



C. J. SCHLOSSER  
& COMPANY, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**GLEN CARBON FIRE PROTECTION DISTRICT**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED  
MAY 31, 2018

233 East Center Drive, P.O. Box 416  
Alton, Illinois 62002  
(618) 465-7717 Fax (618) 465-7710

80 Edwardsville Professional Park  
Edwardsville, Illinois 62025  
(618) 656-2146 Fax (618) 656-2147

One Westbury Drive, Suite 420  
St. Charles, Missouri 63301  
(636) 723-7611 Fax (636) 947-4558



www.cjsco.com

**GLEN CARBON FIRE PROTECTION DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Glen Carbon Fire Protection District

We have audited the accompanying financial statements of the governmental activities of the Glen Carbon Fire Protection District, as of and for the year ended May 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 the modified cash basis of accounting described in Note 1; 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 an opinion 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities and the major fund of the Glen Carbon Fire Protection District as of May 31, 2018, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Other Matters***Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glen Carbon Fire Protection District's basic financial statements. The management's discussion and analysis (pages 3 to 6), and budgetary comparison information (pages 22 to 24), which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.



Certified Public Accountants  
Alton, Illinois

October 25, 2018

## GLEN CARBON FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Glen Carbon Fire Protection District's (District) financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended May 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, and 3) required supplementary information.

#### **Basic Financial Statements:**

##### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event affects cash flows.

Both of the government-wide financial statements report the functions of the District that are principally supported by taxes and intergovernmental revenues. The District's sole function is considered that of governmental activities.

The government-wide financial statements can be found in the far right column of pages 7 and 9 of this report.

##### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District is comprised of one governmental fund.

*Governmental fund.* Governmental fund statements report how general government services were financed in the short term as well as what remains for future spending. The District maintains one general governmental fund. The governmental fund statements can be found in the first column of pages 7 and 9 of this report.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Reconciliation of the government-wide financial statements to fund financial statements

The amounts reported in the fund financial statements differ from the government-wide financial statements due to the method of recognizing assets and liabilities. Capital outlay is expensed in the fund financial statements whereas it is capitalized and depreciated in the government-wide financial statements. In addition, outstanding debt is reported in the government-wide financial statements whereas debt proceeds are shown as other financing sources and the principal payments are recorded as expense in the fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 to 21 of this report.

**FINANCIAL ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Net Position

Over time, net position may serve as a useful indicator of a government's financial position. At May 31, 2018, the District's assets exceeded liabilities by \$4,224,500.

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
<u>Fund Balance/Net Position</u>				
Unrestricted	\$ 1,363,139	0.323	\$ 1,099,617	0.285
Net Investment in Capital Assets	<u>2,861,361</u>	<u>0.677</u>	<u>2,764,928</u>	<u>0.715</u>
	<u>\$ 4,224,500</u>	<u>1.000</u>	<u>\$ 3,864,545</u>	<u>1.000</u>

A portion of this balance, \$1,363,139, is unrestricted and available to use as the District desires. The unrestricted balance increased \$263,522 from the prior year. The remainder of the District's net position reflects its investment in capital assets (e.g. land, building, vehicles and equipment). The District uses these capital assets to provide fire protection services to the citizens; consequently these assets are not available for future spending. Total net position increased in the current year by \$359,955 to an ending balance of \$4,224,500.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Changes in Cash Receipts

The following is a comparison of District cash receipts for the last two years.

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Property Taxes	\$ 2,223,723	0.822	\$ 2,124,658	0.836
Intergovernmental	24,645	0.009	25,316	0.010
Charges for Services	432,384	0.160	370,669	0.146
Investment Earnings	14,004	0.005	-	0.000
Miscellaneous	<u>9,109</u>	<u>0.003</u>	<u>21,326</u>	<u>0.008</u>
	<u>\$ 2,703,865</u>	<u>1.000</u>	<u>\$ 2,541,969</u>	<u>1.000</u>

The District reported a large increase in property taxes collected as well as an increase in the charges for ambulance services.

Changes in Expenditures

The following is a comparison of District expenditures for the last two years.

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Personal Services	\$ 1,459,018	0.545	\$ 1,356,730	0.651
Contractual Services	417,546	0.156	426,369	0.204
Materials and Supplies	131,511	0.049	121,305	0.058
Debt Service	138,203	0.052	-	0.000
Capital Outlay	<u>531,281</u>	<u>0.198</u>	<u>181,093</u>	<u>0.087</u>
	<u>\$ 2,677,559</u>	<u>1.000</u>	<u>\$ 2,085,497</u>	<u>1.000</u>

Expenditures increased by \$592,062 from the prior year. Personal services increased due to increased wages from the District hiring several new EMS employees in the prior year and the related health insurance increases. Debt service and capital outlay both increased due to a new loan related to the purchase of an ambulance.

**CAPITAL ASSETS**

The District expended \$531,281 on fire protection and ambulance capital outlay. The additions were primarily comprised of the purchase of a new ambulance as well as the engineering costs for the new station, in addition to other equipment. Depreciation expense on the District's capital assets was \$334,848 for the period ended May 31, 2018. See Note 4 of the financial statements for additional information related to capital assets.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**DEBT**

The District entered into a new loan in the current year for the purchase of an ambulance. The new loan was for \$237,216 and was partially retired in the current year leaving an outstanding balance of \$100,000. Additional information related to the debt of the District can be found in Note 5 of the financial statements.

The District issued bonds subsequent to year end to fund the construction of a new fire station and the demolition of the old station.

**BUDGETARY HIGHLIGHTS**

The District approved an appropriation ordinance which provides the budgetary amounts reported in the financial statements. The appropriations ordinance is presented on the modified cash basis of accounting. The appropriations were approved for \$9,650,842 of which the District only spent \$2,440,343 in the current period using the modified cash basis of accounting. The appropriation ordinance was not amended for the current period.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Glen Carbon Fire Protection District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for financial information should be addressed to the Glen Carbon Fire Protection District, PO Box 254, Glen Carbon, Illinois, 62034.



**GLEN CARBON FIRE PROTECTION DISTRICT**

STATEMENT OF NET POSITION AND STATEMENT OF  
ASSETS, LIABILITIES AND FUND BALANCES ARISING  
FROM MODIFIED CASH BASIS TRANSACTIONS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2018

	<u>General</u> <u>Fund</u>	<u>Adjustments</u> <u>(See Page 8)</u>	<u>Statement</u> <u>of Net Position</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 1,363,139	\$ -	\$ 1,363,139
Capital Assets:			
Land	-	383,676	383,676
Buildings and Improvements	-	1,335,233	1,335,233
Equipment	-	1,640,943	1,640,943
Vehicles	-	2,841,400	2,841,400
Accumulated Depreciation	-	<u>(3,239,891)</u>	<u>(3,239,891)</u>
Total Assets	<u>1,363,139</u>	<u>2,961,361</u>	<u>4,324,500</u>
<b><u>Liabilities</u></b>			
Noncurrent Liabilities:			
Due Within One Year	-	50,000	50,000
Due in More Than One Year	-	<u>50,000</u>	<u>50,000</u>
Total Liabilities	-	<u>100,000</u>	<u>100,000</u>
<b><u>Fund Balance/Net Position</u></b>			
Fund Balance/Net Position:			
Unrestricted	<u>1,363,139</u>	-	1,363,139
Total Liabilities and Fund Balance	<u>\$ 1,363,139</u>		
Net Investment in Capital Assets		<u>2,861,361</u>	<u>2,861,361</u>
Total Net Position		<u>2,861,361</u>	<u>\$ 4,224,500</u>

The notes to the financial statements are an integral part of this statement

**GLEN CARBON FIRE PROTECTION DISTRICT**

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM MODIFIED CASH BASIS  
TRANSACTIONS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED MAY 31, 2018

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 1,363,139
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the statement of assets, liabilities, and fund balances of the governmental funds.	2,961,361
Long-term debt used in governmental activities are not reported on the statement of assets, liabilities, and fund balances of the governmental funds.	<u>(100,000)</u>
Net position of governmental activities	<u>\$ 4,224,500</u>

The notes to the financial statements are an integral part of this statement

**GLEN CARBON FIRE PROTECTION DISTRICT**

STATEMENT OF ACTIVITIES AND STATEMENT OF  
REVENUES AND EXPENDITURES ARISING FROM MODIFIED  
CASH BASIS TRANSACTIONS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2018

	<u>General Fund</u>	<u>Adjustments (See Page 10)</u>	<u>Statement of Activities</u>
Cash Receipts			
Property Taxes	\$ 2,223,723	\$ -	\$ 2,223,723
Replacement Tax	6,796	-	6,796
2% Foreign Fire Tax	17,849	-	17,849
Charges for Services	432,384	-	432,384
Interest Income	14,004	-	14,004
Miscellaneous	<u>9,109</u>	<u>-</u>	<u>9,109</u>
Total Revenues	<u>2,703,865</u>	<u>-</u>	<u>2,703,865</u>
Expenditures/Expenses:			
Fire Protection:			
Current:			
Personal Services	1,459,018	-	1,459,018
Contractual Services	417,546	-	417,546
Materials and Supplies	131,511	-	131,511
Depreciation	-	334,848	334,848
Debt Service:			
Principal	137,216	(137,216)	-
Interest	987	-	987
Capital Outlay	<u>531,281</u>	<u>(531,281)</u>	<u>-</u>
Total Expenditures/Expenses	<u>2,677,559</u>	<u>(333,649)</u>	<u>2,343,910</u>
Excess of Revenues Over Expenditures	26,306	333,649	359,955
Other Financing Sources:			
Proceeds From Debt	<u>237,216</u>	<u>(237,216)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	263,522	96,433	359,955
Fund Balances/Net Position:			
Beginning of the Year	<u>1,099,617</u>	<u>2,764,928</u>	<u>3,864,545</u>
End of the Year	<u>\$ 1,363,139</u>	<u>\$ 2,861,361</u>	<u>\$ 4,224,500</u>

The notes to the financial statements are an integral part of this statement

**GLEN CARBON FIRE PROTECTION DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2018

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

Net change in fund balances - total governmental funds \$ 263,522

Governmental funds report capital outlays as expenditures. However, in the statement of revenues and expenditures arising from cash transactions, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$531,281) exceeds current year depreciation expense (\$334,848) and loss on disposition in the current year.

196,433

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of revenues and expenditures arising from cash transactions. This amount is the net effect of those differences in the treatment of long-term debt and related items.

(100,000)

Change in net position of governmental activities \$ 359,955

The notes to the financial statements are an integral part of this statement

## GLEN CARBON FIRE PROTECTION DISTRICT

### NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Glen Carbon Fire Protection District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB 34. The more significant of the District's accounting policies are described below.

#### The financial reporting entity

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District is unaware of any organization that should be included as a component unit of the District. In addition, the District does not consider itself to be a component unit of any other government.

#### Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the government. The District is comprised of only governmental activities, which are supported mainly by taxes and intergovernmental revenues.

The statement of activities demonstrates to the degree to which the expenses of a given function are offset by program revenues and taxes.

The government reports all its financial activity in one general operating fund.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Measurement focus, basis of accounting, and financial statement presentation

The government-wide and governmental fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Assets, liabilities, and net position:

Deposits and investments

The District's cash and cash equivalents are comprised of checking accounts. Cash and cash equivalents are deposits or short-term investments with original maturities of three months or less. Deposits and investments are reported at fair value.

The District is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America.

Capital assets

Capital assets, which include property, and equipment, are reported in the governmental activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30 - 40
Vehicles and equipment	5 - 20

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Equity classification

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Remaining balance of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

Governmental fund equity is classified upon the following criteria:

Nonspendable - balances that are not in "spendable" form and are not expected to be converted to cash. This category also includes funds required to be retained in perpetuity.

Restricted - balances with restrictions that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the District's Board, the government's highest level of decision-making authority.

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - the residual classification of the District's fund balance.

When expenditures are incurred for which the District has both restricted and unrestricted funds available, the District spends any restricted funds before using unrestricted sources. Likewise, the District uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Estimates

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

Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

Subsequent Events

The District has evaluated events occurring after the financial statement date through October 25, 2018 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

**NOTE 2: BUDGETARY AND LEGAL COMPLIANCE**

Appropriation budgets are adopted on a basis consistent with the modified cash basis of accounting. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year.

On July 25, 2017, the District approved an ordinance adopting the appropriation which is the budgetary data reflected in these financial statements. Formal budgetary integration is employed as a management control device during the year for the General Fund.

**NOTE 3: CASH AND CASH EQUIVALENTS**

As of May 31, 2018, the carrying amount of the District's cash and cash equivalents was \$1,363,139 and the respective bank balances totaled \$1,443,022. The deposits were either insured through the Federal Depository Insurance Corporation (FDIC) or collateralized.



**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the period ended May 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 383,676	\$ -	\$ -	\$ 383,676
Capital assets, being depreciated:				
Buildings and improvements	1,156,150	179,083	-	1,335,233
Vehicles	2,602,309	239,091	-	2,841,400
Equipment	1,527,836	113,107	-	1,640,943
Total capital assets being depreciated	<u>5,286,295</u>	<u>531,281</u>	<u>-</u>	<u>5,817,576</u>
Less accumulated depreciation for:				
Buildings and improvements	462,161	40,284	-	502,445
Vehicles	1,431,035	151,091	-	1,582,126
Equipment	1,011,847	143,473	-	1,155,320
Total accumulated depreciation	<u>2,905,043</u>	<u>334,848</u>	<u>-</u>	<u>3,239,891</u>
Total capital assets being depreciated, net	<u>2,381,252</u>	<u>196,433</u>	<u>-</u>	<u>2,577,685</u>
Governmental activities capital assets, net	<u>\$ 2,764,928</u>	<u>\$ 196,433</u>	<u>\$ -</u>	<u>\$ 2,961,361</u>

Buildings, vehicles and equipment are depreciated using the straight line method over the estimated useful lives. Depreciation expense for the year ended May 31, 2018 was \$334,848.

**NOTE 5: LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the District for the year ended May 31, 2018:

Payable June 1, 2017	\$ --
Additions During Year	237,216
Retired During Year	<u>137,216</u>
Payable May 31, 2018	<u>\$ 100,000</u>

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

The long-term debt at May 31, 2018 is comprised of the following note payable:

The District entered into a lease purchase agreement with the Bank of Edwardsville dated June 20, 2017. The agreement provided \$237,216 for the purchase of a new ambulance. The lease purchase agreement is to be retired by 1 payment of \$137,216 on August 31, 2017 and two payments of \$50,000 on August 31 of the two subsequent years, including interest at 2.11%. The balance at the end of the year was \$100,000.

The annual requirements to amortize the debt outstanding as of May 31, 2018, including interest of \$3,165, are as follows:

Year Ended May 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 50,000	\$ 2,110	\$ 52,110
2020	<u>50,000</u>	<u>1,055</u>	<u>51,055</u>
	<u>\$ 100,000</u>	<u>\$ 3,165</u>	<u>\$ 103,165</u>

Subsequent to year end, on August 21, 2018, the District issued General Obligation Bonds (Alternate Revenue Source), Series 2018 in the amount of \$6,000,000. The bonds will be used to construct, furnish, and equip a new fire station and demolish the existing station. The bonds will be retired by annual principal installments through December 1, 2038, including interest at 2.85% to 4.00%

**NOTE 6: RETIREMENT FUND COMMITMENTS**

1. 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 Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2017 was 7.74 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

*Covered Employees.* The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	0
Inactive, non-Retired Members	4
Active Members	<u>19</u>
Total	<u>23</u>

*Discount Rate.* GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) 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 (2) 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 this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Actuarial Valuation Date	12/31/17
Measurement Date of the Net Pension Liability	12/31/17
Fiscal Year End	05/31/18

Development of the Single Discount Rate as of December 31, 2017

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.31%
Last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded	2117
Resulting Single Discount Rate based on the above development	7.50%

Single Discount Rate calculated using December 31, 2016 Measurement Date 7.50%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 29, 2017.

*Actuarial Assumptions.* The following are the actuarial assumptions used in the calculation of the net pension liability.

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

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

*Net Pension Liability.* The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

<b>Total pension liability</b>	
Service Cost	\$ 76,789
Interest on the Total Pension Liability	54,056
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	21,530
Changes of assumptions	(24,069)
Benefit payments, including refunds of employee contributions	(63)
Net change in total pension liability	\$ 128,243
Total pension liability - beginning	682,381
Total pension liability - ending	<u>\$ 810,624</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 59,277
Contributions - employee	34,464
Net investment income	92,279
Benefit payments, including refunds of employee contributions	(63)
Other	(7,407)
Net change in plan fiduciary net position	\$ 178,550
Plan fiduciary net position - beginning	588,744
Plan fiduciary net position - ending	<u>\$ 767,294</u>
<b>Net pension liability/(asset)</b>	<u>\$ 43,330</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.65%
<b>Covered valuation payroll</b>	\$ 765,863
<b>Net pension liability as a percentage of covered valuation payroll</b>	5.66%

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Total Pension Liability	\$ 969,482	\$ 810,624	\$ 687,158
Plan Fiduciary Net Position	<u>767,294</u>	<u>767,294</u>	<u>767,294</u>
Net Pension Liability/(Asset)	<u>\$ 202,188</u>	<u>\$ 43,330</u>	<u>\$ (80,136)</u>

*Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses.* The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 46,811	\$ -
Changes in assumptions	-	22,002
Subsequent employer contributions	21,095	-
Net difference between projected and actual earnings on pension plan investments	<u>15,713</u>	<u>35,910</u>
Total	<u>\$ 83,619</u>	<u>\$ 57,912</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2018	\$ 22,170
2019	1,075
2020	(5,262)
2021	(6,273)
2022	2,703
Thereafter	<u>11,294</u>
	<u>\$ 25,707</u>

**GLEN CARBON FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 7: PROPERTY TAXES**

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board of Trustees passed the 2017 levy on November 8, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in four installments. The County had not mailed tax bills as of May 31, 2018. Past mailing practices of the County have generally been subsequent to May 31 of each year. The District begins to receive significant distributions of tax receipts in June of each year.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	<u>Maximum Rate</u>	<u>Levy Year</u>		
		<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate:</u>				
General	\$ .3000	\$ .3000	\$ .2985	\$ .3000
Insurance		.0351	.0340	.0419
Ambulance	.3000	<u>.3000</u>	<u>.2985</u>	<u>.3000</u>
		<u>\$ .6351</u>	<u>\$ .6310</u>	<u>\$ .6419</u>
Assessed Valuations		<u>\$ 365,238,387</u>	<u>\$ 353,384,969</u>	<u>\$ 334,311,590</u>
Tax Extension		<u>\$ 2,319,629</u>	<u>\$ 2,229,859</u>	<u>\$ 2,145,946</u>
Tax Collections		<u>\$ --</u>	<u>\$ 2,223,643</u>	<u>\$ 2,124,591</u>
Percent Collected		<u>-- %</u>	<u>99.72%</u>	<u>99.00%</u>

**GLEN CARBON FIRE PROTECTION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (MODIFIED CASH BASIS)  
 FOR THE YEAR ENDED MAY 31, 2018

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Cash Receipts:			
Property Taxes	\$ 2,229,859	\$ 2,229,859	\$ 2,223,723
Corporate Personal Property			
Replacement Taxes	10,000	10,000	6,796
2% Foreign Fire Tax	20,000	20,000	17,849
Charges for Services	400,000	400,000	432,384
Interest Income	-	-	14,004
Loan Proceeds	5,737,216	5,737,216	-
Miscellaneous	153,965	153,965	9,109
Total Cash Receipts	<u>8,551,040</u>	<u>8,551,040</u>	<u>2,703,865</u>
Cash Disbursements:			
Current:			
Administrative:			
Contractual Services:			
Education and Training	28,000	26,851	14,040
IAFPD Dues and Indemnity Fund	300	300	115
Janitorial Services	13,000	13,000	4,769
MCFA Dues and Death Assessments	1,500	1,663	1,663
Printing, Postage, Bank Fee, Box Rental	1,300	1,300	342
Publications	2,000	2,000	881
Telephone & Online Services	40,000	40,000	30,476
Public Education	5,000	5,000	1,581
Software Licensing	15,300	15,300	14,101
Internet Service/Web Page	1,500	1,500	121
Payroll Service	6,000	6,000	4,295
Employee Awards/Recognition	7,500	7,500	4,279
Child Passenger Seat	1,400	1,400	50
Annual Dues/IFFFA/Haz Mat/Code Red/MABAS	750	1,500	1,500
Bank Fees	800	1,036	1,036
Billing Services	27,000	31,481	29,481
Dispatch Services	15,750	15,750	15,750
Audits	3,750	3,750	3,650
Materials and Services:			
Office Furniture, Equipment and Supplies	14,500	13,500	7,571



**GLEN CARBON FIRE PROTECTION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (MODIFIED CASH BASIS)  
 FOR THE YEAR ENDED MAY 31, 2018

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Cash Disbursements:			
Current:			
Ambulance/Fire Equipment Expense:			
Contractual Services:			
Annual Inspections & Maintenance/Licensing	17,500	16,056	15,586
Building Repairs	51,000	51,000	38,595
Fire Hydrant Rental	3,000	3,000	-
Grass Cutting, Landscaping and Site Development	12,000	12,000	8,106
Heating & Electricity	30,000	29,000	22,111
Medical Expenses for Firefighters	8,000	8,000	723
Radio Communications Service/Repairs	11,000	11,000	2,261
Equipment Repairs	58,000	54,242	40,859
Water and Sewer	4,000	4,000	2,520
Annual Maintenance & Pump Testing	15,500	15,500	10,165
Hose Testing	4,500	4,500	3,785
Starcom Airway Fee	25,000	25,000	17,004
Materials and Supplies:			
EMS Supplies	20,000	21,379	21,379
Uniforms and Apparel	35,000	37,503	32,628
Gasoline, Oil and Grease	30,000	30,000	22,644
Miscellaneous Equipment & Supplies	23,000	23,883	21,378
Fire Hose	3,500	3,758	3,758
Small Tools & Equipment	15,000	18,526	18,525
Salary/Payroll and Benefits			
Personal Services:			
Payroll - FF & EMTP	1,098,000	1,108,884	1,086,974
Chief/EMS Director Salary	67,000	67,000	65,000
Trustees' Salaries	11,250	11,250	11,250
Payroll Taxes	95,000	98,085	88,719
Retirement Plan	60,000	60,000	56,433
Health and Life Insurance	130,000	150,642	150,642
Contractual Services:			
Legal Fees	17,500	16,500	7,761

**GLEN CARBON FIRE PROTECTION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (MODIFIED CASH BASIS)  
 FOR THE YEAR ENDED MAY 31, 2018

	<u>Budgeted Amounts</u>		Actual (Budget Basis)
	<u>Original</u>	<u>Final</u>	
Cash Disbursements:			
Current:			
Insurance Expense:			
Contractual Services:			
Bonds	600	760	760
Liability and Property Insurance	39,000	38,840	37,473
Worker's Compensation Insurance	88,297	88,297	81,707
Contingency	185,630	185,630	3,628
Debt Payment	140,000	140,000	138,203
Capital Outlay:			
Accessories & Equipment for Fire Truck/Ambulance	80,000	80,778	66,419
Office Equipment	-	-	19,654
Communication Equipment & Siren Purchase	55,000	49,497	15,603
Fire Apparatus/Ambulance Acquisition	782,215	757,501	-
Property/Building Additions	6,250,000	6,240,000	192,389
Total Cash Disbursements	<u>9,650,842</u>	<u>9,650,842</u>	<u>2,440,343</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (1,099,802)</u>	<u>\$ (1,099,802)</u>	263,522
No change for modified cash basis			<u>-</u>
Per the Statement of Activities and Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			<u>\$ 263,522</u>