

PLEASANTVIEW FIRE PROTECTION
DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Required Supplementary Information

INDEPENDENT AUDITORS' REPORT

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



May 17, 2024

Members of the Pension Board of Trustees
Pleasantview Firefighters' Pension Fund
Pleasantview Fire Protection District, Illinois

Opinions

We have audited the basic financial statements of the Pleasantview Fire Protection District Firefighters' Pension Fund (Pension Fund), a pension trust fund of the Pleasantview Fire Protection District, Illinois, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Pension Fund'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 plan net position of the Pleasantview Fire Protection District, Illinois, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Pension Fund, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pension Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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.

Auditor’s Responsibilities for the Audit of the Financial Statements - Continued

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 Pension Fund’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 Pension Fund’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.

As discussed in Note 1, these basic financial statements present only the Pension Fund and are not intended to present fairly the financial position and changes in financial position of the Pleasantview Firefighters' Pension Fund, Illinois, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis and the budgetary comparison schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Management's Discussion and Analysis
December 31, 2023**

This section presents management’s discussion and analysis of the Firefighters’ Pension Fund, a pension trust fund of the Pleasantview Fire Protection District, Illinois, financial statements and the major factors affecting the operations and investment performance for the Pension Fund during the year ended December 31, 2023, with comparative totals for the fiscal year ended December 31, 2022.

The Firefighters’ Pension Fund is a defined benefit, single-employer public employees’ retirement system in accordance with state statutes. It provides services to 38 active employees and 47 inactive employees as of fiscal year end December 31, 2023.

Overview of Financial Statements and Accompanying Information

This discussion and analysis is intended to serve as an introduction to the Firefighters’ Pension Fund financial reporting which is comprised of the following components:

1. Financial Statements: This information presents the net position held in trust for pension benefits for the Firefighters’ Pension Fund as of December 31, 2023. This financial information also summarizes the changes in plan net position held in trust for pension benefits for the year then ended.
2. Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to achieve a full understanding of the data provided in the basic financial statements.
3. Required Supplementary Information: The required supplementary information consists of schedules and related notes concerning actuarial information, changes in the employer’s net pension liability, investment returns and required contributions for the Firefighters’ Pension Fund.

Plan Net Position

The statements of plan net position are presented for the Firefighters’ Pension Fund as of December 31, 2023 and December 31, 2022. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, at the end of the years reported. A summary of the Firefighters’ Pension Fund Plan Net Position is presented below:

Condensed Statements of Plan Net Position				
	12/31/2023	12/31/2022	Dollar Change	% Change
Cash and Equivalents	\$ 1,559,516	\$ 2,060,178	(500,662)	(24.30%)
Receivables	115,377	98,099	17,278	17.61%
Due from District	28,544	236,593	(208,049)	(87.94%)
Investments, at Fair Value	45,558,237	39,309,612	6,248,625	15.90%
Total Plan Net Position	47,261,674	41,704,482	5,557,192	13.33%

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Management's Discussion and Analysis
December 31, 2023**

Financial Highlights

- The Firefighters' Pension Fund net position increased by \$5,557,192 (or 13.33 percent) during the year ended December 31, 2023. The increase in net plan position is primarily due to the increase in fair value of investments from the prior year.
- The Firefighters' Pension Fund presents a Plan Fiduciary Net Position as a percentage of the Total Pension Liability. As of December 31, 2023, the percentage is 58.74 percent.
- The overall rate of return for the Firefighters' Pension Fund was 14.40 percent as of December 31, 2023, compared to negative 16.50 percent as of December 31, 2022.

Net Pension Liability

The net pension liability of the plan measures the ratio of Pension Fund's net position against actuarially determined pension liability and is one indicator of the fiscal strength of a pension fund's ability to meet obligations to its members. The actuarial valuations showed the net position as a percentage of the total pension liability of the Firefighters' Pension Fund as of December 31, 2023 to be 58.74 percent. The total pension liability at December 31, 2023 is \$80,457,374, the net position is \$47,261,674 and the District's net pension liability is \$33,195,700. Please see the Required Supplemental Information section of this report for the calculation of the plan's fiduciary net position as a percentage of the total pension liability.

Legislation was passed effective January 1, 2011 which created a second tier of benefits provided to all firefighters hired on or after January 1, 2011. Please see the Notes to the Financial Statements section of this report for the requirements as defined by the new State Statutes.

As of the fiscal year ended December 31, 2023, the Firefighters' Pension Fund had 38 active participants and 47 inactive participants, for a total of 85. There were no changes to the total number of active members from December 31, 2022 to December 31, 2023.

Investments

The allocation of investment assets for the Firefighters' Pension Fund as of December 31, 2023 and December 31, 2022 are as follows.

	Allocation of Investments	
	12/31/2023	12/31/2022
U.S. Treasury and Agency Obligations	28.11%	29.05%
Corporate and Municipal Bonds	13.24%	14.45%
Equity Mutual Funds	58.65%	56.50%
	<u>100.00%</u>	<u>100.00%</u>

Proper implementation of the investment policy requires that a periodic rebalancing of assets be performed to ensure conformance with policy target levels and statutory limits. The Firefighters' Pension Fund Board of Trustees performs this function from time to time.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Management's Discussion and Analysis
December 31, 2023**

Changes in Plan Net Position

The statements of changes in plan net position are presented for the years ended December 31, 2023 and December 31, 2022. These financial statements reflect the changes in the resources available to pay benefits to members, including retirees and beneficiaries.

Statement of Changes in Plan Net Position				
	12/31/2023	12/31/2022	Dollar	% Change
Additions				
Participant contributions	\$ 434,701	412,398	22,303	5.41%
Employer contributions	3,371,463	3,430,964	(59,501)	(1.73%)
Other Contributions	100	—	100	100.00%
Net Investment Income	5,942,365	(8,199,137)	14,141,502	172.48%
Total additions	9,748,629	(4,355,775)	14,104,404	323.81%
Deductions				
Benefits & Refunds	4,153,875	3,950,630	203,245	5.14%
Administrative Expenses	37,562	22,081	15,481	70.11%
Total deductions	4,191,437	3,972,711	218,726	5.51%
Change in Net Position	5,557,192	(8,328,486)	13,885,678	166.73%

Additions

Additions to plan net position are in the form of employer and participant contributions and investment income or losses. For the year ended December 31, 2023, employer contributions decreased by \$59,501 due to the District not providing as much over the levy amount to the pension fund as in the previous year. The contributions from participants also increase by \$22,303 due to salary increases.

The investment income and change in fair market value of investments increased \$14,141,502 to \$5,942,365 for the year ended December 31, 2023. This increase is due to higher market values of investments. The rate of return for the total portfolio of the Firefighters' Pension Fund as of December 31, 2023 was 14.40 percent while the rate of return as of December 31, 2022 was negative 16.50 percent. Overall, net investment income reflected increases in the net change in the fair value as a result of positive financial market conditions.

Deductions

Deductions from plan net position are primarily benefits payments. During the year ended December 31, 2023 and December 31, 2022, the Firefighters' Pension Fund paid out \$4,153,875 and \$3,950,630 in benefits, respectively. This was an increase of \$203,245. This increase is mostly due to the effect of the annual COLA increase of 3 percent as required by statute. The administrative costs of the Firefighters' Pension Fund represented approximately 0.90 percent of total deductions in the year ended December 31, 2023 and 0.56 percent in the year ended December 31, 2022.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Management's Discussion and Analysis
December 31, 2023**

Future Outlook

Participant contributions are expected to grow in the future, as well as employer contributions for the following reasons. First, the rate of growth in payroll due to pay increases will increase at the rate collectively bargained at the negotiating table. The Firefighters' Pension Fund will continue to structure its portfolio with the goal of maximizing returns over the long term.

Requests for Information

This financial report is designed to provide a general overview of the Firefighters' Pension Fund finances for all those with an interest in the pension fund's finances. Questions that concern information provided in this report or requests for additional financial information should be addressed to Dave Loehman, President or Kathy Kirk, Finance Director, 1970 Plainfield Road, La Grange Highlands, IL 60525.

FINANCIAL STATEMENTS

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Statement of Fiduciary Net Position
December 31, 2023**

ASSETS	
Cash and Cash Equivalents	\$ 1,559,516
Investments, at Fair Value	
U.S. Treasury Obligations	1,814,254
U.S. Agency Obligations	10,991,145
Corporate Bonds	3,214,956
Municipal Bonds	2,816,424
Mortgage Pools	1,005
Mutual Funds	26,720,453
Accrued Interest Receivable	115,377
Due from District	<u>28,544</u>
NET POSITION	
Total Net Position	<u><u>47,261,674</u></u>

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

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Statement of Change in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2023**

Additions	
Contributions - Employer	\$ 3,371,463
Contributions - Plan Members	434,701
Other	100
Total Contributions	<u>3,806,264</u>
Investment Income	
Interest Earned	1,436,181
Net Change in Fair Value	4,613,808
	<u>6,049,989</u>
Less: Investment Expenses	<u>(107,624)</u>
Net Investment Income	<u>5,942,365</u>
Total Additions	<u>9,748,629</u>
Deductions	
Administration	37,562
Benefits and Refunds	4,153,875
	<u>4,191,437</u>
Total Deductions	<u>4,191,437</u>
Change in Fiduciary Net Position	5,557,192
Net Position Restricted for Pensions	
Beginning	<u>41,704,482</u>
Ending	<u><u>47,261,674</u></u>

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

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pleasantview Fire Protection District Firefighters' Pension Fund, Illinois (the "Pension Fund") prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Pension Fund's accounting policies established in GAAP and used by the Pension Fund are described below.

REPORTING ENTITY

The Pension Fund is a fiduciary fund, and specifically, a pension trust fund, of the Pleasantview Fire Protection District, Illinois (the "District") pursuant to GASB Statement No. 61 and No. 84. The decision to include the Pension Fund in the District's reporting entity was made based upon the significance of their operational or financial relationships with the District.

The District's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the President, two elected from active participants of the Fund, and one elected from the retired members of the Pension Fund. The District and FPERS participants are obligated to fund all 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. The FPERS is included in the District's annual financial report and is reported as a pension trust fund.

BASIS OF PRESENTATION

Pension Trust Funds

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The 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

Pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Pension trust fund equity is classified as net position.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

The accrual basis of accounting is utilized by pension trust funds. Under this method, additions to net plan assets are recorded when earned and deductions from net position are recorded when the time related liabilities are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

ASSETS, LIABILITIES, AND NET POSITION

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Pension Fund 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.

Receivables

The Pension Fund's receivables consist of all revenues earned at year-end and not yet received. The major receivable balance for the Pension Fund is accrued interest from cash and investments.

Short Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds of the District for goods provided or services rendered. These receivables and payables, which relate to the Pension Fund, are classified as "Due from District" or "Due to District" on the statement of fiduciary net position.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 2 - DETAIL NOTES ON ALL FUNDS

DEPOSITS, INVESTMENTS AND CONCENTRATIONS

The deposits and investments of the Pension Fund are held separately from those of other District funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with a net position of \$2.5 million or more may invest up to forty-five percent of their net position in separate accounts of life insurance companies and mutual funds. Pension Funds with a net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with a net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net plan position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$1,559,516 and the bank balances totaled \$1,459,515.

Investments. At year-end the Pension Fund 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	\$ 1,814,254	149,227	1,064,215	600,812	—
U.S. Agency Obligations	10,991,145	793,103	5,827,236	3,723,872	646,934
Corporate Bonds	3,214,956	440,461	1,942,449	832,046	—
Municipal Bonds	2,816,424	243,990	1,044,574	1,527,860	—
Mortgage Pools	1,005	—	—	1,005	—
Totals	18,837,784	1,626,781	9,878,474	6,685,595	646,934

The Pension Fund assumes any callable securities will not be called.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 2 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

The Pension Fund has the following recurring fair value measurements as of December 31, 2023:

	Total	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)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 1,814,254	1,814,254	—	—
U.S. Agency Obligations	10,991,145	—	10,991,145	—
Corporate Bonds	3,214,956	—	3,214,956	—
Municipal Bonds	2,816,424	—	2,816,424	—
Mortgage Pools	1,005	—	1,005	—
Equity Securities				
Mutual Funds	26,720,453	26,720,453	—	—
Total Investments by Fair Value Level	45,558,237	28,534,707	17,023,530	—

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.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by ensuring that the investment portfolio will remain sufficiently liquid to meet the annual requirements of the Pension Fund and to have available sufficient cash for all disbursement purposes. The Pension Fund's investment policy requires the investment portfolio be designed with the objective of attaining a market rate of return to match or exceed appropriate market segment indices.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At December 31, 2023, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds are not subject to custodial credit risk. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 2 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of the U.S. Agency obligations were rated Aaa/AA+ by Moody's/Standard and Poor's. The investments in the corporate bonds were A1/AA by Moody's/Standard and Poor's. The investment in mortgage pools is not rated. The Municipal Bonds' ratings are as follows:

Municipal Bonds	Standard & Poors	Moody's Investors Services
Bedford Park IL	AA	N/R
Bureau IL	AA	N/R
Chicago Ridge IL	AA	N/R
Cook County IL CCD	N/R	Aaa
Cook ETC	AA+	N/R
DuPage County IL	AA	Aa1
DuPage County IL	N/R	Aa2
Dixon ILL	AA	N/R
Kane ETC IL	N/R	Aaa
Kane McHenry ETC	AA	N/R
Lake County IL	AA+	N/R
Lake County IL	N/R	Aa2
Lake County IL	N/R	N/R
McHenry IL	AA	N/R
Skokie IL	AA	N/R
St. Charles IL	N/R	Aa1
Sterling IL	AA	N/R
Vernon Hills	AAA	N/R
Wauconda IL	AA	N/R
Will County IL	AA+	N/R
Will County IL	N/R	Aa1
Will ETC	N/R	Aa2
Will ETC	N/R	Aa2
Winfield IL	N/R	Aa2
Woodridge IL	AA	N/R

N/R - Not Rated

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 2 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Pension Fund’s investment in a single issuer. At December 31, 2023, the Fund does not have any 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) in any one organization that represent 5 percent or more of net position available for benefits. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the “full faith and credit” backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The Pension Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	45.00%	1.00%
Domestic Equities	49.50%	6.30% - 7.90%
International Equities	5.50%	6.80%
Cash	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Pension Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Pension Fund’s investments was determined using a building block method. The best estimate for future real rates of return are developed for each of the major asset classes. Future real rates of return are weighted based on the target asset allocation within the Investment Policy Statement. Expectation inflation is added back in. Adjustment is made to reflect geometric returns. Best estimates or arithmetic real rates of return for each major asset class included in the Pension Fund’s target asset allocation as of December 31, 2023 are listed in the previous table.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 2 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

Concentration of Credit Risk - Continued. The Pension Board has diversified its equity mutual fund holdings as follows:

Mutual Funds	Fair Value
Cohen & Steers Instl	\$ 533,682
First Eagle Overseas	429,287
Goldman Sach Intl Eq In	688,826
Hartford Core Equity	2,309,085
Invesco Developing Market	346,701
MFS International Growth	698,826
T. Rowe Price QM US Small	1,886,653
TIAA-CREF Small-Cap Blend	2,781,760
Vanguard Growth Index	3,818,656
Vanguard 500 Index	9,472,660
Vanguard Value Index ADM	2,959,829
Victory Sycamore	794,488
	<hr/>
Total	26,720,453

Rate of Return

For the fiscal year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 3 - OTHER INFORMATION

CONTINGENT LIABILITIES

Litigation

The Pension Fund is not a defendant in any lawsuits.

Compliance Audit

The Pension Fund is subject to a program compliance audit by the Illinois Division of Insurance. The latest compliance audit completed by the Illinois Division of Insurance was for fiscal year ended June 30, 2010. The amount of any adjustments to be made by the Illinois Division of Insurance cannot be determined at this time however, the Firefighters' Pension Fund expects such adjustments, if any, to be immaterial.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Firefighters' Pension Plan

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 Firefighters' Pension Fund as a pension trust fund. The Firefighters' Pension Fund is governed by a five-member pension board. Two members of the Board are appointed by the President; one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership

The plan membership consisted of the following:

	Actuarial Date 12/31/2021	Actuarial Date 12/31/2022
Inactive Plan Members Currently Receiving Benefits	45	45
Inactive Plan Members Entitled to but not yet Receiving Benefits	2	2
Active Plan Members	38	38
Total	85	85

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 3 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Firefighters' Pension Plan - Continued

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 $\frac{1}{2}$ 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 3 percent compounded annually thereafter.

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 proceeding calendar year.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 3 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Firefighters' Pension Plan - Continued

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 fiscal year ended December 31, 2023, the District's contribution was 64.02% of covered payroll.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2023, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal (Level %)
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.75% - 14.67%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates are based on the PubS-2010(A) Study. The table combines observed experience of Illinois Firefighters' with the MP-2019 Improvement Rates.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 3 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Firefighters' Pension Plan - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, 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 Pension Fund 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 to changes in the discount rate. The table below presents the net pension liability of the Pension Fund calculated using the discount rate as well as what the Pension Fund'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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 44,214,274	33,195,700	24,148,377

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 3 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Firefighters' Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2022	\$ 78,109,099	41,704,482	36,404,617
Changes for the Year:			
Service Cost	1,070,867	—	1,070,867
Interest on the Total Pension Liability	5,325,099	—	5,325,099
Changes of Benefit Terms	106,184	—	106,184
Difference Between Expected and Actual Experience of the Total Pension Liability	—	—	—
Changes of Assumptions	—	—	—
Contributions - Employer	—	3,371,463	(3,371,463)
Contributions - Employees	—	434,701	(434,701)
Contributions - Other	—	100	(100)
Net Investment Income	—	5,942,365	(5,942,365)
Benefit Payments, Including Refunds of Employee Contributions	(4,153,875)	(4,153,875)	—
Other (Net Transfer)	—	(37,562)	37,562
Net Changes	2,348,275	5,557,192	(3,208,917)
Balances at December 31, 2023	80,457,374	47,261,674	33,195,700

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Notes to the Financial Statements
December 31, 2023**

NOTE 3 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - 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, 2023, the Pension Fund recognized pension expense of \$3,350,391. At December 31, 2023, the Pension Fund reported 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	\$ 4,107,845	(1,452,761)	2,655,084
Change in Assumptions	532,002	(1,055,133)	(523,131)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	3,356,528	—	3,356,528
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	<u>7,996,375</u>	<u>(2,507,894)</u>	<u>5,488,481</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2024	\$ 832,020
2025	2,234,571
2026	2,597,075
2027	(165,263)
2028	(20,442)
Thereafter	<u>10,520</u>
Total	<u>5,488,481</u>

REQUIRED SUPPLEMENTARY INFORMATION

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Schedule of Employer Contributions
December 31, 2023**

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
6/30/2015	1,800,878	1,522,359	(278,519)	3,812,993	39.93%
6/30/2016	1,929,461	1,940,021	10,560	3,454,299	56.16%
12/31/2016	964,731	984,799	20,068	2,051,583 *	48.00%
12/31/2017	2,101,505	2,161,957	60,452	4,246,776	50.91%
12/31/2018	2,181,050	2,280,394	99,344	3,532,745	64.55%
12/31/2019	2,204,236	2,401,303	197,067	3,856,693	62.26%
12/31/2020	2,408,658	2,552,629	143,971	3,977,801	64.17%
12/31/2021	2,840,168	2,970,228	130,060	4,188,477	70.91%
12/31/2022	3,160,474	3,430,964	270,490	4,327,007	79.29%
12/31/2023	2,864,495	3,371,463	506,968	5,266,497	64.02%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	100% Funded over 19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	3.75% - 14.67%
Investment Rate of Return	7.00%
Retirement Age	Capped at age 65
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

*The covered payroll for the six months ended 12/31/2016 is one-half of the total covered payroll for the 2016 calendar year in order to accurately compare to the actuarially determined contribution.

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Schedule of Changes in the Employer's Net Pension Liability
December 31, 2023**

	6/30/2015	6/30/2016	12/31/2016
Total Pension Liability			
Service Cost	\$ 1,412,344	1,247,204	489,626
Interest	4,021,090	3,654,316	2,274,224
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	4,693,227	(1,302,880)	(1,689,550)
Change of Assumptions	(11,381,577)	4,508,134	(6,541,221)
Benefit Payments, Including Refunds of Member Contributions	(2,160,609)	(2,410,609)	(1,256,794)
Net Change in Total Pension Liability	(3,415,525)	5,696,165	(6,723,715)
Total Pension Liability - Beginning	65,832,158	62,416,633	68,112,798
Total Pension Liability - Ending	62,416,633	68,112,798	61,389,083
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,522,359	1,940,021	984,799
Contributions - Members	321,653	341,317	176,075
Contributions - Other	4,821	21,774	13,109
Net Investment Income	1,206,880	1,117,134	573,827
Benefit Payments, Including Refunds of Member Contributions	(2,160,608)	(2,410,609)	(1,256,794)
Administrative Expenses	(36,784)	(42,899)	(15,573)
Net Change in Plan Fiduciary Net Position	858,321	966,738	475,443
Plan Net Position - Beginning	31,092,971	31,951,292	32,918,030
Plan Net Position - Ending	31,951,292	32,918,030	33,393,473
Employer's Net Pension Liability	\$ 30,465,341	35,194,768	27,995,610
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.19%	48.33%	54.40%
Covered Payroll	\$ 3,812,993	3,454,299	4,103,165
Employer's Net Pension Liability as a Percentage of Covered Payroll	798.99%	1018.87%	682.29%

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
522,627	1,029,924	928,279	953,505	1,000,223	1,050,982	1,070,867
4,050,338	4,221,929	4,367,473	4,643,144	5,018,049	5,179,230	5,325,099
—	—	(1,784,294)	—	—	(162,541)	—
550,349	(66,569)	2,549,156	5,781,639	(2,187,098)	181,588	106,184
(770,759)	(1,195,903)	1,468,632	—	—	—	—
(2,590,095)	(3,035,089)	(3,426,725)	(3,755,443)	(3,851,905)	(3,950,630)	(4,153,875)
1,762,460	954,292	4,102,521	7,622,845	(20,731)	2,298,629	2,348,275
61,389,083	63,151,543	64,105,835	68,208,356	75,831,201	75,810,470	78,109,099
63,151,543	64,105,835	68,208,356	75,831,201	75,810,470	78,109,099	80,457,374
2,161,957	2,280,435	2,401,303	2,552,629	2,970,228	3,430,964	3,371,463
356,962	360,785	367,484	379,208	396,939	412,398	434,701
—	—	—	150	75	—	100
3,950,662	(1,421,475)	6,116,690	5,866,034	4,749,099	(8,199,137)	5,942,365
(2,590,095)	(3,035,090)	(3,426,725)	(3,755,443)	(3,851,905)	(3,950,630)	(4,153,875)
(45,231)	(33,779)	(38,475)	(34,804)	(38,123)	(22,081)	(37,562)
3,834,255	(1,849,124)	5,420,277	5,007,774	4,226,313	(8,328,486)	5,557,192
33,393,473	37,227,728	35,378,604	40,798,881	45,806,655	50,032,968	41,704,482
37,227,728	35,378,604	40,798,881	45,806,655	50,032,968	41,704,482	47,261,674
25,923,815	28,727,231	27,409,475	30,024,546	25,777,502	36,404,617	33,195,700
58.95%	55.19%	59.82%	60.41%	66.00%	53.39%	58.74%
4,246,776	3,532,745	3,856,693	3,977,801	4,188,477	4,327,007	5,226,497
610.44%	813.17%	710.70%	754.80%	615.44%	841.33%	635.14%

**PLEASANTVIEW FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Schedule of Investment Returns
December 31, 2023**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
6/30/2015	3.96%
6/30/2016	3.21%
12/31/2016	2.10%
12/31/2017	11.85%
12/31/2018	(3.84%)
12/31/2019	17.47%
12/31/2020	14.54%
12/31/2021	10.40%
12/31/2022	(16.50%)
12/31/2023	14.40%