

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Managements' Discussion and Analysis

Basic Financial Statements

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.



April 27, 2023

Board of Trustees
Inverness Fire Protection District
Inverness, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Inverness Fire Protection District (the District), Illinois, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Inverness Fire Protection District, Illinois, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation 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 fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Inverness Fire Protection District, Illinois' basic financial statements. The management's discussion and analysis and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, management's discussion and analysis, and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Inverness Fire Protection District, Illinois
April 27, 2023

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

Our discussion and analysis of the Inverness Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2022. Please read it in conjunction with District's financial statements, which can be found in the basic financial statement section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position decreased \$159,882, resulting in ending net position of \$5,379,158.
- During the fiscal year, the District generated \$328,708 in charges for services, \$3,883,627 in general revenues, and received \$8,423 in operating grants. Entity-wide expenses for the year totaled \$4,380,640, resulting in the decrease to net position of \$159,882.
- The General Fund reported a decrease for the year of \$238,379, resulting in ending fund balance of \$773,041.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

The government-wide financial statements 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 reports 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 giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The District's governmental activities are supported by taxes and other general revenues. All governmental activities are reported as public safety activities.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

USING THIS ANNUAL REPORT - Continued

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Ambulance Fund, Emergency and Rescue Fund, Liability Insurance Fund, and Capital Improvement Fund, which are considered a major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Budgetary comparison schedules are provided to demonstrate compliance with the budget for all funds except the Liability Insurance, Audit, Foreign Fire Insurance, and Firefighters' Pension Funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

USING THIS ANNUAL REPORT - Continued

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found in the financial section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets exceeded liabilities by \$5,379,158 during the year.

	Net Position	
	12/31/22	12/31/21
Current Assets	\$ 5,908,432	6,548,864
Capital Assets	1,568,726	1,290,676
Total Assets	<u>7,477,158</u>	<u>7,839,540</u>
Long-Term Liabilities	1,875,000	2,097,500
Other Liabilities	223,000	203,000
Total Liabilities	<u>2,098,000</u>	<u>2,300,500</u>
Net Position		
Net Investment in Capital Assets	1,207,029	1,160,676
Restricted	1,037,999	1,004,139
Unrestricted	<u>3,134,130</u>	<u>3,374,225</u>
Total Net Pension	<u>5,379,158</u>	<u>5,539,040</u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position	
	12/31/22	12/31/21
Revenues		
Program Revenues		
Charges for Services	\$ 328,708	237,709
Operating Grants/Contrib.	8,423	36,332
General Revenues		
Property Taxes	3,545,880	4,384,530
Foreign Fire Insurance Tax	67,586	29,731
Replacement Taxes	147,809	73,054
Investment Income	(37,756)	1,259
Miscellaneous	160,108	131,791
Total Revenues	<u>4,220,758</u>	<u>4,894,406</u>
Expenses		
Public Safety	4,327,840	4,231,919
Interest on Long-Term Debt	52,800	30,000
Total Expenses	<u>4,380,640</u>	<u>4,261,919</u>
Change in Net Position	(159,882)	632,487
Net Position - Beginning	<u>5,539,040</u>	<u>4,906,553</u>
Net Position - Ending	<u><u>5,379,158</u></u>	<u><u>5,539,040</u></u>

Net position of the District's governmental activities decreased by \$159,882. Revenues for the current year of \$4,220,758 decreased \$673,648, or 13.8 percent, due primarily to the District collecting lower property taxes in the current fiscal year as a result of the second installment of Cook County property taxes being delayed in calendar year 2022. Expenses for the current year of \$4,380,640 increased \$118,721, or 2.8 percent. The increase in expenses is due to contractual salary increases.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

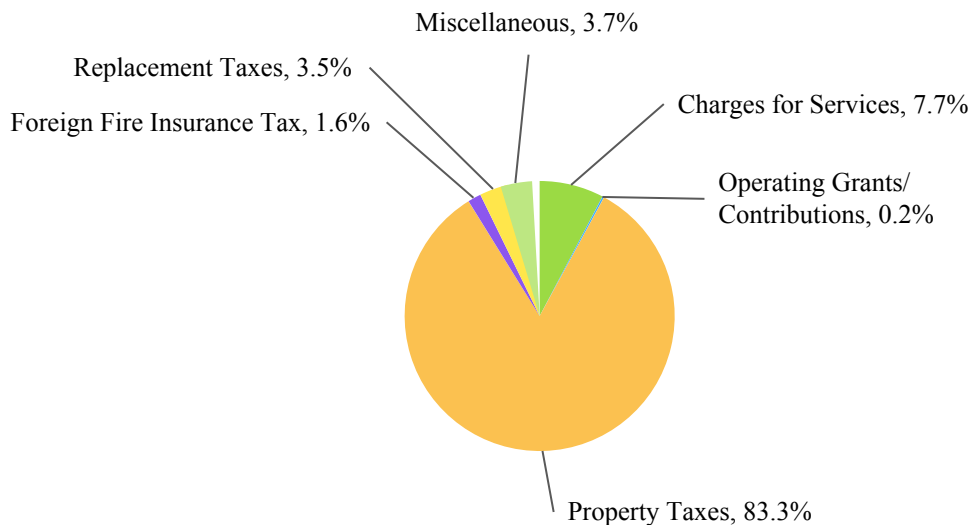
Management's Discussion and Analysis

December 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

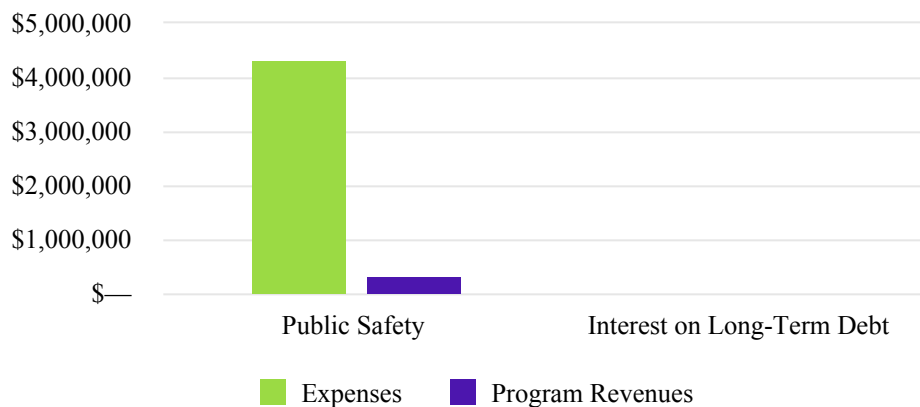
The following chart graphically illustrates the District's significant reliance on property taxes to fund operations.

Revenue by Source - Governmental Activities



The following 'Expenses and Program Revenues' Tables further illustrates the District's reliance on general revenues to fund operations. Only a small portion of revenues come from public safety charges for services.

Expenses and Program Revenues - Governmental Activities



INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the General Fund reported ending fund balance of \$773,041, which is \$238,379 lower than beginning fund balance of \$1,011,420. This is mainly due to an decrease in property taxes of \$514,228 from prior year.

The Ambulance Fund reported ending fund balance of \$1,714,065, which is \$1,716 lower than beginning fund balance of \$1,715,781. This is also mainly due to an decrease in property taxes of \$381,666.

The Emergency and Rescue Fund reported ending fund balance of \$593,887, which is \$164,646 higher than beginning fund balance of \$429,241. This is due to an increase in property taxes of \$88,818.

The Liability Insurance Fund reported ending fund balance of \$352,861, which is \$127,102 lower than beginning fund balance of \$479,963. This is due to an adjustment in the District's levy decrease for this fund.

The Capital Improvements Fund reported ending fund balance of \$2,382,827, which is \$434,197 lower than beginning fund balance of \$2,817,024. This is due to capital outlay expenditures planned during in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District Board made no budget amendment to the General Fund budget once it was approved. Actual revenues of \$1,897,725 were \$447,777 lower than final budgeted revenues of \$2,345,502. This was due to property taxes being lower than budgeted by \$469,127.

Actual expenditures of \$2,136,104 were \$85,991 lower than the final budgeted expenditures of \$2,222,095. This was due primarily to the District's personnel expenditures being \$175,097 lower than what was budgeted, commodities expenditures being lower than budget by \$114,024, and contractual expenditures being lower than budgeted by \$45,297. Offsetting these decreases is a higher than budgeted amount for debt service expenditures in the amount of \$242,800.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of December 31, 2022 were \$1,568,726 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, buildings and improvements, equipment, and vehicles.

The total increase in the District's investment in capital assets for the current fiscal year was \$278,050. This amount consists of \$25,127 in depreciation expense charged for the current year, offset by building improvement additions of \$208,243, equipment additions of \$54,229, and vehicles additions of \$40,705.

	Capital Assets - Net of Depreciation	
	12/31/22	12/31/21
Land	\$ 365,000	365,000
Buildings	731,850	731,850
Buildings and Improvements	251,047	50,519
Equipment	166,640	122,848
Vehicles	54,189	20,459
	<u>1,568,726</u>	<u>1,290,676</u>

Additional information on the District's capital assets can be found in Note 3 of this report.

DEBT ADMINISTRATION

The District's long-term debt outstanding at December 31, 2022 totaled \$2,097,500, compared to a beginning balance of \$2,300,000, a decrease of \$202,500. The District's long-term debt outstanding is as follows:

	Long-Term Debt Outstanding	
	12/31/22	12/31/21
General Obligation Bonds	\$ 2,010,000	2,200,000
Installment Contract Payable	87,500	100,000
	<u>2,097,500</u>	<u>2,300,000</u>

Additional information on the District's long-term debt can be found in the Note 3 to the financial statements.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Management's Discussion and Analysis

December 31, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected officials considered many factors when setting the fiscal-year 2023 budget, tax rates, and fees that will be charged for its governmental activities, including the change in the CPI, unemployment rates and other economic factors.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Inverness Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Fire Chief, Inverness Fire Protection District, 35 North Ela Road, Inverness, Illinois 60067.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Statement of Net Position - Modified Cash Basis

December 31, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	<u>\$ 5,908,432</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	365,000
Depreciable	3,652,071
Accumulated Depreciation	<u>(2,448,345)</u>
Total Noncurrent Assets	<u>1,568,726</u>
Total Assets	<u>7,477,158</u>
LIABILITIES	
Current Liabilities	
Accounts Payroll	500
Current Portion of Long-Term Debt	<u>222,500</u>
Total Current Assets	<u>223,000</u>
Noncurrent Liabilities	
General Obligation Bonds Payable	1,800,000
Installment Contracts Payable	<u>75,000</u>
Total Noncurrent Liabilities	<u>1,875,000</u>
Total Liabilities	<u>2,098,000</u>
NET POSITION	
Net Investment in Capital Assets	1,207,029
Restricted	
Liability Insurance	352,861
Audit	7,447
Emergency and Rescue	593,887
Retirement	4,470
Foreign Fire Insurance	79,334
Unrestricted	<u>3,134,130</u>
Total Net Position	<u>5,379,158</u>

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2022**

	Program Revenues			Net (Expenses)/ Revenues
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Expenses				
Governmental Activities				
Public Safety	\$ 4,327,840	328,708	8,423	— (3,990,709)
Interest on Long-Term Debt	52,800	—	—	— (52,800)
Total Governmental Activities	4,380,640	328,708	8,423	— (4,043,509)
	General Revenues			
	Taxes			
				Property Taxes 3,545,880
				Foreign Fire Insurance Taxes 67,586
	Intergovernmental - Unrestricted			
				Replacement Taxes 147,809
				Investment Income (Loss) (37,756)
				Miscellaneous 160,108
				<u>3,883,627</u>
				Change in Net Position (159,882)
				Net Position - Beginning <u>5,539,040</u>
				<u>Net Position - Ending 5,379,158</u>

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Balance Sheet - Governmental Funds - Modified Cash Basis

December 31, 2022

See Following Page

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Balance Sheet - Governmental Funds - Modified Cash Basis
December 31, 2022**

	<u>Corporate</u>
ASSETS	
Cash and Investments	<u>\$ 773,541</u>
LIABILITIES	
Accounts Payroll	<u>500</u>
FUND BALANCES	
Restricted	—
Committed	—
Assigned	174,641
Unassigned	<u>598,400</u>
Total Fund Balances	<u>773,041</u>
Total Liabilities and Fund Balances	<u>773,541</u>

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

Ambulance	Special Revenue		Capital Projects		Totals
	Emergency and Rescue	Liability Insurance	Capital Improvements	Nonmajor	
1,714,065	593,887	352,861	2,382,827	91,251	5,908,432
—	—	—	—	—	500
—	593,887	352,861	—	91,251	1,037,999
—	—	—	2,382,827	—	2,382,827
1,714,065	—	—	—	—	1,888,706
—	—	—	—	—	598,400
1,714,065	593,887	352,861	2,382,827	91,251	5,907,932
1,714,065	593,887	352,861	2,382,827	91,251	5,908,432

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities - Modified Cash Basis

December 31, 2022

Total Governmental Fund Balances	\$ 5,907,932
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	1,568,726
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds Payable	(2,010,000)
Installment Contracts Payable	<u>(87,500)</u>
Net Position of Governmental Activities	<u><u>5,379,158</u></u>

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified
Cash Basis**

For the Fiscal Year Ended December 31, 2022

See Following Page

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis

For the Fiscal Year Ended December 31, 2022

	<u>Corporate</u>
Revenues	
Taxes	\$ 1,782,783
Intergovernmental	70,304
Charges for Services	2,073
Investment Income (Loss)	(29,098)
Miscellaneous	71,663
Total Revenues	<u>1,897,725</u>
Expenditures	
Public Safety	
Personnel	1,424,629
Commodities	70,788
Contractual	392,260
Capital Outlay	5,627
Debt Service	
Principal Retirement	190,000
Interest and Fiscal Charges	52,800
Total Expenditures	<u>2,136,104</u>
Net Change in Fund Balances	(238,379)
Fund Balances - Beginning	<u>1,011,420</u>
Fund Balances - Ending	<u><u>773,041</u></u>

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

Ambulance	Special Revenue		Capital Projects		Totals
	Emergency and Rescue	Liability Insurance	Capital Improvements	Nonmajor	
1,266,255	316,563	182,002	—	65,863	3,613,466
85,928	—	—	—	—	156,232
326,635	—	—	—	—	328,708
(8,699)	—	—	—	41	(37,756)
88,445	—	—	—	—	160,108
1,758,564	316,563	182,002	—	65,904	4,220,758
1,151,348	143,721	291,674	—	38,053	3,049,425
78,961	—	—	—	—	149,749
529,435	4,657	—	—	10,303	936,655
536	3,539	17,430	421,697	21,232	470,061
—	—	—	12,500	—	202,500
—	—	—	—	—	52,800
1,760,280	151,917	309,104	434,197	69,588	4,861,190
(1,716)	164,646	(127,102)	(434,197)	(3,684)	(640,432)
1,715,781	429,241	479,963	2,817,024	94,935	6,548,364
1,714,065	593,887	352,861	2,382,827	91,251	5,907,932

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities - Modified Cash
For the Fiscal Year Ended December 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (640,432)

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

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.

Capital Outlays	303,177
Depreciation Expense	(25,127)

The issuance of long-term debt provides current financial resources to governmental funds, While the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Retirement of Debt	<u>202,500</u>
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Changes in Net Position of Governmental Activities (159,882)

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Statement of Fiduciary Net Position

December 31, 2022

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 210,745
Investments	
Illinois Firefighters' Pension Investment Fund	<u>17,373,313</u>
Total Assets	<u>17,584,058</u>
LIABILITIES	
Accounts Payable	<u>1,059</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>17,582,999</u></u>

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2022**

	Pension Trust
Additions	
Contributions - Employer	\$ 459,189
Contributions - Plan Members	154,002
Total Contributions	<u>613,191</u>
Investment Income	
Interest Earned	(39,203)
Net Change in Fair Value	(3,023,266)
	<u>(3,062,469)</u>
Less Investment Expenses	(6,454)
Net Investment Income (Loss)	<u>(3,068,923)</u>
Total Additions	<u>(2,455,732)</u>
Deductions	
Administration	35,100
Benefits and Refunds	904,255
Total Deductions	<u>939,355</u>
Change in Fiduciary Net Position	(3,395,087)
Net Position Restricted for Pensions	
Beginning	<u>20,978,086</u>
Ending	<u><u>17,582,999</u></u>

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

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Inverness Fire Protection District (District), Illinois was organized in 1995 and operates under a Board of Trustees form of government. The basic financial statements of the District have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the District's accounting policies are described below.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, "The financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Firefighters' Pension Employees Retirement System

The District's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the District's President, two elected from active participants of the Fund, and one elected pension beneficiary of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the District is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the District is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the District, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the District's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

BASIS OF PRESENTATION

Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's public safety function is classified as governmental activities. The District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted, and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of the District's function. The function is supported by general government revenues (property, foreign fire taxes, replacement taxes, investment income (loss), miscellaneous, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

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 comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds. The District may electively add funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the District or total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund type is 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. The following is a description of the governmental funds of the District:

Corporate Fund is the general operating fund of the District. It accounts for all revenues and expenditures of the District which are not accounted for in other funds. The Corporate Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District maintains two major special revenue funds and four nonmajor special revenue funds. The Ambulance Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Financing is provided by committed user fees and a specific annual tax levy. The Liability Insurance Fund is used to account for general liability, workers' compensation and unemployment compensation insurance expenditures. Financing is provided by an unlimited tax levy.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds - Continued

Capital projects funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities. The Capital Improvements Fund is a major fund and accounts for revenues and expenditures relative to the construction of capital improvements or the purchase of vehicles and equipment.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the District's Fire Department.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the District records capital assets, depreciation, and long-term debt.

All pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Capital Assets

Capital assets purchased or acquired with an original cost of \$50,000 for buildings, \$15,000 for vehicles, \$10,000 for building improvements and \$5,000 for equipment or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - Continued

Capital Assets - Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. Infrastructure such as streets and storm sewers are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	10 - 45 Years
Buildings and Improvements	10 - 45 Years
Land Improvements	10 - 45 Years
Equipment	5 - 20 Years
Vehicles	7 - 20 Years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

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.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Appropriated amounts used for comparison in this report are obtained from the Annual Budget and Appropriation Ordinance for the District. The appropriated amounts included in the financial statements are the final adopted appropriations, which was passed on November 8, 2021. All funds of the District are appropriated for annually, except for the Liability Insurance Fund, the Foreign Fire Insurance Fund, and the Firefighters' Pension Fund. Appropriations are prepared on the modified cash basis of accounting. Appropriations lapse at year end. No amendments or supplementary appropriations were adopted during the current fiscal year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds except the pension trust fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the District's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments - Illinois Statutes authorizes the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

District

Deposits. At year-end, the carrying amount of the District's deposits for governmental activities totaled \$4,938,762 and the bank balances totaled \$4,951,352.

Investments. At year-end, the District has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 87,946	19,844	68,102	—	—
U.S. Agency Obligations	180,418	—	180,418	—	—
Municipal Bonds	173,719	24,380	149,339	—	—
Illinois Funds	527,587	527,587	—	—	—
Totals	969,670	571,811	397,859	—	—

The District has the following recurring fair value measurements as of December 31, 2022:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 87,946	87,946	—	—
U.S. Agency Obligations	180,418	—	180,418	—
Municipal Bonds	173,719	—	173,719	—
Total Investments by Fair Value Level	442,083	87,946	354,137	—
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	527,587			
Total Investments Measured at Fair Value	969,670			

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

District - Continued

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy attempts to limit the District's exposure to interest rate risk by attempting to match its investments with anticipated cash flow requirements. The maximum maturity should not exceed three years and the portfolio duration should not exceed two.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. The District's investments in U.S. Agency Obligations are all rated not rated or rated Aaa or AA+ by Moody's and Standard & Poor's, respectively, and the District's investment in the municipal bonds are not rated or rated Aa1 to Aa2 or AAA to AA by Moody's and Standard & Poor's, respectively. The Illinois Funds is rated AAAM by Standard & Poor's.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits custodial credit risk by requiring deposits in excess of 10% of the capital and surplus of a financial institution will be collateralized. When collateral is required, 105% of the deposit will be required. At year-end, all of the bank balance of the deposits was covered by federal depository or equivalent insurance, and represents cash at paying agent for debt service payments.

Custodial Credit Risk - Investments. In the case of investments, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy attempts to limit the District's custodial credit risk for its investments by requiring that securities be held by a third-party custodian designated by the District and evidenced by safekeeping receipts. The District's investment in Illinois Funds is not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy stated that investments will be diversified by security type and institution. At year-end, the District does not have any investments over 5 percent of cash and investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Firefighters' Pension Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org. The Fund transferred all eligible assets to the IFPIF on January, 2022.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Continued

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$210,745 and the bank balances totaled \$210,745.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance. Flow-through FDIC insurance is available for the Plan's deposits with financial institutions. At December 31, 2022, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

Investments. At year-end the Fund has \$17,373,313 invested in IFPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org.

Investment Policy. IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (15.80%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, in May and September. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 365,000	—	—	365,000
Depreciable Capital Assets				
Buildings	1,722,000	—	—	1,722,000
Buildings and Improvements	64,326	208,243	—	272,569
Land Improvements	121,361	—	—	121,361
Equipment	404,952	54,229	5,400	453,781
Vehicles	1,041,655	40,705	—	1,082,360
	<u>3,354,294</u>	<u>303,177</u>	<u>5,400</u>	<u>3,652,071</u>
Less Accumulated Depreciation				
Buildings	990,150	—	—	990,150
Buildings and Improvements	13,807	7,715	—	21,522
Land Improvements	121,361	—	—	121,361
Equipment	282,104	10,437	5,400	287,141
Vehicles	1,021,196	6,975	—	1,028,171
	<u>2,428,618</u>	<u>25,127</u>	<u>5,400</u>	<u>2,448,345</u>
 Total Net Depreciable Capital Assets	 <u>925,676</u>	 <u>278,050</u>	 <u>—</u>	 <u>1,203,726</u>
 Total Net Capital Assets	 <u>1,290,676</u>	 <u>278,050</u>	 <u>—</u>	 <u>1,568,726</u>

Depreciation expense was charged to governmental activities as follows:

Public Safety	<u>\$ 25,127</u>
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INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

	Beginning Balances	Issuances	Retirements	Ending Balances
\$2,200,000 General Obligation Bonds of 2021 dated June 1, 2021, due in annual installments of \$190,000 to \$235,000 plus interest at 1.60% to 1.75% through December 1, 2031.	\$ 2,200,000	—	190,000	2,010,000

Installment Contract Payable

The District issues installment contracts payable to provide funds for the purchase of capital assets. Installment contracts currently outstanding are as follows:

	Beginning Balances	Issuances	Retirements	Ending Balances
\$250,000 Installment Contract dated April 7, 2009 due in annual installments of \$12,500 interest free through November 1, 2029.	\$ 100,000	—	12,500	87,500

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
General Obligation Bond	\$ 2,200,000	—	190,000	2,010,000	210,000
Installment Contract Payable	100,000	—	12,500	87,500	12,500
	<u>2,300,000</u>	<u>—</u>	<u>202,500</u>	<u>2,097,500</u>	<u>222,500</u>

Payments on the general obligation bonds is made by the Corporate Fund, and payments on the installment contract payable is made by the Capital Improvements Fund.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	General Obligation Bonds		Installment Contract Payable	
	Principal	Interest	Principal	Interest
2023	\$ 210,000	33,210	12,500	—
2024	215,000	29,850	12,500	—
2025	215,000	26,410	12,500	—
2026	220,000	22,970	12,500	—
2027	225,000	19,450	12,500	—
2028	225,000	15,850	12,500	—
2029	230,000	12,250	12,500	—
2030	235,000	8,225	—	—
2031	235,000	4,112	—	—
Totals	<u>2,010,000</u>	<u>172,327</u>	<u>87,500</u>	<u>—</u>

Legal Debt Margin

Chapter 70, Section 705/12-32 of the Illinois Compiled Statutes provides, “Any fire protection district incorporated under this Act may borrow money for corporate purposes and may issue bonds therefor, but shall not become indebted in any manner, or for any purpose, to an amount in the aggregate to exceed 5.75% on the valuation of taxable property therein to be ascertained by the last assessment for State and County taxes previous to the incurring of such indebtedness or until January 1, 1983, if greater, the sum that is produced by multiplying the district's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979.”

Assessed Valuation - 2021	<u>\$ 387,197,481</u>
Legal Debt Limit - 5.75% of Assessed Value	22,263,855
Amount of Debt Applicable to Limit	<u>2,010,000</u>
Legal Debt Margin	<u><u>20,253,855</u></u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2022:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation	\$	1,568,726
Plus: Unspent Bond Proceeds		1,735,803
Less Capital Related Debt:		
General Obligation Bond		(2,010,000)
Installment Contract Payable		<u>(87,500)</u>
Net Investment in Capital Assets		<u><u>1,207,029</u></u>

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; 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.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the Corporate Fund and deficit fund balances of other governmental funds.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Special Revenue				Capital Projects		Totals
	Corporate	Ambulance	Emergency and Rescue	Liability Insurance	Capital Improvement	Nonmajor	
Fund Balances							
Restricted							
Property Taxes							
Liability Insurance	\$ —	—	—	352,861	—	—	352,861
Audit	—	—	—	—	—	7,447	7,447
Emergency and Rescue	—	—	593,887	—	—	—	593,887
Retirement	—	—	—	—	—	4,470	4,470
Foreign Fire Insurance	—	—	—	—	—	79,334	79,334
	—	—	593,887	352,861	—	91,251	1,037,999
Committed							
Capital Improvements	—	—	—	—	2,382,827	—	2,382,827
Assigned							
Post-Employment Healthcare	174,641	174,641	—	—	—	—	349,282
Ambulance	—	1,539,424	—	—	—	—	1,539,424
	174,641	1,714,065	—	—	—	—	1,888,706
Unassigned	598,400	—	—	—	—	—	598,400
Total Fund Balances	773,041	1,714,065	593,887	352,861	2,382,827	91,251	5,907,932

NOTE 4 - OTHER INFORMATION

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; natural disasters; and injuries to the District's employees. These risks are provided for through insurance from private insurance companies. The District currently reports all its risk management activities in the Corporate Fund and Liability Insurance Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

SIGNIFICANT CONTRACT

The District entered into a contractual agreement with the Village of Palatine (Village) on March 10, 2014. The purpose of the contract is to provide efficient and effective fire protection and emergency service to certain territory that has been annexed to the Village and that remains in the District. The Village shall provide first responder fire and EMS services to all of unincorporated Cook County located within the current boundaries of the District. As consideration for the Village's services the District shall pay a portion of property tax receipts from unincorporated Cook County. Amounts owed shall be paid in two annual installments, the first on June 15th and the second on December 15th each year. The contract runs through March 10, 2024. The amount paid to the Village for these services totaled \$720,515 during fiscal year 2022.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The District contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, and the Firefighters' Pension Plan which is also a single-employer pension plan. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The Firefighters' Pension Plans also issue separate reports that may be obtained by writing the District at 35 Ela Rd, Inverness, IL 60067. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

The aggregate amounts that would be recognized for the pension plans on a GAAP basis are:

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
IMRF	\$ 14,273	51,650	(26,165)	5,721
Firefighters' Pension	5,186,468	4,305,358	(2,021,359)	402,198
	<u>5,200,741</u>	<u>4,357,008</u>	<u>(2,047,524)</u>	<u>407,919</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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).

IMRF provides two tiers of pension benefits. 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.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	—
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>1</u>
Total	<u><u>1</u></u>

Contributions. As set by statute, the District’s Regular Plan Members are required to contribute 4.50% 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. For the year-ended December 31, 2022, the District’s contribution was 7.36% of covered payroll.

Net Pension Liability/(Asset). The District’s net pension liability/(asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. 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 District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	94,585	14,273	(50,020)

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2021	\$ 522,280	598,946	(76,666)
Changes for the Year:			
Service Cost	8,011	—	8,011
Interest on the Total Pension Liability	38,156	—	38,156
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(654)	—	(654)
Changes of Assumptions	—	—	—
Contributions - Employer	—	6,548	(6,548)
Contributions - Employees	—	4,004	(4,004)
Net Investment Income	—	(53,896)	53,896
Benefit Payments, Including Refunds of Employee Contributions	—	—	—
Other (Net Transfer)	—	(2,082)	2,082
Net Changes	45,513	(45,426)	90,939
Balances at December 31, 2022	567,793	553,520	14,273

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended December 31, 2022, the District would have recognized pension expense of \$5,721 on a GAAP basis. At December 31, 2022, the District would report deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 5,294	(19,054)	(13,760)
Change in Assumptions	9,252	(7,111)	2,141
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	37,104	—	37,104
Total Deferred Amounts Related to IMRF	<u>51,650</u>	<u>(26,165)</u>	<u>25,485</u>

Amounts that would be reported on a GAAP basis as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ (2,722)
2024	4,127
2025	9,066
2026	17,224
2027	(1,996)
Thereafter	<u>(214)</u>
Total	<u>25,485</u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The District accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the District President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At December 31, 2022, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	14
Inactive Plan Members Entitled to but not yet Receiving Benefits	21
Active Plan Members	<u>15</u>
Total	<u><u>50</u></u>

Benefits Provided. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight 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 percent of the original pension and 3percent compounded annually thereafter.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the 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 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The District is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the District to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2022, the District's contribution was 31.38% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market
Actuarial Assumptions	
Interest Rate	6.50%
Salary Increases	3.75% - 10.25%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates follows the sex distinct raw rates as developed in the PubS-2010(A) study, improved using MP-2019 improvement rates applied generationally.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, the same as the prior year. 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 District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' 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 net pension liability of the District calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	8,740,090	5,186,468	2,318,662

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2021	\$ 21,009,867	20,978,086	31,781
Changes for the Year:			
Service Cost	396,737	—	396,737
Interest on the Total Pension Liability	1,393,641	—	1,393,641
Changes of Benefit Terms	(12,396)	—	(12,396)
Difference Between Expected and Actual Experience of the Total Pension Liability	885,873	—	885,873
Changes of Assumptions	—	—	—
Contributions - Employer	—	459,189	(459,189)
Contributions - Employees	—	154,002	(154,002)
Contributions - Other	—	—	—
Net Investment Income	—	(3,068,923)	3,068,923
Benefit Payments, Including Refunds of Employee Contributions	(904,255)	(904,255)	—
Other (Net Transfer)	—	(35,100)	35,100
Net Changes	1,759,600	(3,395,087)	5,154,687
Balances at December 31, 2022	22,769,467	17,582,999	5,186,468

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

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

For the year ended December 31, 2022, the District would have recognized pension expense of \$402,198 on a GAAP basis. At December 31, 2022, the District would report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 680,419	(206,681)	473,738
Change in Assumptions	79,458	(306,957)	(227,499)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,545,481	(1,507,721)	2,037,760
Total Deferred Amounts Related to Firefighters' Pension	<u>4,305,358</u>	<u>(2,021,359)</u>	<u>2,283,999</u>

Amounts that would be reported on a GAAP basis as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ (75,637)
2024	598,857
2025	874,411
2026	886,368
2027	—
Thereafter	—
Total	<u>2,283,999</u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The District's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the District. RBP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides healthcare, dental, and vision benefits for retirees and their dependents. The benefit terms provide the District to pay the costs of HMO coverage for participants, but if the retiree chooses PPO the retiree is responsible for the difference in cost. Coverage continues until Medicare eligibility. For dental and vision the retiree pays the full cost of the coverage.

Plan Membership. As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	3
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>15</u>
Total	<u><u>18</u></u>

Total OPEB Liability

The District's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as December 31, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued.

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.31%
Healthcare Cost Trend Rates	Decreasing to an Ultimate Rate of 4.50% for 2036 and Later Years
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2022.

Active Mortality rates were based on the PubS.H-20102 Mortality Table - Safety for fire and PubG.H-2010 Mortality Table - General for all others.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2021	<u>\$ 770,546</u>
Changes for the Year:	
Service Cost	8,383
Interest on the Total OPEB Liability	16,735
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	16,916
Changes of Assumptions or Other Inputs	(68,537)
Benefit Payments	(53,619)
Other Changes	—
Net Changes	<u>(80,122)</u>
Balance at December 31, 2022	<u><u>690,424</u></u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 4.31%, while the prior valuation used 2.25%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

		Current Discount Rate	
	1% Decrease (3.31%)	(4.31%)	1% Increase (5.31%)
Total OPEB Liability	\$ 750,903	690,424	638,700

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

		Healthcare Cost Trend Rates	
	1% Decrease (Varies)	(Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 643,454	690,424	742,223

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Notes to the Financial Statements

December 31, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the District would have recognized OPEB expense of \$84,817 on a GAAP basis. At December 31, 2022, the District would report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 14,657	(29,989)	(15,332)
Change in Assumptions	273,858	(168,871)	104,987
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Deferred Amounts Related to OPEB	<u>288,515</u>	<u>(198,860)</u>	<u>89,655</u>

Amounts that would be reported on a GAAP basis as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ 59,700
2024	41,794
2025	6,678
2026	(132)
2027	(8,116)
Thereafter	<u>(10,269)</u>
Total	<u>89,655</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Schedule Employer Contributions
 - Illinois Municipal Retirement Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
 - Illinois Municipal Retirement Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefit Plan

INDIVIDUAL FUND DESCRIPTIONS

CORPORATE FUND

The Corporate Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Ambulance Fund

The Ambulance Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Liability Insurance Fund

The Liability Insurance Fund is used to account for general liability, workers' compensation and unemployment compensation insurance expenditures. Financing is provided by an unlimited tax levy.

Audit Fund

The Audit Fund is used to account for the expenditures related to the annual audit of the District's books, records and accounts. Financing is provided by an unlimited tax levy.

Emergency and Rescue Fund

The Emergency and Rescue Fund is used to account for the proceeds and expenditures of specific revenue sources that are legally restricted to pay for the costs of emergency and rescue crews and equipment.

IMRF/Social Security/Medicare Fund

The IMRF/Social Security/Medicare Fund is used to account for non-firemen pension and social security expenditures. Financing is provided by an unlimited tax levy.

Foreign Fire Insurance Fund

The Foreign Fire Insurance Fund is used to account for money paid to the District for foreign fire insurance taxes.

INDIVIDUAL FUND DESCRIPTIONS

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital assets.

Capital Improvements Fund

The Capital Improvements Fund is used to account for revenues and expenditures relative to the construction of capital improvements or the purchase of vehicles and equipment.

PENSION TRUST FUND

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees of the District at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the District at amounts determined by an annual actuarial study.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Corporate Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,218,117	2,218,117	1,748,990
Foreign Fire Insurance	28,000	28,000	33,793
Intergovernmental			
Grants	—	—	3,790
Replacement Taxes	17,500	17,500	66,514
Charges for Services	4,200	4,200	2,073
Investment Income (Loss)	5,445	5,445	(29,098)
Miscellaneous	72,240	72,240	71,663
Total Revenues	<u>2,345,502</u>	<u>2,345,502</u>	<u>1,897,725</u>
Expenditures			
Public Safety			
Personnel			
Compensation and Salaries	717,843	717,843	687,092
Employee Benefits	271,133	271,133	244,556
Pension Contribution	610,750	610,750	492,981
Commodities			
Supplies	70,704	70,704	26,314
Repairs and Maintenance	114,108	114,108	44,474
Contractual			
Professional Services	437,557	437,557	379,290
Buildings and Grounds	—	—	12,970
Capital Outlay	—	—	5,627
Debt Service			
Principal Retirement	—	—	190,000
Interest and Fiscal Charges	—	—	52,800
Total Expenditures	<u>2,222,095</u>	<u>2,222,095</u>	<u>2,136,104</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>123,407</u>	<u>123,407</u>	<u>(238,379)</u>
Other Financing Sources (Uses)			
Transfers In	25,000	25,000	—
Transfers Out	(125,000)	(125,000)	—
	<u>(100,000)</u>	<u>(100,000)</u>	<u>—</u>
Net Change in Fund Balance	<u>23,407</u>	<u>23,407</u>	<u>(238,379)</u>
Fund Balance - Beginning			<u>1,011,420</u>
Fund Balance - Ending			<u>773,041</u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Ambulance - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,635,367	1,635,367	1,266,255
Intergovernmental			
Replacement Taxes	17,500	17,500	81,295
Grants	—	—	4,633
Charges for Services	210,000	210,000	326,635
Investment Income (Loss)	5,445	5,445	(8,699)
Miscellaneous	72,240	72,240	88,445
Total Revenues	<u>1,940,552</u>	<u>1,940,552</u>	<u>1,758,564</u>
Expenditures			
Public Safety			
Personnel			
Compensation and Salaries	881,452	881,452	869,079
Employee Benefits	313,051	313,051	282,204
Compliance, Health and Safety	—	—	65
Commodities			
Supplies	28,424	28,424	20,207
Repairs and Maintenance	134,728	134,728	58,754
Contractual			
Professional Services	454,734	454,734	489,094
Buildings and Grounds	57,992	57,992	40,341
Capital Outlay	—	—	536
Total Expenditures	<u>1,870,381</u>	<u>1,870,381</u>	<u>1,760,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,171</u>	<u>70,171</u>	<u>(1,716)</u>
Other Financing Sources (Uses)			
Transfers In	25,000	25,000	—
Transfers Out	(125,000)	(125,000)	—
	<u>(100,000)</u>	<u>(100,000)</u>	<u>—</u>
Net Change in Fund Balance	<u>(29,829)</u>	<u>(29,829)</u>	(1,716)
Fund Balance - Beginning			<u>1,715,781</u>
Fund Balance - Ending			<u><u>1,714,065</u></u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Emergency and Rescue - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 376,639	376,639	316,563
Expenditures			
Public Safety			
Personnel			
Compensation and Salaries	168,337	168,337	143,721
Contractual			
Professional Services	4,657	4,657	4,657
Capital Outlay	72,450	72,450	3,539
Total Expenditures	245,444	245,444	151,917
Net Change in Fund Balance	131,195	131,195	164,646
Fund Balance - Beginning			429,241
Fund Balance - Ending			593,887

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Capital Improvements - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental	\$ —	—	—
Expenditures			
Capital Projects	1,983,500	1,983,500	421,697
Debt Service			
Principal Retirement	—	—	12,500
Total Expenditures	1,983,500	1,983,500	434,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,983,500)	(1,983,500)	(434,197)
Other Financing Sources			
Transfers In	200,000	200,000	—
Net Change in Fund Balance	<u>(1,783,500)</u>	<u>(1,783,500)</u>	(434,197)
Fund Balance - Beginning			<u>2,817,024</u>
Fund Balance - Ending			<u><u>2,382,827</u></u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Modified Cash Basis

December 31, 2022

	Special Revenue			
	Audit	IMRF/Social Security/Medicare	Foreign Fire Insurance	Totals
ASSETS				
Cash and Investments	\$ 7,447	4,470	79,334	91,251
FUND BALANCES				
Restricted	7,447	4,470	79,334	91,251

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis
For the Fiscal Year Ended December 31, 2022**

	Special Revenue			Totals
	Audit	IMRF/Social Security/Medicare	Foreign Fire Insurance	
Revenues				
Taxes	\$ 6,806	25,264	33,793	65,863
Investment Income	—	—	41	41
Total Revenues	6,806	25,264	33,834	65,904
Expenditures				
Public Safety				
Personnel	—	38,053	—	38,053
Contractual	9,150	—	1,153	10,303
Capital Outlay	—	—	21,232	21,232
Total Expenditures	9,150	38,053	22,385	69,588
Net Change in Fund Balances	(2,344)	(12,789)	11,449	(3,684)
Fund Balances - Beginning	9,791	17,259	67,885	94,935
Fund Balances - Ending	7,447	4,470	79,334	91,251

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

IMRF/Social Security/Medicare - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 30,000	30,000	25,264
Expenditures			
Public Safety			
Personnel			
Employee Benefits	38,444	38,444	38,053
Net Change in Fund Balance	<u>(8,444)</u>	<u>(8,444)</u>	(12,789)
Fund Balance - Beginning			<u>17,259</u>
Fund Balance - Ending			<u><u>4,470</u></u>

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
December 31, 2022**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 6,345	\$ 6,345	\$ —	\$ 71,371	8.89%
2015	6,613	6,613	—	71,717	9.22%
2016	7,011	7,011	—	77,539	9.04%
2017	7,111	7,111	—	76,050	9.35%
2018	8,139	8,139	—	77,663	10.48%
2019	5,842	5,842	—	80,477	7.26%
2020	7,018	7,018	—	82,953	8.46%
2021	7,874	7,874	—	85,685	9.19%
2022	6,548	6,548	—	88,970	7.36%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Firefighters' Pension Fund
Schedule of Employer Contributions
December 31, 2022**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 481,827	\$ 487,385	\$ 5,558	\$ 1,845,432	26.41%
2015	558,023	554,905	(3,118)	1,717,198	32.31%
2016	606,400	606,363	(37)	1,479,865	40.97%
2017	586,864	628,091	41,227	1,531,660	41.01%
2018	563,830	654,642	90,812	1,480,308	44.22%
2019	532,527	596,000	63,473	1,528,418	38.99%
2020	529,631	585,016	55,385	1,496,810	39.08%
2021	551,353	615,298	63,945	1,307,899	47.04%
2022	531,781	459,188	(72,593)	1,463,130	31.38%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	100% Funded over 20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	3.75% - 11.77%
Investment Rate of Return	6.50%
Retirement Age	100% of Independent Actuary Illinois Firefighters Retirement Rates Capped at Age 65
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

December 31, 2022

	12/31/2014	12/31/2015
Total Pension Liability		
Service Cost	\$ 7,753	7,386
Interest	19,919	22,268
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	(3,172)	(8,322)
Change of Assumptions	7,001	1,138
Benefit Payments, Including Refunds of Member Contributions	—	—
Net Change in Total Pension Liability	31,501	22,470
Total Pension Liability - Beginning	261,709	293,210
Total Pension Liability - Ending	293,210	315,680
Plan Fiduciary Net Position		
Contributions - Employer	\$ 6,345	6,613
Contributions - Members	3,212	3,227
Net Investment Income	16,555	1,489
Benefit Payments, Including Refunds of Member Contributions	—	—
Other (Net Transfer)	213	(20,688)
Net Change in Plan Fiduciary Net Position	26,325	(9,359)
Plan Net Position - Beginning	266,611	292,936
Plan Net Position - Ending	292,936	283,577
Employer's Net Pension Liability/(Asset)	\$ 274	32,103
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.91%	89.83%
Covered Payroll	\$ 71,371	71,717
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	0.38%	44.76%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2014 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2014 and 2017.

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
7,465	8,013	7,343	7,897	8,057	7,752	8,011
23,892	27,288	27,693	30,087	32,861	35,214	38,156
—	—	—	—	—	—	—
14,050	(19,806)	(5,123)	198	(4,259)	(2,519)	(654)
(1,254)	(9,759)	15,557	—	(4,047)	—	—
—	—	—	—	—	—	—
44,153	5,736	45,470	38,182	32,612	40,447	45,513
315,680	359,833	365,569	411,039	449,221	481,833	522,280
359,833	365,569	411,039	449,221	481,833	522,280	567,793
7,011	7,111	8,139	5,842	7,018	7,874	6,548
3,489	3,422	3,495	3,622	3,733	3,856	4,004
20,097	49,424	(11,232)	61,646	57,664	77,662	(53,896)
—	—	—	—	—	—	—
(39)	(1,284)	487	(1,328)	720	(3,060)	(2,082)
30,558	58,673	889	69,782	69,135	86,332	(45,426)
283,577	314,135	372,808	373,697	443,479	512,614	598,946
314,135	372,808	373,697	443,479	512,614	598,946	553,520
45,698	(7,239)	37,342	5,742	(30,781)	(76,666)	14,273
87.30%	101.98%	90.92%	98.72%	106.39%	114.68%	97.49%
77,539	76,050	77,663	80,477	82,953	85,685	88,970
58.94%	(9.52%)	48.08%	7.13%	(37.11%)	(89.47%)	16.04%

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Firefighter's Pension Fund
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2022**

	12/31/2014	12/31/2015
Total Pension Liability		
Service Cost	\$ 836,115	513,123
Interest	770,860	1,051,142
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	—	(228,823)
Change of Assumptions	—	(2,383,726)
Benefit Payments, Including Refunds of Member Contributions	(134,237)	(247,039)
Net Change in Total Pension Liability	1,472,738	(1,295,323)
Total Pension Liability - Beginning	15,577,383	17,050,121
Total Pension Liability - Ending	17,050,121	15,754,798
Plan Fiduciary Net Position		
Contributions - Employer	\$ 487,385	554,905
Contributions - Members	169,316	162,429
Contributions - Other	—	—
Net Investment Income	563,042	70,754
Benefit Payments, Including Refunds of Member Contributions	(134,237)	(247,039)
Administrative Expenses	(33,035)	(22,510)
Net Change in Plan Fiduciary Net Position	1,052,471	518,539
Plan Net Position - Beginning	8,844,667	9,897,138
Plan Net Position - Ending	9,897,138	10,415,677
Employer's Net Pension Liability	\$ 7,152,983	5,339,121
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.05%	66.11%
Covered Payroll	\$ 1,845,432	1,717,198
Employer's Net Pension Liability as a Percentage of Covered Payroll	387.60%	310.92%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
452,631	481,282	422,683	438,302	475,514	379,968	396,737
986,298	1,026,556	1,094,257	1,159,569	1,210,568	1,281,937	1,393,641
—	—	—	52,221	—	—	(12,396)
(58,291)	(22,558)	(73,299)	(227,448)	(275,174)	65,443	885,873
(383,151)	(461,538)	—	222,754	(65,886)	7,298	—
(346,944)	(376,060)	(436,611)	(441,048)	(583,468)	(750,736)	(904,255)
650,543	647,682	1,007,030	1,204,350	761,554	983,910	1,759,600
15,754,798	16,405,341	17,053,023	18,060,053	19,264,403	20,025,957	21,009,867
16,405,341	17,053,023	18,060,053	19,264,403	20,025,957	21,009,867	22,769,467
606,363	628,091	654,642	596,000	585,016	615,298	459,189
179,078	140,973	139,655	145,471	188,664	133,138	154,002
—	—	28,247	—	—	—	—
750,320	1,637,202	(640,432)	2,573,872	2,472,250	2,221,274	(3,068,923)
(346,944)	(376,060)	(436,611)	(441,048)	(583,468)	(750,736)	(904,255)
(38,974)	(23,997)	(22,289)	(23,536)	(21,532)	(27,518)	(35,100)
1,149,843	2,006,209	(276,788)	2,850,759	2,640,930	2,191,456	(3,395,087)
10,415,677	11,565,520	13,571,729	13,294,941	16,145,700	18,786,630	20,978,086
11,565,520	13,571,729	13,294,941	16,145,700	18,786,630	20,978,086	17,582,999
4,839,821	3,481,294	4,765,112	3,118,703	1,239,327	31,781	5,186,468
70.50%	79.59%	73.62%	83.81%	93.81%	99.85%	77.22%
1,479,865	1,531,660	1,480,308	1,528,418	1,496,810	1,307,899	1,463,130
327.04%	227.29%	321.90%	204.05%	82.80%	2.43%	354.48%

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

**Firefighters' Pension Fund
Schedule of Investment Returns
December 31, 2022**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	N/A
2015	N/A
2016	N/A
2017	N/A
2018	N/A
2019	19.03%
2020	15.15%
2021	11.70%
2022	(15.80%)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

N/A - Not Available

INVERNESS FIRE PROTECTION DISTRICT, ILLINOIS

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

December 31, 2022

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total OPEB Liability					
Service Cost	\$ 3,561	4,027	3,493	5,807	8,383
Interest	11,718	23,735	22,791	15,378	16,735
Changes in Benefit Terms	—	—	—	—	—
Differences Between Expected and Actual Experience	(66,559)	—	(24,945)	—	16,916
Change of Assumptions or Other Inputs	(110,348)	48,347	143,482	(27,420)	(68,537)
Benefit Payments	(20,542)	(21,943)	(37,089)	(40,053)	(53,619)
Other Changes	485,140	429	(8,533)	—	—
Net Change in Total OPEB Liability	302,970	54,595	99,199	(46,288)	(80,122)
Total OPEB Liability - Beginning	360,070	663,040	717,635	816,834	770,546
Total OPEB Liability - Ending	663,040	717,635	816,834	770,546	690,424
Covered-Employee Payroll	\$ 1,318,362	N/A	1,208,055	N/A	1,367,450
Total OPEB Liability as a Percentage of Covered-Employee Payroll	50.29 %	N/A	67.62%	N/A	50.49%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of Assumptions. Changes of assumptions related to the discount rate were made in 2018 through 2022.

N/A - Not Available