

# Byron Fire Protection District

Byron, Illinois

## Annual Financial Report

August 31, 2018

# Byron Fire Protection District

Year Ended August 31, 2018

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# Byron Fire Protection District

Year Ended August 31, 2018

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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, 2018, 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.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Ambulance Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### Basis for Qualified Opinion on Governmental Activities

Management did not adopt the provisions of GASB 75 which were effective for the fiscal year ending August 31, 2018 related to Other Post Employment Benefits Other Than Pensions. The statement requires a valuation of the other post-employment benefits as well as the related deferred inflows and outflows every two years. The amount by which this departure would affect the assets, deferred outflows of resources, deferred inflows of resources and net position has not been determined.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities as of August 31, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Byron Fire Protection District, as of August 31, 2018, 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.

### 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 45 through 55 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  
May 14, 2019

# Byron Fire Protection District

## Statement of Net Position

August 31, 2018

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 6,012,373
Investments	9,748,741
Taxes receivable	1,478,429
Accounts receivable, net of a \$47,000 allowance	56,480
Interest receivable	37,767
<b>Total current assets</b>	<b>17,333,790</b>
Noncurrent assets:	
Capital assets:	
Not depreciated	523,367
Depreciated (Net of accumulated depreciation):	7,759,223
<b>Total noncurrent assets</b>	<b>8,282,590</b>
<b>Total assets</b>	<b>25,616,380</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of pension resources	2,718,231
<b>Liabilities</b>	
Current liabilities:	
Bank overdraft	36,395
Accounts payable	30,078
Accrued payroll	33,397
<b>Total current liabilities</b>	<b>99,870</b>
Noncurrent liabilities:	
Compensated absences	127,320
Accrued other post-employment benefits	177,804
Net pension liability	5,618,255
<b>Total noncurrent liabilities</b>	<b>5,923,379</b>
<b>Total liabilities</b>	<b>6,023,249</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of pension resources	2,798,136
Property taxes	3,100,049
<b>Total deferred inflows of resources</b>	<b>5,898,185</b>
<b>Net Position</b>	
Investment in capital assets	8,282,590
Restricted for:	
Ambulance	1,443,918
Insurance	2,577,083
Unrestricted	4,109,586
<b>Total net position</b>	<b>\$ 16,413,177</b>

See accompanying notes to financial statements.

# Byron Fire Protection District

## Statement of Activities

For the year ended August 31, 2018

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	\$ 4,390,694	\$ 171,814	\$ -	\$ -	\$ (4,218,880)
General revenues:					
Taxes:					
Property taxes					3,068,830
Other					31,498
Unrestricted investment earnings					80,745
Miscellaneous					305,067
Total general revenues					3,486,140
Change in net position					(732,740)
Net position - beginning					17,145,917
Net position - ending					\$ 16,413,177



# Byron Fire Protection District

## Balance Sheet Governmental Funds

August 31, 2018

	General	Ambulance	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 3,808,147	\$ 2,094,464	\$ 5,902,611
Investments	7,284,705	-	7,284,705
Receivables:			
Taxes	882,292	596,137	1,478,429
Accounts	-	56,480	56,480
Interest	28,027	-	28,027
Total assets	\$ 12,003,171	\$ 2,747,081	\$ 14,750,252
<b>Liabilities</b>			
Bank overdraft	\$ 17,076	\$ 17,870	\$ 34,946
Accrued payroll	15,344	15,343	30,687
Accounts payable	7,845	19,937	27,782
Total liabilities	40,265	53,150	93,415
<b>Deferred Inflows of Resources</b>			
Property taxes	1,850,036	1,250,013	3,100,049
Total deferred inflows of resources	1,850,036	1,250,013	3,100,049
<b>Fund Balance</b>			
Restricted	-	1,443,918	1,443,918
Committed for future capital expenditures	7,921,847	-	7,921,847
Unassigned	2,191,023	-	2,191,023
Total fund balance	10,112,870	1,443,918	11,556,788
Total liabilities and fund balance	\$ 12,003,171	\$ 2,747,081	\$ 14,750,252

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, 2018

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Total fund balances - governmental funds	\$ 11,556,788
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	(5,698,160)
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:	8,282,590
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.	2,577,083
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.	(305,124)
<hr/>	
Total net position - governmental activities	<u>\$ 16,413,177</u>

# Byron Fire Protection District

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

For the year ended August 31, 2018

	General	Ambulance	Total Governmental Funds
<b>Revenue</b>			
Taxes	\$ 1,831,019	\$ 1,261,223	\$ 3,092,242
Fees	-	171,814	171,814
Other	70,375	44,545	114,920
Total revenue	1,901,394	1,477,582	3,378,976
<b>Expenditures</b>			
Current:			
Public safety	1,501,997	1,277,318	2,779,315
Capital outlay	52,254	4,852	57,106
Total expenditures	1,554,251	1,282,170	2,836,421
Income (loss) before other financing sources (uses)	347,143	195,412	542,555
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	347,143	195,412	542,555
Fund balances, beginning	9,765,727	1,248,506	11,014,233
Fund balances, ending	\$ 10,112,870	\$ 1,443,918	\$ 11,556,788

# 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, 2018

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Excess (deficiency) of revenues received and other sources over (under) expenditures disbursed and other uses- Governmental funds	\$ 542,555
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.	482,986
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.	12,319
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.	(457,347)
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.	(973,049)
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.	(4,564)
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.	(335,640)
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Change in net position of governmental activities	<u>\$ (732,740)</u>

# Byron Fire Protection District

## Statement of Net Position Proprietary Funds

August 31, 2018

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	Governmental Activities - Internal Service Fund
<hr/>	
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 108,313
Investments	2,464,036
Interest receivable	9,740
<hr/>	
Total Assets	2,582,089
<hr/>	
<b>Liabilities</b>	
Current liabilities	
Accrued payroll	2,587
Miscellaneous payroll deduction	484
<hr/>	
Total liabilities	5,006
<hr/>	
<b>Net Position</b>	
Restricted	\$ 2,577,083
<hr/> <hr/>	

# Byron Fire Protection District

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

For the year ended August 31, 2018

	Governmental Activities - Internal Service Fund
<b><i>Operating expenses</i></b>	
Salaries	\$ 157,256
Professional services	49,262
Insurance	136,728
Miscellaneous	13,691
Total operating expenses	356,937
Operating loss	(356,937)
<b><i>Nonoperating revenues</i></b>	
Investment income	58,192
Net depreciation of investments	(36,895)
Total nonoperating revenues	21,297
Net loss	(335,640)
Increase (decrease) in net position	(335,640)
Net position, beginning	2,912,723
Net position, ending	\$ 2,577,083

See accompanying notes to financial statements.

# Byron Fire Protection District

## Statement of Cash Flows Proprietary Funds

For the year ended August 31, 2018

	Governmental Activities - Internal Service Funds
<b><i>Cash Flows From Operating Activities</i></b>	
Payment to employees	\$ (156,526)
Payments to vendors	(197,746)
Net cash provided by (used in) operations	(354,272)
<b><i>Cash Flows From Investing Activities</i></b>	
Purchase of investments	(2,114,447)
Sales of investments	2,323,506
Investment income	58,431
Net cash provided by (used in) investing activities	267,490
Net increase (decrease) in cash and cash equivalents	(86,782)
Beginning cash and cash equivalents	195,095
Ending cash and cash equivalents	\$ 108,313
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ (356,937)
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	551
Decrease in miscellaneous payroll deductions	179
Net cash used in operations	\$ (354,272)

# Byron Fire Protection District

## Statement of Fiduciary Net Position Fiduciary Funds

August 31, 2018

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	Pension Trust Fund
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 108,197
Receivables:	
Accrued interest	38,908
Investments, at fair value	
Annuities	601,155
Corporate Bonds	970,778
U.S. government obligations	3,314,732
Municipal Bonds	589,455
Mutual Funds	5,579,118
Mortgage Pools	116,905
<hr/>	
Total investments	11,172,143
<hr/>	
Total assets	11,319,248
<hr/>	
<b>Net Position</b>	
Held in trust for pension benefits	\$ 11,319,248
<hr/> <hr/>	



# Byron Fire Protection District

## Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the year ended August 31, 2018

	Pension Trust Fund
<b>Additions</b>	
Contributions - employer	\$ 169,967
Contributions - employees	84,508
Net investment income	921,544
<b>Total additions</b>	<b>1,176,019</b>
<b>Deductions</b>	
Benefits and refunds	635,991
Other charges and services	37,340
<b>Total deductions</b>	<b>673,331</b>
Change in net position	502,688
Net position held in trust for pension benefits:	
Net position, beginning	10,816,560
<b>Net position, ending</b>	<b>\$ 11,319,248</b>

# Byron Fire Protection District

## Notes to Financial Statements

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### **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

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### **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

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### 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

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### 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 fire pension fund accounts for the assets held by the District in a fiduciary capacity for the fire pension.

#### 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 2016 and November 2017. 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.

#### 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.

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Deferred Outflows/Inflows of Resources (continued)

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.

The District has deferred inflows in the amount of \$3,100,049 from the 2017 tax levy. This revenue will be recognized in the fiscal year ending August 31, 2019. During the fiscal year ending August 31, 2018, the District recognized \$3,070,034 of revenue deferred from the 2016 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.

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Fund Balances

The District has implemented GASB Statement 54 “Fund Balance and Reporting and Governmental Fund Type Definitions”. This Statement 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 \$1,443,918 for ambulance services;
- 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>\$7,921,847</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

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Fund Balances (continued)

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.

### 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 \$6,084,175 and the bank balance was \$6,120,694. Of the bank balance, \$6,120,694 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, 2018, \$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, 2018, the District's investments were as follows:

	<b><u>Fair Value</u></b>
<i>Governmental Activities:</i>	
CDs & BAs	\$4,560,315
Mortgage Pools	205,303
Muni Bonds	839,669
U.S. Government Obligations	<u>4,143,454</u>
Total	<u>\$9,748,741</u>
<i>Pension Trust Funds:</i>	
Annuities	\$601,155
Corporate bonds	970,778
U.S. Government obligations	3,314,732
Municipal bonds	589,455
Mutual funds	5,579,118
Mortgage pools	<u>116,905</u>
Total	<u>\$11,172,143</u>



# Byron Fire Protection District

## Notes to Financial Statements

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### Note 2 Deposits and Investments (Continued)

#### Interest Rate Risk

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:

	<b>Remaining Maturity (in Months)</b>			
	<b><u>12 Months</u></b>	<b><u>13-60</u></b>	<b><u>60+</u></b>	<b><u>Total</u></b>
	<b><u>or Less</u></b>	<b><u>Months</u></b>	<b><u>Months</u></b>	
<i>Governmental activities:</i>				
U.S. Government obligations	\$1,116,468	\$3,026,986		\$4,143,454
Mortgage pools			\$205,303	205,303
Muni bonds	<u>99,912</u>	<u>739,756</u>	<u>          </u>	<u>839,669</u>
<b>Total</b>	<b><u>\$1,216,380</u></b>	<b><u>\$3,766,742</u></b>	<b><u>\$205,303</u></b>	<b><u>\$5,188,426</u></b>
<i>Pension Trust Funds:</i>				
U.S. Government obligations	\$209,696	\$ 835,113	\$2,269,923	\$3,314,732
Corporate bonds	49,987	263,086	657,705	970,778
Muni bonds	90,454	217,289	281,712	589,455
Mortgage pools	<u>          </u>	<u>          </u>	<u>116,905</u>	<u>116,905</u>
<b>Total</b>	<b><u>\$350,137</u></b>	<b><u>\$1,315,488</u></b>	<b><u>\$3,326,245</u></b>	<b><u>\$4,991,870</u></b>

#### 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, 2018	Unrated	AAA	AA	A	BBB
Governmental activities:						
Certificates of deposits	\$4,560,315	\$4,560,315				
Mortgage pools	205,303	205,303				
Muni bonds	839,669	227,987	\$ 48,795	\$562,887		
U.S. government and agency obligations	4,143,454	469,199	3,674,255			
<b>Total governmental activities</b>	<b>\$9,748,741</b>	<b>\$5,462,804</b>	<b>\$3,723,050</b>	<b>\$562,887</b>	<b>\$0</b>	<b>\$0</b>
Pension trust funds:						
Annuities	\$ 601,155	\$ 601,155				
Corporate bonds	970,778		\$ 102,062	\$192,482	\$426,774	\$249,460
Mortgage pools	116,905	116,905				
Municipal bonds	589,455	242,221	62,870	234,029	50,335	
Mutual funds	5,579,118	5,579,118				
U.S. government and agency obligations	3,314,732	170,823	3,143,909			
<b>Total firefighters pension trust funds</b>	<b>\$11,172,143</b>	<b>\$6,710,222</b>	<b>\$3,308,841</b>	<b>\$426,511</b>	<b>\$477,109</b>	<b>\$249,460</b>

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

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### 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, 2018:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at fair value on a recurring basis:</b>				
Governmental activities:				
Certificates of deposits	\$4,560,315		\$4,560,315	
Mortgage pools	205,303		205,303	
Muni bonds	839,669		839,669	
U.S. government and agency obligations	4,143,454	\$4,143,454		
<hr/>				
Total governmental activities	\$9,748,741	\$4,143,454	\$5,605,287	
<hr/>				
	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Pension trust funds:				
Annuities	\$ 601,155		\$ 601,155	
Corporate bonds	970,778		970,778	
Mortgage pools	116,905		116,905	
Municipal bonds	589,455		589,455	
Mutual funds	5,579,118		5,579,118	
U.S government and agency obligations	3,314,732	\$3,314,732		
<hr/>				
Total business-type activities	\$11,172,143	\$3,314,732	\$7,857,411	

# Byron Fire Protection District

## Notes to Financial Statements

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### 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, 2018 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, 2018 is as follows:

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 3 Property, Plant, and Equipment (Continued)

	<u>Balance</u> <u>August 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>August 31, 2018</u>
Capital assets not being depreciated:				
Land	\$ 523,367			\$ 523,367
Construction in Progress				
Total capital assets not being depreciated	<u>523,367</u>			<u>523,367</u>
Capital assets being depreciated:				
Buildings and improvements	7,061,089			7,061,089
Equipment	995,219	57,106	33,523	1,018,802
Vehicles	4,668,212			4,668,212
Total capital assets being depreciated	<u>12,724,520</u>	<u>57,106</u>	<u>33,523</u>	<u>12,748,103</u>
Less accumulated depreciation for:				
Buildings and improvements	1,819,437	178,586		1,998,023
Equipment	937,345	30,481	33,523	934,303
Vehicles	1,751,168	305,386		2,056,554
Total accumulated depreciation	<u>4,507,950</u>	<u>514,453</u>	<u>33,523</u>	<u>4,988,880</u>
Total capital assets being depreciated, net:	<u>8,216,570</u>	<u>(457,347)</u>	<u>          </u>	<u>7,759,223</u>
Governmental activities capital assets, net	<u>\$8,739,937</u>	<u>\$(457,347)</u>	<u>          </u>	<u>\$8,282,590</u>

All depreciation expense is allocated to public safety function expense.

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 4 Long-Term Liabilities

Changes in Long-Term Liabilities:

During the year ended August 31, 2018, the following changes occurred in the long-term liabilities:

	<u>Balance August 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance August 31, 2018</u>	<u>Current Portion</u>
Compensated Absences	\$122,756	\$4,564		\$127,320	
Other Post-Employment benefits	<u>190,123</u>	<u>-</u>	<u>\$12,319</u>	<u>177,804</u>	
Total Long-Term Liabilities	<u>\$312,879</u>	<u>\$4,564</u>	<u>\$12,319</u>	<u>\$305,124</u>	<u>\$ 0</u>

The District is subject to a debt limitation of 5.75% of its assessed valuation of \$707,741,239. As of August 31, 2018 the District had \$40,695,121 of remaining legal debt margin.

### Note 5 Pension Plan

#### Illinois Municipal Retirement Fund

##### *Plan Description*

The District’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

##### *Benefits provided*

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

# Byron Fire Protection District

## Notes to Financial Statements

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### 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***

At the December 31st 2017 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***

Employees are required to contribute 4.5% of their annual pay as set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer’s annual contribution rate for calendar year 2017 was 21.10%. For fiscal year ended August 31, 2018, the employer contributed \$40,190 to the plan. Employer contributions for disability benefits, death benefits and the

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 5 Pension Plan (Continued)

#### *Contributions (Continued)*

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

#### *Net Pension Liability*

The employer's Net Pension Liability was measured as of December 31, 2017, 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, 2017:

- 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 7.50%.
- **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.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) 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 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-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 estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:



# Byron Fire Protection District

## Notes to Financial Statements

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### Note 5 Pension Plan (Continued)

#### Actuarial assumptions (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

#### Single Discount Rate

A Single Discount Rate of 7.50% 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 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

# 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, 2017	\$1,576,686	\$1,146,978	\$429,708
Service costs	21,453	0	21,453
Interest on total pension liability	116,582	0	116,582
Difference between expected and actual experience	(15,519)	0	(15,519)
Changes in assumptions	(42,102)	0	(42,102)
Employer contributions	0	38,279	(38,279)
Employee contributions	0	8,164	(8,164)
Net investment income	0	192,705	(192,705)
Benefit payments – net of refunds	(65,969)	(65,969)	0
Other changes	0	(20,747)	(20,747)
<b>Net changes</b>	<b>14,445</b>	<b>152,432</b>	<b>(137,987)</b>
Balances as of December 31, 2017	\$1,591,131	\$1,299,410	\$291,721

#### ***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 7.5%, 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 (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability/(Asset)	\$499,076	\$291,721	\$122,444

# Byron Fire Protection District

## Notes to Financial Statements

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### 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, 2018, the District recognized pension expense of \$67,772. At August 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

#### ***Deferred Amounts Related to Pension***

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Differences between expected and actual experience	\$11,189	\$ 12,959
Changes in assumptions	7,456	45,851
Net difference between projected and actual earnings	35,281	85,554
Employer contributions subsequent to the measurement date	27,887	
<b>Total</b>	<b>\$81,813</b>	<b>\$145,364</b>

The District reported \$27,887 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, 2018.

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:

<b>Year Ending August 31:</b>	<b>Net Deferred Inflows of Resources</b>
2019	\$(10,588)
2020	(19,573)
2021	(34,980)
2022	(26,297)
2023	0
Thereafter	0
<b>Total</b>	<b>\$(91,438)</b>

# Byron Fire Protection District

## Notes to Financial Statements

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### 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, 2017, the actuarial valuation date, the Firefighter's Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>13</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 2.5% 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

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### 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  $\frac{1}{2}$  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.,  $\frac{1}{2}$ % for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> 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  $\frac{1}{2}$  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

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### 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	9.50%	2.90%	6.70%
Small Cap Domestic Equity	11.40%	2.90%	8.60%
International Equity	9.30%	2.90%	6.50%
Fixed Income	4.30%	2.90%	1.50%

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 2018 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, 2018 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

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### Note 5 Pension Plan (Continued)

#### *Investment Rate of Return*

For the year ended August 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.50%. 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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Fixed income securities	\$4,991,870	\$350,137	\$1,315,488	\$4,991,870

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

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### 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, 2018 calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$16,645,782
Plan fiduciary net position	11,319,248
District's net pension liability	5,326,534
Plan fiduciary net position as a percentage of the total pension liability	68%

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, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	September 1, 2017
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, 2017	\$16,488,093	\$10,816,560	\$5,671,533
Service costs	\$ 288,868	\$ 0	\$ 288,868
Interest on total pension liability	941,100	0	941,100
Difference between expected and actual experience	(29,228)	0	(29,228)
Changes in assumptions	(407,060)	0	(407,060)
Employer contributions	0	169,967	(169,967)
Employee contributions	0	84,508	(84,508)
Net investment income	0	921,544	(921,544)
Benefit payments – net of refunds	(635,991)	(635,991)	0
Other changes	0	(37,340)	37,340
Net changes	157,689	502,688	(344,999)
Balances as of August 31, 2018	\$16,645,782	\$11,319,248	\$5,326,534

#### *Discount Rate*

The discount rate used to measure the total pension liability was 6.06%. 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 3.96% for tax exempt general obligation municipal bonds rated AA or better at August 31, 2018 to arrive at a discount rate of 6.06% 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 6.06% 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 (5.06%) or 1 percentage point higher (7.06%) than the current rate:

	1% Decrease (5.06%)	Current Discount Rate (6.06%)	1% Increase (7.06%)
Net Pension Liability	<u>\$ 7,837,185</u>	<u>\$ 5,326,534</u>	<u>\$ 3,292,224</u>

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

For the year ended August 31, 2018, the District recognized pension income of \$344,999. At August 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Differences between expected and actual experience	\$1,158,556	\$898,512
Changes in assumptions	1,263,878	1,530,767
Net difference between projected and actual earnings	213,984	223,493
<b>Total</b>	<b>\$2,636,418</b>	<b>\$2,652,772</b>

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

<b>Year Ending August 31:</b>	<b>Net Deferred Outflows of Resources</b>
2019	\$137,199
2020	14,151
2021	(31,316)
2022	(18,707)
2013	27,709
Thereafter	(145,390)
<b>Total</b>	<b>\$(16,354)</b>

# Byron Fire Protection District

## Notes to Financial Statements

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### 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. 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 and business-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, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Active vested plan members	7
Active non-vested plan members	<u>8</u>
Total	<u>18</u>
 Number of participating employers	 <u>1</u>

***Funding policy***

For the fiscal year ending August 31, 2018, the employer contributed approximately \$15,172. 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.

***Annual OPEB Cost and Net OPEB Obligation***

The District’s annual other post-employment benefits (OPEB) cost (expense) for the fiscal year ended August 31, 2018, is calculated based on the annual required contribution . The Annual Required Contribution (ARC) represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years. The District’s annual OPEB cost of \$2,853 was lower than the ARC of \$6,276 for the fiscal year. The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2018 was as follows:

# Byron Fire Protection District

## Notes to Financial Statements

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### Note 6 Other Post-Employment Benefits (Continued)

#### *Annual OPEB Cost and Net OPEB Obligation (continued)*

<u>Fiscal Year ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
8/31/2018	\$2,853	\$15,172	531.8%	\$177,804
8/31/2017	2,853	26,528	929.8	190,123
8/31/2016	2,853	8,400	902.2	213,798

The net OPEB obligation as of August 31, 2018, was calculated as follows:

Annual required contribution	\$ 6,276
Interest of net OPEB obligation	8,774
Adjustment to annual required contribution	<u>(12,197)</u>
Annual OPEB cost	2,853
Contributions made	<u>(15,172)</u>
Increase (decrease) in net OPEB obligation	(12,319)
Net OPEB obligation beginning of year	<u>190,123</u>
Net OPEB obligation end of year	<u>\$177,804</u>

The funded status of the plan as of August 31, 2018, was as follows:

Actuarial accrued liability (AAL)	\$112,858
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	112,858
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	971,923
UAAL as a percentage of covered payroll	11.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# Byron Fire Protection District

## Notes to Financial Statements

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### **Note 6 Other Post-Employment Benefits (Continued)**

#### ***Annual OPEB Cost and Net OPEB Obligation (Continued)***

##### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

##### ***Funded Status and Funding in Process***

In the actuarial valuation for the fiscal year ended August 31, 2018, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.5% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

### **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, 2018 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.

# Byron Fire Protection District

## Notes to Financial Statements

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### 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.

### Note 11 Restricted Net Position

The following restricted net position existed as of August 31, 2018

Restricted for Ambulance	<u>\$1,443,918</u>
Restricted for Insurance	<u>\$2,577,083</u>
Fiduciary fund:	
Held in trust for pension benefits	<u>\$11,319,248</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.

# Byron Fire Protection District

## Notes to Financial Statements

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### **Note 12 Pending Accounting Pronouncements (Continued)**

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

## 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,

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

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 288,868	\$ 255,674	\$ 278,873	\$ 277,948	\$ 255,390
Interest on the total pension liability	941,100	932,785	791,830	765,180	788,579
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	(29,228)	1,020,549	(1,051,048)	(284,671)	-
Assumption changes	(407,060)	(1,469,771)	1,330,967	643,096	-
Benefit payments and refunds	(635,991)	(556,767)	(486,557)	-	(415,756)
Net change in total pension liability	157,689	182,470	864,065	1,401,553	628,213
Total pension liability - beginning	16,488,093	16,305,623	15,441,558	14,040,005	13,411,792
Total pension liability - ending (a)	\$ 16,645,782	\$ 16,488,093	\$ 16,305,623	\$ 15,441,558	\$ 14,040,005
Plan fiduciary net position:					
Employer contributions	\$ 169,967	\$ 170,976	\$ 171,974	\$ 160,010	\$ 179,992
Employee contributions	84,508	87,799	83,881	74,556	74,108
Pension plan net investment income	921,544	728,833	440,593	52,029	811,989
Benefit payments and refunds	(635,991)	(556,767)	(486,557)	(444,911)	(391,232)
Administrative expense	(37,340)	(12,219)	(7,840)	(32,916)	(5,086)
Other	-	-	-	-	-
Net change in plan fiduciary net position	502,688	418,622	202,051	(191,232)	669,771
Plan fiduciary net position - beginning	10,816,560	10,397,938	10,195,887	10,387,119	9,717,348
Plan fiduciary net position - ending (b)	\$ 11,319,248	\$ 10,816,560	\$ 10,397,938	\$ 10,195,887	\$ 10,387,119
Net pension liability(asset) - Ending (a) - (b)	\$ 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	68.00%	65.60%	63.77%	66.03%	73.98%
Covered valuation payroll	823,986	814,012	747,408	938,248	897,845
Net pension liability as a percentage of covered valuation payroll	646.43%	696.74%	790.42%	559.09%	406.85%

# 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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 133,594	\$ 150,717	\$ 171,815	\$ 157,052	\$ 177,163	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to the Actuarially Determined Contribution	169,967	170,976	171,974	160,010	179,992	N/A	N/A	N/A	N/A	N/A
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (36,373)</b>	<b>\$ (20,259)</b>	<b>\$ (159)</b>	<b>\$ (2,958)</b>	<b>\$ (2,829)</b>	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	823,986	814,012	747,408	938,248	897,845	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	20.6%	21.0%	23.0%	17.1%	20.0%	N/A	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, 2015 actuary's report completed by the Illinois Department of Insurance for the tax levy recommendation for the December, 2016 tax levy.

# Byron Fire Protection District

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

For the year ended August 31, 2018

	Original & Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Taxes			
Fire levy	\$ 1,650,000	\$ 1,649,346	\$ (654)
Pension levy	170,000	169,967	(33)
Replacement tax	14,000	11,706	(2,294)
Total taxes	1,834,000	1,831,019	(2,981)
Other			
Interest (net unrealized loss on investments)	150,000	46,658	(103,342)
Training reimbursements	1,500	2,500	1,000
Foreign fire insurance	8,500	8,086	(414)
Miscellaneous	11,000	13,131	2,131
Total other	171,000	70,375	(100,625)
Total revenues	\$ 2,005,000	\$ 1,901,394	\$ (103,606)
<b>Expenditures</b>			
Personnel:			
Salaries, firemen	\$ 720,000	\$ 624,081	\$ (95,919)
Salaries, office	94,500	83,595	(10,905)
Salaries, trustees	7,500	7,500	-
Employee benefits	50,000	31,406	(18,594)
Employee insurance	238,000	150,716	(87,284)
Social security taxes	32,500	29,620	(2,880)
Employee pension contribution	25,000	20,190	(4,810)
Employee incentive program	10,000	7,420	(2,580)
Pension expense	170,000	169,967	(33)
Fire commission board	5,000	5,263	263
Total personnel	1,352,500	1,129,758	(222,742)
Commodities			
Office supplies and postage	6,000	2,816	(3,184)
Gas and oil	20,000	12,430	(7,570)
Operating supplies	15,000	8,622	(6,378)
Uniforms	10,000	5,348	(4,652)
Publications and printing	4,000	2,633	(1,367)
Total commodities	55,000	31,849	(23,151)

# Byron Fire Protection District

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

For the year ended August 31, 2018

	Original & Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>			
Contractual services:			
Maintenance:			
Buildings and grounds	50,000	32,871	(17,129)
Vehicles	100,000	49,304	(50,696)
Equipment	75,000	61,641	(13,359)
Radio	10,000	10,431	431
Other	30,000	20,538	(9,462)
Telephone	10,000	7,618	(2,382)
Utilities - heat	10,000	6,329	(3,671)
Utilities - electric	20,000	17,335	(2,665)
Training - schools and seminars	25,000	8,320	(16,680)
Training - materials	10,000	8,814	(1,186)
Fire prevention and inspection	23,500	19,317	(4,183)
Professional services-accounting	8,000	8,493	493
Professional services-legal	45,000	74,109	29,109
Investment manager fees	10,000	7,482	(2,518)
Dues	4,000	3,535	(465)
Contingent expense	2,000	853	(1,147)
Public relations	10,000	3,400	(6,600)
<b>Total contractual services</b>	<b>442,500</b>	<b>340,390</b>	<b>(102,110)</b>
<b>Capital Outlay</b>			
Equipment	500,000	52,254	447,746
Building & Improvements	250,000	-	250,000
Vehicles	50,000	-	50,000
<b>Total capital outlay</b>	<b>800,000</b>	<b>52,254</b>	<b>747,746</b>
<b>Total expenditures</b>	<b>\$ 2,650,000</b>	<b>\$ 1,554,251</b>	<b>\$ (1,095,749)</b>

# Byron Fire Protection District

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

For the year ended August 31, 2018

	Original & Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Taxes:			
Ambulance levy	\$ 1,250,000	\$ 1,249,517	\$ (483)
Replacement tax	14,000	11,706	(2,294)
<b>Total taxes</b>	<b>1,264,000</b>	<b>1,261,223</b>	<b>(2,777)</b>
Fees:			
Ambulance	200,000	171,814	(28,186)
Other:			
Interest	10,000	30,782	20,782
Miscellaneous	11,000	13,763	2,763
<b>Total other</b>	<b>21,000</b>	<b>44,545</b>	<b>23,545</b>
<b>Total revenues</b>	<b>\$ 1,485,000</b>	<b>\$ 1,477,582</b>	<b>\$ (7,418)</b>
<b>Expenditures</b>			
Personnel:			
Salaries, ambulance	\$ 725,000	\$ 629,341	\$ (95,659)
Salaries, office	94,500	83,595	(10,905)
Salaries, trustees	7,500	7,500	-
Employee benefits	50,000	31,406	(18,594)
Employee insurance	238,000	150,718	(87,282)
Social security taxes	32,500	29,611	(2,889)
Employee incentive program	10,000	7,419	(2,581)
Employee pension contribution	25,000	20,189	(4,811)
<b>Total personnel</b>	<b>1,182,500</b>	<b>959,779</b>	<b>(222,721)</b>
Commodities:			
Office supplies and postage	6,000	2,816	(3,184)
Gas and oil	20,000	12,430	(7,570)
Operating supplies	20,000	16,179	(3,821)
Uniforms	10,000	5,348	(4,652)
Publications and printing	3,000	1,019	(1,981)
<b>Total commodities</b>	<b>59,000</b>	<b>37,792</b>	<b>(21,208)</b>

# Byron Fire Protection District

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

For the year ended August 31, 2018

	Original & Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>			
Contractual services:			
Maintenance:			
Building and grounds	50,000	32,683	(17,317)
Vehicles	25,000	9,276	(15,724)
Equipment	30,000	50,192	20,192
Radio	10,000	9,376	(624)
Other	30,000	23,398	(6,602)
Telephone	10,000	7,870	(2,130)
Utilities - heat	10,000	6,329	(3,671)
Utilities - electric	20,000	17,335	(2,665)
Training - schools and seminars	25,000	18,615	(6,385)
Training - materials	5,000	2,418	(2,582)
Professional services	63,000	94,093	31,093
Dues	4,000	3,196	(804)
Public relations	10,000	1,891	(8,109)
Contingent expenses	2,000	3,075	1,075
<b>Total contractual services</b>	<b>294,000</b>	<b>279,747</b>	<b>(14,253)</b>
<b>Capital Outlay</b>			
Equipment	200,000	4,852	195,148
Building & Improvements	250,000	-	250,000
Vehicles	50,000	-	50,000
<b>Total capital outlay</b>	<b>500,000</b>	<b>4,852</b>	<b>495,148</b>
<b>Total expenditures</b>	<b>\$ 2,035,500</b>	<b>\$ 1,282,170</b>	<b>\$ (253,330)</b>

# Byron Fire Protection District

## Required Supplementary Information

### Multyear Schedule of Contributions (IMRF) Last 10 Fiscal Years

Year Ending August 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2018	\$43,052	\$38,278.	\$2,862	\$186,937	20.48%
2017	41,560	39,164	2,398	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 contribution rate of 23.03% and covered valuation payroll of \$186,937.

\* The District implemented GASB Statement No. 68 as of 8/31/2015.

### Retiree Health Plan Schedule of Other Postemployment Benefit Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
8/31/18	\$0	\$112,858	\$112,858	0.0%	\$971,923	11.6%
8/31/17	0	112,858	112,858	0.0	971,923	11.6
8/31/16	0	112,858	112,858	0.0	971,923	11.6
8/31/15	0	521,936	521,936	0.0	951,715	54.8

# Byron Fire Protection District

## Notes to Required Supplementary Information

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### **Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 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 2016 Contribution Rates:**

Actuarial Cost Method Aggregate Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling 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 23 years for most employers (two employers were financed over 32 years).

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

Wage growth 3.50%

Price Inflation 2.75% - approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases 3.75% to 14.50% including inflation



# Byron Fire Protection District

## Notes to Required Supplementary Information

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### **Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate for IMRF \* (continued)**

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.
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, 2015 actuarial valuation.

#### **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, 2018. 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.

# Byron Fire Protection District

## Notes to Required Supplementary Information

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### **Note 3 Budgets (continued)**

- 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 2018.
- 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, 2018

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Risk management related salaries and benefits	\$	157,256
Legal services		49,262
Insurance		136,728
Miscellaneous		13,691
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Total tort expenditures	\$	356,937
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