

**Limestone Township
Fire Protection District**

Annual Financial Statements

**As of and for the Year Ended
May 31, 2020**

**Limestone Township Fire Protection District
Annual Financial Statements
As of and for the year ended May 31, 2020**

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Independent Auditor's Report

The Board of Trustees
Limestone Township Fire Protection District
4948 West Route 17
Kankakee, Illinois 60901

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Limestone Township Fire Protection District, Illinois, as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes 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 Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Limestone Township Fire Protection District, Illinois, as of May 31, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

SKDO, P.C.

Bourbonnais, Illinois
October 13, 2020

Limestone Township Fire Protection District
Statement of Net Position - Modified Cash Basis
May 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash	\$ 287,147
Land and nondepreciable assets	102,323
Capital assets, net of depreciation	2,598,532
Total assets	<u>\$ 2,988,002</u>
Liabilities and Net Position	
Liabilities	
Payroll liabilities	\$ 2,916
Accrued interest payable	19,310
Noncurrent liabilities:	
Due within one year	55,123
Due in more than one year	213,003
Total liabilities	<u>290,352</u>
Net Position	
Net investment in capital assets	2,613,419
Unrestricted	84,231
Total net position	<u>2,697,650</u>
Total liabilities and net position	<u>\$ 2,988,002</u>

**Limestone Township Fire Protection District
Statement of Activities - Modified Cash Basis
For the Year Ended May 31, 2020**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Governmental activities					
Public safety-fire	\$ 411,763	\$ 16,213	\$ 4,554	\$ 9,810	\$ (381,186)
Public safety-ambulance	388,775	153,972	4,554	9,810	(220,439)
Unallocated depreciation *	165,518	-	-	-	(165,518)
Interest charges	1,100	-	-	-	(1,100)
Total governmental activities	<u>\$ 967,156</u>	<u>\$ 170,185</u>	<u>\$ 9,108</u>	<u>\$ 19,620</u>	<u>(768,243)</u>
General revenues:					
Taxes					
Property taxes 744,002					
Replacement taxes 6,624					
Interest 332					
Gain (loss) on sale of assets (3,869)					
Miscellaneous 14,074					
Total general revenues <u>761,163</u>					
Change in net position (7,080)					
Net position - beginning 2,704,730					
Net position - ending <u>\$ 2,697,650</u>					

* This amount excludes depreciation that is included in the direct expenses of the various programs, of which there was none.

Limestone Township Fire Protection District
Balance Sheet - Modified Cash Basis
Governmental Funds
May 31, 2020

	General (Fire) Fund	Ambulance Fund	Total Governmental Funds
Assets			
Cash	\$ 30,053	\$ 257,094	\$ 287,147
Total assets	<u>\$ 30,053</u>	<u>\$ 257,094</u>	<u>\$ 287,147</u>
Liabilities			
Payroll liabilities	\$ 2,916	\$ -	\$ 2,916
Total liabilities	<u>2,916</u>	<u>-</u>	<u>2,916</u>
Fund balances			
Assigned for ambulance	-	257,094	257,094
Unassigned	<u>27,137</u>	<u>-</u>	<u>27,137</u>
Total fund balances	<u>27,137</u>	<u>257,094</u>	<u>284,231</u>
Total liabilities and fund balances	<u>\$ 30,053</u>	<u>\$ 257,094</u>	<u>\$ 287,147</u>

Reconciliation of governmental fund balances to net position of governmental activities:

Fund balances - governmental funds \$ 284,231

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 as assets 2,700,855

Accrued interest payable on non-interest bearing debt is not reported under the modified cash basis of accounting for governmental funds (19,310)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as a fund liability in governmental funds (268,126)

Net position of governmental activities \$ 2,697,650

Limestone Township Fire Protection District
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Modified Cash Basis
Governmental Funds
For the Year Ended May 31, 2020

	General (Fire) Fund	Ambulance Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 376,439	\$ 367,563	\$ 744,002
Replacement taxes	3,312	3,312	6,624
Charges for services	16,213	153,972	170,185
Grant revenue	11,674	11,674	23,348
Donations	2,690	2,690	5,380
Interest income	166	166	332
Miscellaneous income	7,923	1,650	9,573
Total revenues	<u>418,417</u>	<u>541,027</u>	<u>959,444</u>
Expenditures:			
Current:			
Salaries and benefits	240,585	276,143	516,728
Administrative expenditures	41,470	54,148	95,618
Operating expenditures	113,454	61,393	174,847
Capital outlay	38,311	123,583	161,894
Debt service principal	10,000	79,448	89,448
Debt service interest	373	727	1,100
Total expenditures	<u>444,193</u>	<u>595,442</u>	<u>1,039,635</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(25,776)</u>	<u>(54,415)</u>	<u>(80,191)</u>
Other financing sources (uses)			
Sale of assets	4,501	9,500	14,001
Proceeds from long-term debt	-	304,436	304,436
Total financing sources (uses)	<u>4,501</u>	<u>313,936</u>	<u>318,437</u>
Net change in fund balance	(21,275)	259,521	238,246
Fund balance (deficit), beginning of year	<u>48,412</u>	<u>(2,427)</u>	<u>45,985</u>
Fund balance (deficit), end of year	<u>\$ 27,137</u>	<u>\$ 257,094</u>	<u>\$ 284,231</u>

The accompanying notes are an integral part of these financial statements.

Limestone Township Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to the Statement of Activities
For the Year Ended May 31, 2020

Net change in fund balances - total governmental funds	\$ 238,246
Amounts reported for governmental activities in the statement of activities are different because:	
Proceeds from long-term debt are reflected as an other financing source on the fund level statements, but are reported as a liability on the entity wide statements	(304,436)
The payment of principal on long-term debt is reflected as an expense on the fund level statements, but is reported as a reduction of liabilities on the entity wide statements	89,448
The acquisition of capital assets is reported as an expense on the fund level statements, but is capitalized as an asset on the entity wide statements	148,549
Depreciation on capital assets is not reflected on the fund level statements, but is reported as an expense on the entity wide statements	(165,518)
Proceeds from the sale of assets are reflected as miscellaneous income on the fund level statements, but the net gain or loss from the sale is reflected on the entity wide statements	<u>(13,369)</u>
Change in net position of governmental activities - entity wide statements	<u><u>\$ (7,080)</u></u>

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 1 – Summary of Significant Accounting Policies

General

Limestone Township Fire Protection District (the District) is a body corporate and politic established under Illinois Compiled Statutes (ILCS) to provide fire protection and ambulance services governed by an appointed board. These financial statements include all functions, programs and activities under the control of the Board of Trustees of the District.

As discussed further in Note 1, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Limestone Township Fire Protection District and any component units, of which there were none during the year. The criteria used to determine if a legally separate organization's financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the District as manifested by the ability to appoint a majority of its voting board and approval of its budget, the degree to which it provides a financial benefit or burden to the District, or the extent to which it is fiscally dependent.

Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Activities displays the direct expenses of a given function or segment and the associated program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements, and all non-major funds, if any, are aggregated and presented in a single column.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental funds are those funds through which most governmental functions typically are financed. The District has presented the following major governmental funds:

General (Fire) Fund – This is the general operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund.

Ambulance Fund – This fund receives and accounts for property taxes and other revenue sources that are legally restricted to expenditures related to providing ambulance services. It also accounts for charges for ambulance services.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

The government-wide Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows, (whether current or noncurrent, financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus is used within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities 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.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustments to fair value.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

If the District utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and government-wide financials would be presented on the accrual basis of accounting.

Budgets and Appropriations

The Board of Trustees adopts a budget and appropriation ordinance annually. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the cash basis of accounting and is controlled at the fund level. Responsibility for control of and amendments to the budget rests with the Board of Trustees. No supplemental appropriations were necessary during the year.

Capital Assets

The District's modified cash basis of accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over capital assets depends on whether the assets are reported in governmental fund operations or in the government-wide financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an unallocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	10-50 years
Vehicles	7-27 years
Equipment	5-30 years

Fund Financial Statements

In the fund financial statements capital assets, including those under the \$5,000 capitalization threshold, arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund.

Long-Term Debt

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Position/Fund Balance Classifications

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or by restrictions imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable – Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

Assigned – Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent may be expressed by the Board of Trustees.

Unassigned – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

It is the District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also District policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

Property Tax Revenues

Property taxes are recognized in the year in which taxes have been received. Property taxes are levied on the basis of a calendar year with a January 1 lien date. The certificate of tax levy is filed annually on or before the last Tuesday in December based on the assessed valuation as of April 1 of the same year. Taxes are due in the following year in two equal installments, one in June and the other in September, with distribution to the District coming shortly thereafter and continuing through January of the ensuing year. Property taxes levied in 2018 and collected in 2019 are recorded as revenues for fiscal year ended May 31, 2020.

Internal and Interfund Balances and Activities

Interfund activity resulting from cash transactions or events, if any, within and among the governmental fund categories is reported in the fund financial statements. Interfund loans are amounts provided with a requirement for repayment and are reported as due to/from other funds. Interfund activity and balances resulting from cash transactions or events, if any, are eliminated or reclassified in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 – Deposits and Investments

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their cash balances in a common checking account and pool excess cash for investment purposes. Accounting records are maintained to show the portions attributable to each fund.

The District has adopted a formal written investments and cash management policy.

The District is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6). The institutions in which investments are made must be approved by the Board of Trustees.

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligation. State law limits investments in commercial paper, corporate bonds, and mutual funds to the two top ratings issued by nationally recognized rating organizations (NRSRO's). The District's policy does not further limit its investment choices.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 2 – Deposits and Investments (Continued)

Concentration of Credit Risk and Interest Rate Risk. The District’s investment policy states that the investment portfolio shall be diversified to avoid unreasonable risks. The District’s portfolio will strive to achieve the highest interest rates possible while maintaining safety of principal. The portfolio will remain sufficiently liquid to meet daily operating needs.

Custodial Credit Risk. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

The District’s policy requires collateral for deposits in excess of depository insured amounts. The District’s policy states that the following securities are considered as acceptable collateral:

- 1) Bonds, notes, certificates, treasury bills and/or other securities guaranteed by the full faith of the United States Government, or any agency thereof, as to principal and interest.
- 2) Short-term discount obligations of the Federal National Mortgage Association.
- 3) Short-term discount obligations of the Federal Home Loan Mortgage Corporation.

As of May 31, 2020, the deposits in financial institutions were insured.

Note 3 – Capital Assets

Capital asset activity for the year ended May 31, 2020, was as follows:

	<u>Balances</u> <u>May 31, 2019</u>	<u>Additions</u>	<u>Retirements</u> <u>and</u> <u>Reclassifications</u>	<u>Balances</u> <u>May 31, 2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and nondepreciable assets	\$ 79,210	\$ 23,113	\$ -	\$ 102,323
Total capital assets not being depreciated	<u>\$ 79,210</u>	<u>\$ 23,113</u>	<u>\$ -</u>	<u>\$ 102,323</u>
Capital assets being depreciated:				
Buildings and improvements	\$2,163,425	\$ -	\$ -	\$2,163,425
Equipment	418,525	125,436	26,300	517,661
Vehicles	<u>1,707,262</u>	<u>-</u>	<u>97,841</u>	<u>1,609,421</u>
Total capital assets being depreciated	<u>4,289,212</u>	<u>125,436</u>	<u>124,141</u>	<u>4,290,507</u>
Less accumulated depreciation for:				
Buildings and improvements	704,795	50,455	-	755,250
Equipment	148,053	29,685	12,931	164,807
Vehicles	<u>784,381</u>	<u>85,378</u>	<u>97,841</u>	<u>771,918</u>
Total accumulated depreciation	<u>1,637,229</u>	<u>165,518</u>	<u>110,772</u>	<u>1,691,975</u>
Capital assets, net of depreciation	<u>\$2,651,983</u>	<u>\$ (40,082)</u>	<u>\$ 13,369</u>	<u>\$2,598,532</u>

Unallocated depreciation for the year ended May 31, 2020, was \$165,518.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 4 – Short-Term Debt

On June 3, 2019, the District obtained financing for working capital in the amount of \$60,000 through a short-term note payable with an interest rate of 3.93%. The District used property tax receipts to repay the loan in September 2019. The following is a summary of changes in short-term debt for the year ended May 31, 2020:

	Fire <u>Fund</u>	Ambulance <u>Fund</u>
Balance June 1, 2019	\$ -	\$ -
Increases	30,000	30,000
Decreases	<u>(30,000)</u>	<u>(30,000)</u>
Balance May 31, 2020	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 373</u>	<u>\$ 373</u>

Note 5 – Long-Term Debt

Long-term debt is comprised of the following:

\$340,000 note payable to purchase an ambulance and provide working capital with an interest rate of 3.37%. The loan calls for ten semi-annual payments of \$37,153 including interest beginning July 2015 and was paid in full in September 2019.

\$104,436 installment note payable to purchase two power load ambulance cots with an interest rate of 0.9%. The loan called for an initial down payment of \$17,000 and calls for 2 annual payments including interest of \$35,910, and a final payment including interest of \$17,000.

\$200,000 noninterest bearing note payable to Illinois Finance Authority. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 1.89%, which was the District's long-term borrowing rate at October 2019. The note is payable in annual installments of \$20,000, including interest, beginning in November 2020 and ending in November 2029.

Changes to long-term debt are as follows:

	<u>Beginning of Year</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Note payable-ambulance/working capital	\$72,448	\$ -	\$72,448	\$ -	\$ -
Note payable-ambulance cots	-	104,436	17,000	87,436	35,123
Note payable-ambulance	-	200,000	-	200,000	20,000
Amount representing interest	-	<u>(19,310)</u>	-	<u>(19,310)</u>	<u>(3,415)</u>
Total long-term debt	<u>\$72,448</u>	<u>\$285,126</u>	<u>\$89,448</u>	<u>\$268,126</u>	<u>\$ 51,708</u>

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 5 – Long-Term Debt (Continued)

The annual requirements to amortize all outstanding long-term debt including interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 55,123	\$ 787	\$55,910
2022	55,439	471	55,910
2023	36,874	126	37,000
2024	20,000	-	20,000
2025	20,000	-	20,000
2026-2030	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total face amount of notes	287,436	1,384	288,820
Less amount representing interest	<u>(19,310)</u>	<u>-</u>	<u>(19,310)</u>
Present value of note payments	<u>\$268,126</u>	<u>\$1,384</u>	<u>\$269,510</u>

In fiscal year 2019, the note payable for the ambulance and working capital was liquidated on an equal basis by the General and Ambulance Funds. In fiscal year 2020, \$10,000 was liquidated by the General Fund, and the remaining amount by the Ambulance Fund. The amount of interest incurred and charged to expense for fiscal year ending May 31, 2020, was \$4,901.

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except for workers' compensation insurance, described in the following paragraph, the District purchases commercial insurance for these risks. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

The District has entered into an agreement with the Illinois Public Risk Fund. The pooling agreement permits public agencies within the meaning of the Intergovernmental Cooperation Act of the State of Illinois to provide a means whereby members of the Fund could contract with each other to protect against liability or loss under the Workers' Compensation and Occupational Diseases Laws of the State of Illinois.

The District's cost is based on rates determined by the Trustees of the Fund, applied to its payroll costs and adjusted for its loss experience. Members of the Fund may also be subject to additional contributions not to exceed ten (10) percent of such member's contribution for the most recent fiscal year of the Fund if additional reserves are deemed necessary by the Fund's trustees. No additional assessments have been made as of the current year-end.

Note 7 – Retirement Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or emergency. The District matches 50% of compensation deferred by employees. District contributions to the plan during fiscal year 2020 were \$11,220.

Limestone Township Fire Protection District
Notes to Financial Statements
As of and for the year ended May 31, 2020

Note 8 – Contingencies

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure. As a result, the Governor of Illinois issued Executive Orders mandating non-essential businesses, school districts, and others to close or operate with significant restrictions and residents were initially mandated to shelter in place. The Governor of Illinois has since issued a 5-phase plan to reopen Illinois. As of the date of this report, Illinois is in Phase 4 of that plan with various restrictions still in place.

The District’s operations are heavily dependent on property tax revenues and charges for services. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. The situation has led to increased operating costs and could depress the tax bases. In addition, the availability of grant funding in the future may be limited, as resources are redirected to aid in the fight against the pandemic. Although the District cannot estimate the length or effect of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the District’s results of future operations and financial position in fiscal year 2021.

Note 9 – Subsequent Events

The District financed an ambulance purchase with a State of Illinois revolving ambulance loan in the amount of \$200,000 (see Note 5). The ambulance was purchased and placed in service in July 2020.

In July 2020, the Board of Trustees approved proceeding with a tax increase referendum to be on the ballot during the November 2020 election.