000	4,113	113
Total commodities	55,000	45,996	(9,004)

Byron Fire Protection District

General Fund Schedule of Revenues and Expenditures Compared with Budget (Continued) Required Supplementary Information

For the year ended August 31, 2019

	Original & Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Contractual services:			
Maintenance:			
Buildings and grounds	50,000	28,325	(21,675)
Vehicles	100,000	51,926	(48,074)
Equipment	75,000	120,470	45,470
Radio	10,000	6,785	(3,215)
Other	30,000	26,043	(3,957)
Telephone	10,000	8,499	(1,501)
Utilities - heat	10,000	6,310	(3,690)
Utilities - electric	20,000	16,082	(3,918)
Training - schools and seminars	25,000	19,644	(5,356)
Training - materials	20,000	12,141	(7,859)
Fire prevention and inspection	23,000	18,829	(4,171)
Professional services-accounting	8,000	7,000	(1,000)
Professional services-legal	50,000	36,019	(13,981)
Investment manager fees	10,000	7,652	(2,348)
Dues	4,000	3,453	(547)
Contingent expense	8,000	3,522	(4,478)
Public relations	20,000	2,143	(17,857)
Total contractual services	473,000	374,843	(98,157)
Capital Outlay			
Equipment	650,000	31,108	(618,892)
Building & Improvements	100,000	40,982	(59,018)
Vehicles	50,000	-	(50,000)
Total capital outlay	800,000	72,090	(727,910)
Total expenditures	\$ 2,829,500	\$ 1,776,159	\$ (1,053,341)

Byron Fire Protection District

Ambulance Fund
 Schedule of Revenues and Expenditures
 Compared with Budget
 Required Supplementary Information

For the year ended August 31, 2019

	Original & Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes:			
Ambulance levy	\$ 1,250,000	\$ 1,250,197	\$ 197
Replacement tax	12,000	12,966	966
Total taxes	1,262,000	1,263,163	1,163
Fees:			
Ambulance	200,000	248,461	48,461
Other:			
Interest	30,000	54,587	24,587
Miscellaneous	11,500	13,584	2,084
Total other	41,500	68,171	26,671
Total revenues	\$ 1,503,500	\$ 1,579,795	\$ 76,295
Expenditures			
Personnel:			
Salaries, ambulance	\$ 815,000	\$ 743,414	\$ (71,586)
Salaries, office	112,500	86,483	(26,017)
Salaries, trustees	7,500	7,500	-
Employee benefits	50,000	19,976	(30,024)
Employee insurance	239,000	158,843	(80,157)
Social security taxes	40,000	37,198	(2,802)
Employee incentive program	10,000	9,434	(566)
Employee pension contribution	27,500	20,329	(7,171)
Total personnel	1,301,500	1,083,177	(218,323)
Commodities:			
Office supplies and postage	6,000	2,729	(3,271)
Gas and oil	20,000	11,902	(8,098)
Operating supplies	20,000	16,494	(3,506)
Uniforms	10,000	13,547	3,547
Publications and printing	3,000	2,499	(501)
Total commodities	59,000	47,171	(11,829)

Byron Fire Protection District

Ambulance Fund Schedule of Revenues and Expenditures Compared with Budget (Continued) Required Supplementary Information

For the year ended August 31, 2019

	Original & Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Contractual services:			
Maintenance:			
Building and grounds	50,000	28,325	(21,675)
Vehicles	25,000	13,337	(11,663)
Equipment	60,000	109,514	49,514
Radio	10,000	6,785	(3,215)
Other	30,000	29,115	(885)
Telephone	10,000	8,683	(1,317)
Utilities - heat	10,000	6,378	(3,622)
Utilities - electric	20,000	16,082	(3,918)
Training - schools and seminars	25,000	14,303	(10,697)
Training - materials	10,000	9,942	(58)
Professional services	68,000	53,049	(14,951)
Dues	4,000	3,453	(547)
Public relations	20,000	4,236	(15,764)
Contingent expenses	8,000	2,143	(5,857)
Total contractual services	350,000	305,345	(44,655)
Capital Outlay			
Equipment	200,000	31,107	(168,893)
Building & Improvements	100,000	40,982	(59,018)
Vehicles	50,000	-	(50,000)
Total capital outlay	350,000	72,089	(277,911)
Total expenditures	\$ 2,060,500	\$ 1,507,782	\$ (552,718)

Byron Fire Protection District

Notes to Required Supplementary Information

Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate for IMRF *

Valuation date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial Cost Method Aggregate Entry Age Normal
Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period: 10-year rolling period.

Taxing bodies (Regular, SLEP and ECO groups): 25-year closed period.

Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (two employers were financed over 29 years).

Asset Valuation Method 5-Year smoothed market; 20% corridor

Wage growth 3.50%

Price Inflation 2.75%

Salary Increases 3.75% to 14.50% including inflation

Investment Rate of Return 7.50%

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Byron Fire Protection District

Notes to Required Supplementary Information

Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate for IMRF * (Continued)

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.*

Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate for OPEB

Summary of Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Discount (Interest) Rate	3.69%
Salary Increase	3.50%
Mortality	Probabilities of death for participants were according to RP2014 base rates projected to 2019 using scale MP2019 was used.
Participation	50% of employees currently enrolled in medical plans were assumed to participate in the plan
Rate of return	2.63%

Byron Fire Protection District

Notes to Required Supplementary Information

Note 3 Budgets

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the District's annual appropriation ordinance adopted for the fiscal year ended August 31, 2019. Budgets are adopted on a basis consistent with the modified accrual basis of accounting.

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

- a. At least 30 days prior to approving the budget, the Board proposes a means of financing expenditure appropriations for the fiscal year commencing on September 1.
- b. Normally at the board meeting in October of the current fiscal year, the budget is legally enacted through passage of the appropriation ordinance.
- c. Budgeted amounts are as originally reported or as amended by the District. No amendments occurred during 2019.
- d. Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at budgetary line item levels.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Byron Fire Protection District

Schedule of Tort Expenditures

For the year ended August 31, 2019

Risk management related salaries and benefits	\$ 183,781
Legal services	18,094
Insurance	153,175
Miscellaneous	596
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Total tort expenditures	\$ 355,646
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