

**FOREIGN FIRE INSURANCE BOARD**  
**A FUND OF**  
**THE CITY OF BLOOMINGTON, ILLINOIS**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2018

**FOREIGN FIRE INSURANCE BOARD**  
**A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS**  
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AS OF AND FOR THE YEAR ENDED APRIL 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the President and Members of the Bloomington Foreign Fire Insurance Board  
City of Bloomington, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Foreign Fire Insurance Board, a fund of the City of Bloomington, Illinois, as of and for the year ended April 30, 2018, and the related notes to the 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 over financial reporting relevant to the Foreign Fire Insurance Board'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 Foreign Fire Insurance Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the President and Members of the Bloomington Foreign Fire Insurance Board  
City of Bloomington

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foreign Fire Insurance Board as of April 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Foreign Fire Insurance Board and do not purport to, and do not, present fairly the financial position of the City of Bloomington, Illinois, as of April 30, 2018, and the changes in financial position, or cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018 on our consideration of the City of Bloomington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bloomington's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Oak Brook, Illinois  
October 30, 2018

**FOREIGN FIRE INSURANCE BOARD  
A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS**

BALANCE SHEET  
AS OF APRIL 30, 2018

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**Assets:**

Cash and investments	\$ <u>160,611</u>
Total assets	<u>\$ 160,611</u>

**Liabilities and Fund Balance:**

**Liabilities:**

Accounts payable	\$ <u>1,635</u>
Total liabilities	<u>1,635</u>

**Fund Balance:**

Restricted for public safety	<u>158,976</u>
Total liabilities and fund balance	<u>\$ 160,611</u>

**FOREIGN FIRE INSURANCE BOARD  
A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED APRIL 30, 2018

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**Revenues:**

Foreign fire insurance tax	\$ 97,860
Investment income	<u>335</u>
Total revenue	<u>98,195</u>

**Expenditures:**

Current:	
Public safety	<u>74,824</u>
Total expenditures	<u>74,824</u>
Net change in fund balance	23,371
Fund Balance - beginning of year	<u>135,605</u>
Fund Balance - end of year	<u>\$ 158,976</u>

**FOREIGN FIRE INSURANCE BOARD**  
**A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Foreign Fire Insurance Board (the Board), a fund of the City of Bloomington, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**Reporting Entity**

The Foreign Fire Insurance Board, which functions as an agent for the City's Fire Department, is governed by an elected Board of Trustees. The Board is not considered to be a component unit of the City of Bloomington, Illinois (City) as it is not legally separate nor fiscally independent. The Board of Trustees is elected by active firefighters of the City.

The financial statements present only the Foreign Fire Insurance Board and do not purport to, and do not, present fairly, the financial position of the City of Bloomington.

**Fund Accounting and Financial Statement Presentation**

The accounts of the Foreign Fire Insurance Board are organized on the basis of a fund which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Foreign Fire Insurance Board fund is reported as a special revenue fund in the City's Comprehensive Annual Financial Report.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With the measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Board recognizes revenues when they become both measurable and available and for the period intended to finance. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are the foreign fire insurance tax and investment income.

**Revenue**

Revenue is based on a 2% foreign fire insurance gross receipts tax levied by the State of Illinois, which is remitted to the City of Bloomington and appropriated by the City to the Foreign Fire Insurance Board. These receipts are solely for use by the Board for Fire Department related expenditures.

**FOREIGN FIRE INSURANCE BOARD**  
**A FUND OF THE CITY OF BLOOMINGTON, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance**

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the Board through approval of resolutions. Assigned fund balance is a limitation imposed by the Board's intent to use them for a specific purpose, but that are neither restricted nor committed. The Board does not report any assigned fund balances. A negative unassigned fund balance represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the Board's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

*Permitted Deposits and Investments:* In accordance with the Foreign Fire Insurance Board's investment policy, the Board's funds may be invested in instruments permitted by the Illinois Public Funds Investment Act (30 ILCS 230/5). The Board's policy further limits investments to (1) interest-bearing savings accounts, interest-bearing certificates of deposit which include participation within the certificate of deposit account registry service (CDAR) program as long as the Board's investment in any one bank does not exceed the insured limit, interest-bearing time deposits or any other investments that are direct obligations of any local banks; (2) securities legally issued by state or federal savings and loan associations which are insured by the FDIC or the NCUA.; (3) money-market mutual funds registered under the amended Investment Company Act of 1940 provided that the portfolio is limited to bonds, notes, and certificates of indebtedness, treasury bills, or other securities which are guaranteed by the United States or agreements to repurchase these same types of obligations, and qualified agency under 30 ILCS 235 et seq.

*Custodial Credit Risk:* Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The Board's investment policy requires that all funds maintained in financial institutions be collateralized by FDIC insurance or an equivalent insurance program. Funds that exceed insurance levels will be diversified to a separate financial institution.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The City's Foreign Fire Insurance Board functions as an agent for the City of Bloomington Fire Department. The Board receives funds annually from the City based on a 2% foreign fire insurance gross receipts tax levied by the State of Illinois. The City's Foreign Fire Insurance Board accounts for such receipts and expends the funds for the operations and maintenance of the City of Bloomington Fire Department.