



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, 2014

233 East Center Drive
P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 St. Louis (314) 355-2586
Fax (618) 465-7710



One Westbury Drive
Suite 420
St. Charles, Missouri 63301-2567
(636) 723-7611 St. Louis (636) 947-1008
Fax (636) 947-4558

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 Glen Carbon Fire Protection District as of and for the year ended May 31, 2014, 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 determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

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, 2014, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 6), budgetary comparison information (pages 18 to 20), and the schedule of retirement funding progress (page 21) 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 other information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

C. J. Schlom & Co., LLC

Certified Public Accountants
Alton, Illinois

November 7, 2014

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, 2014. 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 17 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, 2013, the District's assets exceeded liabilities by \$3,300,491.

| | <u>2014</u> | <u>%</u> | <u>2013</u> | <u>%</u> |
|--|---------------------|--------------|---------------------|--------------|
| <u>Fund Balance/Net Position</u> | | | | |
| Unrestricted | \$ 502,253 | 0.152 | \$ 772,739 | 0.227 |
| Invested in Capital Assets, Net of Related Debt | <u>2,798,238</u> | <u>0.848</u> | <u>2,626,024</u> | <u>0.773</u> |
| | <u>\$ 3,300,491</u> | <u>1.000</u> | <u>\$ 3,398,763</u> | <u>1.000</u> |

A portion of this balance, \$502,253, is unrestricted and available to use as the District desires. The unrestricted balance decreased approximately \$270,000 from the prior year. The remainder of the District's net assets 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 decreased in the current year by approximately \$98,300 to an ending balance of \$3,398,763.

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>2014</u> | <u>%</u> | <u>2013</u> | <u>%</u> |
|----------------------|---------------------|--------------|---------------------|--------------|
| Property Taxes | \$ 1,458,153 | 0.808 | \$ 1,322,149 | 0.779 |
| Intergovernmental | 22,921 | 0.013 | 25,018 | 0.015 |
| Charges for Services | 320,109 | 0.177 | 290,314 | 0.171 |
| Investment Earnings | - | 0.000 | 134 | 0.000 |
| Miscellaneous | 4,395 | 0.002 | 59,319 | 0.035 |
| | <u>\$ 1,805,578</u> | <u>1.000</u> | <u>\$ 1,696,934</u> | <u>1.000</u> |

The largest change in cash receipts was the increase in property taxes collected as well as the increase in charges for services. Miscellaneous receipts decreased due to much lower proceeds from sales of assets.

Changes in Expenditures

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

| | <u>2014</u> | <u>%</u> | <u>2013</u> | <u>%</u> |
|------------------------|---------------------|--------------|---------------------|--------------|
| Personal Services | \$ 1,174,791 | 0.514 | \$ 988,935 | 0.541 |
| Contractual Services | 345,152 | 0.151 | 295,178 | 0.162 |
| Materials and Supplies | 119,533 | 0.052 | 155,607 | 0.085 |
| Debt Service | 110,000 | 0.048 | 203,241 | 0.111 |
| Capital Outlay | 535,013 | 0.234 | 184,449 | 0.101 |
| | <u>\$ 2,284,489</u> | <u>1.000</u> | <u>\$ 1,827,410</u> | <u>1.000</u> |

Expenditures increased by about \$457,000 from the prior year. Personal services increased due to increased wages and the District hired several new EMS employees throughout the year. Debt service decreased due to the District paying off a loan in fiscal year 2013 with accelerated payments and not doing so in fiscal year 2014. Capital outlay increased due to the purchases of two new emergency vehicles.

CAPITAL ASSETS

The District expended \$535,013 on fire protection and ambulance equipment. The additions were primarily comprised of two new vehicles, radio equipment and display sign improvements. Depreciation expense on the District's capital assets was \$253,123 for the period ended May 31, 2014. 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 has two outstanding notes payable as of May 31, 2014. These notes relate to the construction of a new firehouse that was completed in fiscal year 2001, and a new note in the current year to assist with the purchase of the new ambulance. The outstanding balances on these debt agreements as of May 31, 2014 is \$282,696. Additional information related to the debt of the District can be found in Note 5 of the financial statements.

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 \$2,829,662 of which the District only spent \$2,284,489 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, 2014

| | <u>General Fund</u> | <u>Adjustments (See Page 8)</u> | <u>Statement of Net Position</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ 502,253 | \$ - | \$ 502,253 |
| Capital Assets: | | | |
| Land | - | 211,169 | 211,169 |
| Buildings and Improvements | - | 1,138,721 | 1,138,721 |
| Equipment | - | 1,239,448 | 1,239,448 |
| Vehicles | - | 2,677,419 | 2,677,419 |
| Accumulated Depreciation | - | <u>(2,185,823)</u> | <u>(2,185,823)</u> |
| Total Assets | <u>502,253</u> | <u>3,080,934</u> | <u>3,583,187</u> |
| <u>Liabilities</u> | | | |
| Notes/Leases Payable: | | | |
| Due in Less Than One Year | - | 133,336 | 133,336 |
| Due in More Than One Year | - | <u>149,360</u> | <u>149,360</u> |
| Total Liabilities | - | <u>282,696</u> | <u>282,696</u> |
| <u>Fund Balance/Net Position</u> | | | |
| Fund Balance/Net Position: | | | |
| Unrestricted | <u>502,253</u> | - | 502,253 |
| Total Liabilities and Fund Balance | <u>\$ 502,253</u> | | |
| Invested in Capital Assets, Net of Related Debt | | <u>2,798,238</u> | <u>2,798,238</u> |
| Total Net Position | | <u>2,798,238</u> | <u>\$ 3,300,491</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, 2014

Amounts reported for governmental fund balances are different because:

| | |
|---|---------------------|
| Fund balances - total governmental funds | \$ 502,253 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds. | 3,080,934 |
| Long-term debt used in governmental activities are not reported on the balance sheet of the governmental funds. | <u>(282,696)</u> |
| Net assets of governmental activities | <u>\$ 3,300,491</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, 2014

| | <u>General Fund</u> | <u>Adjustments (See Page 10)</u> | <u>Statement of Activities</u> |
|--|-------------------------|--------------------------------------|------------------------------------|
| Cash Receipts | | | |
| Property Taxes | \$ 1,458,153 | \$ - | \$ 1,458,153 |
| Replacement Tax | 10,420 | - | 10,420 |
| 2% Foreign Fire Tax | 12,501 | - | 12,501 |
| Charges for Services | 320,109 | - | 320,109 |
| Gain/(Loss) on Sale of Assets | 928 | - | 928 |
| Miscellaneous | <u>3,467</u> | <u>-</u> | <u>3,467</u> |
| Total Revenues | <u>1,805,578</u> | <u>-</u> | <u>1,805,578</u> |
| Expenditures/Expenses: | | | |
| Fire Protection: | | | |
| Current: | | | |
| Personal Services | 1,174,791 | - | 1,174,791 |
| Contractual Services | 345,152 | - | 345,152 |
| Materials and Supplies | 119,533 | - | 119,533 |
| Depreciation | - | 253,123 | 253,123 |
| Debt Service: | | | |
| Principal | 98,749 | (98,749) | - |
| Interest | 11,251 | - | 11,251 |
| Capital Outlay | <u>535,013</u> | <u>(535,013)</u> | <u>-</u> |
| Total Expenditures/Expenses | <u>2,284,489</u> | <u>(380,639)</u> | <u>1,903,850</u> |
| Excess of Revenues Over (Under) Expenditures | (478,911) | 380,639 | (98,272) |
| Other Financing Sources: | | | |
| Proceeds From Debt | <u>208,425</u> | <u>(208,425)</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | (270,486) | 172,214 | (98,272) |
| Fund Balances/Net Position: | | | |
| Beginning of the Year | <u>772,739</u> | <u>2,626,024</u> | <u>3,398,763</u> |
| End of the Year | <u>\$ 502,253</u> | <u>\$ 2,798,238</u> | <u>\$ 3,300,491</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, 2014

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

Net change in fund balances - total governmental funds \$ (270,486)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year capital outlays exceeds depreciation expense and loss on asset sales.

281,890

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 activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

(109,676)

Change in net position of governmental activities \$ (98,272)

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

GLEN CARBON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2014

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 assets or equity:

Deposits and investments

The District's cash and cash equivalents are comprised of checking accounts, prime investor accounts, and money market funds. Cash and cash equivalents are deposits or short-term investments with original maturities of three months or less.

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)

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 November 7, 2014 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 October 29, 2013 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, 2014, the carrying amount of the District's cash and cash equivalents was \$502,253 and the respective bank balances totaled \$527,487. 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, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 211,169 | \$ - | \$ - | \$ 211,169 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,138,721 | - | - | 1,138,721 |
| Vehicles | 2,263,184 | 414,235 | - | 2,677,419 |
| Equipment | <u>1,118,670</u> | <u>120,778</u> | - | <u>1,239,448</u> |
| Total capital assets being depreciated | <u>4,520,575</u> | <u>535,013</u> | - | <u>5,055,588</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 338,325 | 30,760 | - | 369,085 |
| Vehicles | 1,008,162 | 95,272 | - | 1,103,434 |
| Equipment | <u>586,213</u> | <u>127,091</u> | - | <u>713,304</u> |
| Total accumulated depreciation | <u>1,932,700</u> | <u>253,123</u> | - | <u>2,185,823</u> |
| Total capital assets being depreciated, net | <u>2,587,875</u> | <u>281,890</u> | - | <u>2,869,765</u> |
| Governmental activities capital assets, net | <u>\$ 2,799,044</u> | <u>\$ 281,890</u> | <u>\$ -</u> | <u>\$ 3,080,934</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, 2014 was \$253,123.

NOTE 5: LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended May 31, 2014:

| | |
|-----------------------|-------------------|
| Payable June 1, 2013 | \$ 173,020 |
| Additions During Year | 208,425 |
| Retired During Year | <u>98,749</u> |
| Payable May 31, 2014 | <u>\$ 282,696</u> |

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

The long-term debt at May 31, 2014 is comprised of the following notes payable:

The District entered into a promissory note with the Bank of Edwardsville dated August 1, 2000. The agreement provided \$706,000 for the construction of a new firehouse. The agreement was refinanced in fiscal year 2010. The lease purchase agreement is to be retired by 9 annual installments of \$63,570 including interest at 4.98%. The balance at the end of the year was \$111,636.

The District entered into a promissory note with the Bank of Edwardsville dated November 1, 2013. The agreement provided \$208,425 for the purchase of a new ambulance. The lease purchase agreement is to be retired by 12 quarterly installments of \$17,892 including interest at 1.84%. The balance at the end of the year was \$171,060.

The annual requirements to amortize the debt outstanding as of May 31, 2014, including interest of \$12,194, are as follows:

| Year Ended May 31, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------|-------------------|------------------|-------------------|
| 2015 | \$ 133,336 | \$ 8,233 | \$ 141,569 |
| 2016 | 117,366 | 3,748 | 121,114 |
| 2017 | <u>31,994</u> | <u>213</u> | <u>32,207</u> |
| | <u>\$ 282,696</u> | <u>\$ 12,194</u> | <u>\$ 294,890</u> |

NOTE 6: RETIREMENT FUND COMMITMENTS

A. 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.

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 contribution rate for calendar year 2013 was 8.00 percent of annual covered payroll. 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

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

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

Annual Pension Cost. The required contribution for calendar year ending December 31, 2013 was \$44,457.

Three-Year Trend Information for IMRF

| <u>Fiscal</u> <u>Year</u> <u>Ending</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|--|--|---|
| 12/31/2013 | \$ 44,457 | 100% | \$ - |
| 12/31/2012 | 30,927 | 100% | - |
| 12/31/2011 | 30,351 | 100% | - |

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 97.63 percent funded. The actuarial accrued liability for benefits was \$327,421 and the actuarial value of assets was \$319,669, resulting in an overfunded actuarial accrued liability (UAAL) of \$7,752. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$555,709. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as Other Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B Social Security

All District employees are covered under Social Security. The District paid \$70,980, the total required contribution for the current fiscal year.

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 2013 levy on November 26, 2013. 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, 2014. 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:

| | Maximum Rate | <u>2013</u> | Levy Year <u>2012</u> | <u>2011</u> |
|-------------------------|-----------------|-----------------------|--------------------------|-----------------------|
| <u>Tax Rate:</u> | | | | |
| General | \$.3000 | \$.2115 | \$.2006 | \$.1837 |
| Insurance | | .0280 | .0278 | .0274 |
| Ambulance | .3000 | <u>.2479</u> | <u>.2222</u> | <u>.1912</u> |
| | | <u>\$.4874</u> | <u>\$.4506</u> | <u>\$.4023</u> |
| Assessed Valuations | | <u>\$ 322,817,924</u> | <u>\$ 324,108,505</u> | <u>\$ 329,175,100</u> |
| Tax Extension | | <u>\$ 1,573,415</u> | <u>\$ 1,460,433</u> | <u>\$ 1,324,271</u> |
| Tax Collections | | <u>\$ --</u> | <u>\$ 1,458,153</u> | <u>\$ 1,322,149</u> |
| Percent Collected | | <u>-- %</u> | <u>99.84%</u> | <u>99.84%</u> |

GLEN CARBON FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (MODIFIED CASH BASIS)
FOR THE YEAR ENDED MAY 31, 2014

| | Budgeted Amounts <u>Original and Final</u> | Actual (Budget Basis) <u> </u> |
|---|--|--|
| Cash Receipts: | | |
| Property Taxes | \$ 1,460,433 | \$ 1,458,153 |
| Corporate Personal Property | | |
| Replacement Taxes | 14,000 | 10,420 |
| 2% Foreign Fire Tax | - | 12,501 |
| Charges for Services | 350,000 | 320,109 |
| Interest Income | 450 | - |
| Sale of Assets | - | 928 |
| Loan Proceeds | 208,425 | 208,425 |
| Miscellaneous | 53,500 | 3,467 |
| Total Cash Receipts | <u>2,086,808</u> | <u>2,014,003</u> |
| Cash Disbursements: | | |
| Current: | | |
| Administrative: | | |
| Contractual Services: | | |
| Education and Training | 20,000 | 13,651 |
| Fire Chief & Assistant's Meeting Expenses | 177 | - |
| IAFPD Dues and Indemnity Fund | 600 | - |
| Janitorial Services | 3,000 | 1,534 |
| Starcom Airway Fee | 12,000 | 4,770 |
| Software Licensing | 19,000 | - |
| MCFA Dues and Death Assessments | 1,500 | 1,406 |
| Printing, Postage, Bank Fee, Box Rental | 2,000 | 1,821 |
| Publications & Audits | 5,500 | 7,538 |
| Telephone & Online Services | 27,500 | 29,847 |
| Public Education | 5,000 | 1,765 |
| Computer Service | 1,600 | 822 |
| Payroll Service | 3,500 | 2,590 |
| Employee Awards/Recognition | 4,000 | 3,682 |
| Child Passenger Seat | 1,350 | 20 |
| Annual Dues/IFFFA/Haz Mat/Code Red/MABAS | 1,200 | 725 |
| Bank Fees | 1,500 | 87 |
| Billing Services | 25,000 | 24,329 |
| Materials and Services: | | |
| Office Furniture, Equipment and Supplies | 20,000 | 15,617 |

GLEN CARBON FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (MODIFIED CASH BASIS)
FOR THE YEAR ENDED MAY 31, 2014

| | Budgeted Amounts <hr/> Original and Final <hr/> | Actual (Budget Basis) <hr/> |
|---|---|--------------------------------------|
| Cash Disbursements: | | |
| Current: | | |
| Ambulance/Fire Equipment Expense: | | |
| Contractual Services: | | |
| Annual Inspections & Maintenance/Licensing | 48,508 | 38,959 |
| Building Repairs | 30,000 | 22,757 |
| Fire Hydrant Rental | 3,000 | 2,940 |
| Grass Cutting, Landscaping and Site Development | 11,000 | 10,335 |
| Heating & Electricity | 33,000 | 19,033 |
| Medical Expenses for Firefighters | 8,000 | 2,738 |
| Radio Communications Service/Repairs | 6,500 | 3,309 |
| Equipment Repairs | 33,000 | 34,778 |
| Water and Sewer | 2,500 | 2,350 |
| Materials and Supplies: | | |
| EMS Supplies | 25,000 | 21,445 |
| Uniforms and Apparel | 65,000 | 31,639 |
| Gasoline, Oil and Grease | 35,000 | 29,921 |
| Miscellaneous Equipment & Supplies | 10,000 | 6,566 |
| Small Tools & Equipment | 4,000 | 14,345 |
| Salary/Payroll and Benefits | | |
| Personal Services: | | |
| Payroll - FF & EMTP | 945,000 | 929,503 |
| Ambulance Service | 30,000 | 172 |
| Chief/EMS Director Salary | 10,000 | 10,000 |
| Trustees' Salaries | 7,000 | 6,750 |
| Payroll Taxes | 65,000 | 70,980 |
| Retirement Plan | 45,000 | 42,814 |
| Health and Life Insurance | 100,000 | 114,572 |
| Contractual Services: | | |
| Legal Fees | 5,000 | 5,689 |

GLEN CARBON FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (MODIFIED CASH BASIS)
FOR THE YEAR ENDED MAY 31, 2014

| | <u>Budgeted Amounts Original and Final</u> | <u>Actual (Budget Basis)</u> |
|---|--|--------------------------------------|
| Cash Disbursements: | | |
| Current: | | |
| Insurance Expense: | | |
| Contractual Services: | | |
| Bonds | 500 | 510 |
| Liability and Property Insurance | 31,000 | 25,190 |
| Worker's Compensation Insurance | 44,000 | 66,346 |
| Unemployment Insurance | 14,602 | 15,631 |
| Contingency | 13,000 | - |
| Capital Outlay: | | |
| Accessories & Equipment for Fire Truck/Ambulance | 100,000 | 29,611 |
| New Fire Hose | 4,000 | 2,802 |
| Communication Equipment & Siren Purchase | 95,000 | 91,192 |
| Fire Apparatus Acquisition | 250,000 | 196,052 |
| Ambulance Acquisition | 239,425 | 208,425 |
| Building Renovation | 252,200 | 6,931 |
| Debt Service | <u>110,000</u> | <u>110,000</u> |
| Total Cash Disbursements | <u>2,829,662</u> | <u>2,284,489</u> |
| Excess (Deficiency) of Receipts Over Disbursements | <u>\$ (742,854)</u> | (270,486) |
| 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>\$ (270,486)</u> |

GLENN CARBON FIRE PROTECTION DISTRICT

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
MAY 31, 2014

| | Calendar Year | | | | | |
|--------------------------------------|---------------|------------|------------|------------|------------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Actuarial Value of Assets | \$ 319,669 | \$ 261,866 | \$ 205,160 | \$ 166,233 | \$ 113,071 | \$ 58,752 |
| Actuarial Accrued Liability (AAL) | 327,421 | 260,902 | 192,118 | 209,445 | 151,046 | 90,773 |
| Unfunded AAL (UAAL) | 7,752 | (964) | (13,042) | 43,212 | 37,975 | 32,021 |
| Funded Ratio | 97.63% | 100.37% | 106.79% | 79.37% | 74.86% | 64.72% |
| Covered Payroll | 555,709 | 342,869 | 340,259 | 387,820 | 403,810 | 332,417 |
| UAAL as a % of Covered Payroll | 0.00% | 0.00% | 0.00% | 11.14% | 9.40% | 9.63% |
| Employer Contributions: | | | | | | |
| Required | 44,457 | 30,927 | 30,351 | 34,516 | 36,868 | 30,715 |
| Made | 44,457 | 30,927 | 30,351 | 34,516 | 36,868 | 30,715 |
| Percentage of Employer Contributions | | | | | | |
| Made to Required Contributions | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$353,621.

On a market basis, the funded ratio would be 108.00 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with IMRF. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

| | |
|--------------------------------|---|
| Actuarial Cost Method: | Entry Age Normal Actuarial Cost |
| Amortization Method: | Level Percentage of Projected Payroll |
| Remaining Amortization Period: | Open 30 Year Basis |
| Asset Valuation Method: | Market value with techniques that smooth the effects of short term volatility |
| Actuarial Assumptions: | |
| Interest Rate | 7.5% |
| Salary Progression | 4.4% to 14.4% |
| Cost of Living | |
| Adjustments | 3.0% |