



**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018



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Prepared by Finance Department

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PALOS HILLS, ILLINOIS
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Palos Fire Protection District
Palos Hills, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Palos Fire Protection District, Palos Hills, Illinois (the District), as of and for the year ended December 31, 2018, and the related notes to 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 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.

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 of 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 District'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 District'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the North Palos Fire Protection District, Palos Hills, Illinois, as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note 9 that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
August 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH PALOS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

As management of the North Palos Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements presented.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of the District exceed its assets and deferred outflows at the close of the most recent fiscal year by (\$16,540,722) (net position). \$93,217 is restricted for Liability Insurance expenses, \$76,536 for Retirement and \$45,868 for Foreign Fire. (\$18,687,822) is unrestricted. The remaining \$1,931,479 represents the net investment in capital assets.
- The District's total net position decreased by (\$2,954,056). This negative net position results from limited revenue streams and the implementation of GASB 68, which includes the change in pension liabilities on the District's Statement of Activities.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$379,740, a decrease of \$899,122 in comparison with the prior year balance. This decrease was mainly attributed to limited revenue streams and inflationary increases for salaries, benefits and utilities. A line of credit was needed to sustain cash flow between property tax installments. There was also a prior period adjustment for a change in revenue recognition for property taxes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$149,742 or 2% of total General Fund expenditures. No capital reserves were noted for future capital acquisitions.
- The District has \$171,752 of long-term principal outstanding, a decrease of \$702,136 from the prior year. The District has debt service outstanding until 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 4 and 5 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains nine individual governmental funds. Information is presented separately for these funds considered major in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

The District adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements and schedules have been provided for the budgeted fund to demonstrate compliance with the budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. Fiduciary funds are reported using full accrual accounting.

The basic fiduciary fund financial statements for the Firefighter's Pension Fund can be found on pages 10 and 11 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 12 to 42 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 43 to 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by (\$16,540,722) at the close of the most recent fiscal year.

NORTH PALOS FIRE PROTECTION DISTRICT NET POSITION

	For the Year Ended	
	31-Dec	
	2018	2017
Assets		
Current Assets	\$ 5,632,628	\$ 5,435,385
Capital Assets	2,103,231	2,304,406
Total Assets	7,735,859	7,739,791
Deferred Outflows	9,647,351	9,243,875
Total Assets and Deferred Outflows	17,383,210	16,983,666
Liabilities		
Due Within One Year	1,395,932	920,466
Due in More Than One Year	25,182,557	24,378,050
Total Liabilities	26,578,489	25,298,516
Deferred Inflows	7,345,443	5,271,817
Total Liabilities and Deferred Inflows	33,923,932	30,570,333
Net Position		
Net Investment in Capital Assets	1,931,479	1,430,518
Restricted Amounts	215,621	364,219
Unrestricted Amounts	(18,687,822)	(15,381,404)
Total Net Position	\$ (16,540,722)	\$ (13,586,667)

Governmental Activities. Governmental activities decreased the District's net position by \$(2,954,055). Key elements of this decrease are as follows:

	For the Year Ended	
	31-Dec	
	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 1,368,873	\$ 1,307,973
Operating Grants & Contributions	19,442	16,192
General Revenues		
Property Taxes	4,314,982	4,354,842
Other Taxes	17,924	19,716
Intergovernmental	1,679,438	1,604,031
Other Income	62,688	54,307
Total Revenues	<u>7,463,347</u>	<u>7,357,061</u>
Expenses		
Public Safety	9,790,099	10,188,947
Interest on Long-Term Debt	32,576	29,583
Total Expenses	<u>9,822,675</u>	<u>10,218,530</u>
Change in Net Position	(2,359,328)	(2,861,469)
Net Position		
Beginning of Year	(13,586,667)	(9,918,260)
Prior Period Adjustment	(594,727)	(806,938)
Beginning of Year, Restated	<u>(14,181,394)</u>	<u>(10,725,198)</u>
End of Year	<u>\$ (16,540,722)</u>	<u>\$ (13,586,667)</u>

- Total revenues increased by \$106,286 (1%). Property taxes decreased by \$39,860 or 1% from the prior year.
- Charges for services increased by \$60,900 (5%) during the year. The increase is primarily a result of increased collections based on the payer make-up for the District.
- Total expenses decreased by \$395,855 (4%). The decrease was primarily due to staffing adjustments and deferment capital projects based on budgetary constraints.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$379,740 an increase of \$289,782 in comparison with the prior year adjusted balance. This increase is primarily due to decreases in employee benefits and capital outlay.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$149,742. As a measure of the Fire Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2% of total Fire Fund expenditures.

FIRE FUND BUDGETARY HIGHLIGHTS

During the year, there were no budget amendments.

As a major fund, the General Fund accounts for the fire operations of the District. Revenues in the General Fund were \$6,692,974. Property taxes underperformed its budget by \$277,891 based on poor collections. Charges for services outperformed its budgets by \$46,873.

General Fund expenditures were \$512,006 under budget mainly due to staffing adjustments. The overall net budget variance in the General Fund was a favorable \$297,733.

The General Fund's deficit of expenditures and other financing uses over revenues and other financing sources was \$243,233. The fund balance increased to \$260,102 at the end of the fiscal year and was adjusted (\$1,060,548) from the prior year for a change in revenue recognition.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2018 was \$2,103,231 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment, vehicles and equipment.

A summary of changes in capital assets follows:

	Capital Assets			Capital Assets
	Decemeber 31, 2017	Additions	Dispositions	December 31, 2018
Governmental Activities				
Assets Not Subject to Depreciation				
Land	\$ 290,700	\$ -	\$ -	\$ 290,700
Assets Subject to Depreciation				
Land Improvments	-	-	-	-
Buildings & Improvements	1,299,240	-	-	1,299,240
Apparatus and Vehicles	3,164,821	-	-	3,164,821
Equipment	279,383	-	-	279,383
	<u>4,743,444</u>	<u>-</u>	<u>-</u>	<u>4,743,444</u>
Less Accumulated Depreciation				
Land Improvments	-	-	-	-
Buildings & Improvements	(883,543)	(30,884)	-	(914,427)
Apparatus and Vehicles	(1,684,247)	(158,558)	-	(1,842,805)
Equipment	(161,950)	(11,731)	-	(173,681)
	<u>(2,729,740)</u>	<u>(201,173)</u>	<u>-</u>	<u>(2,930,913)</u>
	<u>\$ 2,304,404</u>	<u>\$ (201,173)</u>	<u>\$ -</u>	<u>\$ 2,103,231</u>

There were no major additions during the year. See Note 3 for depreciation information on capital assets.

Long-term Debt. As of December 31, 2018, the District has debt outstanding decreased from \$873,888 to \$171,752. See Note 4 for additional information.

ECONOMIC FACTORS

The District's primary revenue sources are property taxes, representing approximately 80 percent of total revenue in the year ended December 31, 2018. The Property Tax Extension Limitation Law allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and any voter-approved rate increases. In the spring of 2019 the District passed a referendum to increase property taxes by 20% allowing the District to rebuild reserve levels to best practice and provide for deferred fleet and facility projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the North Palos Fire Protection District finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North Palos Fire Protection District, 10629 S. Roberts Road, Palos Hills, Illinois 60465

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

BASIC FINANCIAL STATEMENTS

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 144,459
Receivables (net of allowance for uncollectibles)	
Property taxes	4,747,000
Accounts	676,677
Prepaid items	64,492
Capital assets not being depreciated	290,700
Capital assets (net of accumulated depreciation)	<u>1,812,531</u>
Total assets	<u>7,735,859</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - Firefighters' Pension Fund	8,091,812
Pension items - IMRF	140,257
OPEB	<u>1,415,282</u>
Total deferred outflows of resources	<u>9,647,351</u>
Total assets and deferred outflows of resources	<u>17,383,210</u>
LIABILITIES	
Accounts payable	33,357
Accrued payroll	119,915
Due to fiduciary fund	2,616
Long-term liabilities	
Due within one year	1,240,044
Due in more than one year	<u>25,182,557</u>
Total liabilities	<u>26,578,489</u>
DEFERRED INFLOWS OF RESOURCES	
Pension items - Firefighters' Pension Fund	2,070,015
Pension items - IMRF	106,600
OPEB	421,828
Deferred property tax revenue	<u>4,747,000</u>
Total deferred inflows of resources	<u>7,345,443</u>
Total liabilities and deferred inflows of resources	<u>33,923,932</u>
NET POSITION	
Net investment in capital assets	1,931,479
Restricted for	
Foreign fire insurance	45,868
Liability insurance	93,217
Retirement	76,536
Unrestricted (deficit)	<u>(18,687,822)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (16,540,722)</u>

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Public safety	\$ 9,790,099	\$ 1,368,873	\$ 19,442	\$ -	\$ (8,401,784)
Interest	32,576	-	-	-	(32,576)
Total governmental activities	9,822,675	1,368,873	19,442	-	(8,434,360)
TOTAL PRIMARY GOVERNMENT	\$ 9,822,675	\$ 1,368,873	\$ 19,442	\$ -	(8,434,360)
		General Revenues			
		Taxes			
					4,314,982
					17,924
					31,583
					1,679,438
					103
					31,002
			Total		6,075,032
					(2,359,328)
					(13,586,667)
					(594,727)
					(14,181,394)
					\$ (16,540,722)

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	General	Nonmajor Governmental	Total Governmental Funds
ASSETS			
Cash	\$ 54,559	\$ 89,900	\$ 144,459
Receivables (net of allowance for uncollectible)			
Property taxes	4,047,000	700,000	4,747,000
Accounts	676,677	-	676,677
Due from other funds	771,648	82,300	853,948
Prepaid items	64,492	-	64,492
	TOTAL ASSETS	\$ 872,200	\$ 6,486,576
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 33,357	\$ -	\$ 33,357
Accrued payroll	117,468	2,447	119,915
Due to other funds	803,833	50,115	853,948
Due to fiduciary fund	2,616	-	2,616
Tax anticipation warrant	350,000	-	350,000
	Total liabilities	52,562	1,359,836
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	4,047,000	700,000	4,747,000
	Total deferred inflows of resources	700,000	4,747,000
	Total liabilities and deferred inflows of resources	752,562	6,106,836
FUND BALANCES			
Nonspendable - prepaid items	64,492	-	64,492
Restricted			
Foreign fire insurance	45,868	-	45,868
Liability insurance	-	93,217	93,217
Retirement	-	76,536	76,536
Unassigned (deficit)	149,742	(50,115)	99,627
	Total fund balances	119,638	379,740
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 872,200	\$ 6,486,576

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$	379,740
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 governmental funds		2,103,231
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position		(519,291)
Net pension liability for the Firefighters' Pension Fund is shown as a liability on the statement of net position		(19,528,395)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources on the statement of net position		33,657
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Firefighters' Pension Fund are recognized as deferred outflows of resources on the statement of net position		6,021,797
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for other postemployment benefits are recognized as deferred outflows of resources on the statement of net position		993,454
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Also, governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Long-term liabilities at year end consist of:		
Notes payable	\$	171,752
Compensated absences		578,420
Total OPEB liability		5,274,743
		(6,024,915)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(16,540,722)

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2018

	General	Nonmajor Governmental	Total Governmental Funds
REVENUES			
Property taxes	\$ 3,544,609	\$ 770,373	\$ 4,314,982
Personal property replacement taxes	17,924	-	17,924
Charges for services	1,368,873	-	1,368,873
Intergovernmental	1,679,438	-	1,679,438
Grants	19,442	-	19,442
Foreign fire insurance	31,583	-	31,583
Investment income	103	-	103
Miscellaneous	31,002	-	31,002
Total revenues	6,692,974	770,373	7,463,347
EXPENDITURES			
Current			
Salaries and wages	4,150,315	283,637	4,433,952
Employee benefits	1,495,633	-	1,495,633
Outside services	298,177	7,382	305,559
Administrative	29,915	-	29,915
Education and training	10,636	95	10,731
Buildings and grounds	145,488	-	145,488
Equipment maintenance	166,708	165	166,873
Insurance	-	289,605	289,605
IMRF	-	30,117	30,117
Social Security	-	100,023	100,023
Audit	-	12,800	12,800
Capital outlay	8,535	-	8,535
Debt service			
Principal retirement	107,958	-	107,958
Interest and fiscal charges	36,376	-	36,376
Total expenditures	6,449,741	723,824	7,173,565
NET CHANGE IN FUND BALANCES	243,233	46,549	289,782
FUND BALANCES, JANUARY 1	1,077,417	201,445	1,278,862
Prior period adjustment	(1,060,548)	(128,356)	(1,188,904)
FUND BALANCES, JANUARY 1, RESTATED	16,869	73,089	89,958
FUND BALANCES, DECEMBER 31	\$ 260,102	\$ 119,638	\$ 379,740

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 289,782
Amounts reported for governmental activities in the statement of activities are different because:	
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(80,142)
The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	75,279
The change in the net pension liability for the Firefighters' Pension Fund is reported only in the statement of activities	(1,353,028)
The change in deferred inflows and outflows of resources for the Firefighters' Pension Fund is reported only in the statement of activities	(783,941)
Changes in the total OPEB liability are reported only in the statement of activities	(124,593)
The change in deferred inflows and outflows of resources for the other postemployment benefit are reported only in the statement of activities	(264,582)
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding or when incurred in the statement of activities	107,958
The decrease of accrued interest payable is shown as a decrease of expenses on the statement of activities	3,800
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(201,173)
Increase in compensated absences payable	(28,688)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (2,359,328)

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

December 31, 2018

ASSETS

Cash and cash equivalents	\$ 908,470
Investments	
U.S. Government obligations	189,498
U.S. agency obligations	3,729,509
Corporate obligations	3,104,214
State and local obligations	251,042
Equities	141,524
GNMA	351
ETF	8,270
Mutual funds	7,247,229
Receivables	
Accrued interest	66,095
Due from District	<u>2,617</u>
 Total assets	 <u>15,648,819</u>

LIABILITIES

None	<u>-</u>
 Total liabilities	 <u>-</u>

NET POSITION RESTRICTED FOR PENSIONS \$ 15,648,819

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

For the Year Ended December 31, 2018

ADDITIONS

Contributions

Employer contributions	\$ 683,228
Employee contributions	308,044
Other contributions	<u>37,083</u>

Total contributions 1,028,355

Investment income

Net depreciation in fair value of investments	(1,468,041)
Interest	<u>797,623</u>

Total investment income	(670,418)
Less investment expense	<u>(65,844)</u>

Net investment income (736,262)

Total additions 292,093

DEDUCTIONS

Benefits	688,568
Refunds	-
Administrative expenses	<u>9,354</u>

Total deductions 697,922

NET DECREASE (405,829)

NET POSITION RESTRICTED FOR PENSIONS

January 1 16,054,648

December 31 \$ 15,648,819

See accompanying notes to financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Palos Fire Protection District, Palos Hills, Illinois (the District) 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 District's accounting policies are described below.

a. Reporting Entity

The District is a municipal corporation of the State of Illinois duly chartered pursuant to the Illinois revised statutes Chapter 127-42. The District operates under a Board-Manager form of government encompassing areas in Cook County. The mission of the District is to protect the lives and property within the community in a fiscally sound and responsive manner through fire prevention, public education, fire suppression, emergency medical services and public safety. The District is considered to be a primary government as defined by GASB Statement No. 14 and No. 61, since it is legally separate and fiscally independent. The accompanying financial statements present the District only since the District does not have component units.

b. Fund Accounting

The District uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, a pension trust fund is used.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted, committed or assigned monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds restricted for the servicing of governmental long-term debt (debt service funds). The General Fund (corporate) is used to account for all activities of the government not accounted for in some other fund.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of material interfund activity, other than interfund service transactions, has been eliminated from these statements. 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 user fees and charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by 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) 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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

The Ambulance Fund, a special revenue fund, is used to account for revenue and expenditures related to providing EMS services funded by a restricted tax levy and user fees.

Additionally, the District reports the Firefighters' Pension Fund as a Fiduciary Fund.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities/funds are included on the statement of net position. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Program revenues consist of user fees and other charges for services, operating grants and capital grants.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities 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 net current assets. 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 or soon enough thereafter to be used to pay liabilities of the current period (60 days). The District recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Those revenues susceptible to accrual are property taxes, ambulance fees, interest revenue and charges for services.

The District reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period for governmental funds or earned at the government-wide level. Deferred/unearned revenues also arise when resources are received by the District before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the District has a legal claim to the resources by meeting all eligibility requirements, the deferred inflows of resources or liability is removed from the financial statements and revenue is recognized.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Investments with maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on 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; and Level 3 inputs are significant unobservable inputs. The District held no investments to measure at fair value at December 31, 2018.

f. Prepaid Expenses/Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid expenses/items using the consumption method. Such amounts are offset by nonspendable fund balance for prepaid expenses/items in the fund financial statements.

g. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, tangible in nature and have an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	50
Apparatus and vehicles	10-25
Equipment	10-40

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

i. Compensated Absences

It is the District's policy to permit employees to accumulate earned, but unused vacation, personal, and sick days. Vacation leave and personal time off are expected to be taken by the end of the calendar year following the year earned and may not be carried forward between calendar years. Accumulated sick leave may be carried forward between calendar years. Accumulated vacation and a portion of accumulated sick leave are paid upon termination of employment. The portion of the liability related to sick leave is recorded on the statement of net position.

j. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year and are payable in two installments, generally in March and September of the following year. Cook County bills and collects all property taxes and remits them to the District. The District has a statutory tax rate limit in various operating funds subject to change only by approval of the voters of the District. Also, the District is subject to the Property Tax Extension Limitation Act, which, in general, limits the amount of taxes to be extended to the lesser of 5% or the percentage increase in the consumer price index for the year preceding the levy. Certain bond issue levies and referendum increases are exempt from this limitation.

k. Net Position/Fund Balances

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Net Position/Fund Balances (Continued)

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the District.

Committed fund balance is constrained by formal actions of the District's Board of Trustees, which is considered the District's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. The Board of Trustees would also take action to modify or rescind committed fund balance, if applicable.

Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance remains with the Board of Trustees. Any residual fund balance in the General Fund is reported as unassigned. Deficit fund balances in other governmental funds are also reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned and then unassigned funds.

The District will maintain unassigned fund balance in the General Fund to fund operations for a period of at least three months.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the District's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

Reciprocal interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

n. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other fund” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Illinois Compiled Statutes (ILCS) and the District’s investment policy authorize the District to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

The Illinois Public Treasurers’ Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer’s Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the District’s deposits may not be returned to it. The District’s investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the District’s name.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 290,700	\$ -	\$ -	\$ 290,700
Total capital assets not being depreciated	290,700	-	-	290,700
Capital assets being depreciated				
Building and improvements	1,299,240	-	-	1,299,240
Apparatus and vehicles	3,164,821	-	-	3,164,821
Equipment	279,383	-	-	279,383
Total capital assets being depreciated	4,743,444	-	-	4,743,444
Less accumulated depreciation for				
Building and improvements	883,543	30,884	-	914,427
Apparatus and vehicles	1,684,247	158,558	-	1,842,805
Equipment	161,950	11,731	-	173,681
Total accumulated depreciation	2,729,740	201,173	-	2,930,913
Total capital assets being depreciated, net	2,013,704	(201,173)	-	1,812,531
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 2,304,404	\$ (201,173)	\$ -	\$ 2,103,231

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the District's governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Public safety	\$ 201,173
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 201,173</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities for the year ended December 31, 2018:

	Fund Debt Retired By	Beginning Balances, Restated	Additions	Reductions	Ending Balances	Current Portion
GOVERNMENTAL ACTIVITIES						
Notes payable						
Illinois Finance						
Authority	General	\$ 42,900	\$ -	\$ 6,129	\$ 36,771	\$ 6,129
Standard Bank 2014	General	147,933	-	75,682	72,251	72,251
BB&T Leasing	General	88,877	-	26,147	62,730	24,105
Total OPEB liability	General	5,150,150	124,593	-	5,274,743	709,731
Compensated absences	General	549,732	28,688	-	578,420	77,828
Net pension liability -						
Fire Pension	General	18,175,367	1,353,028	-	19,528,395	-
Net pension liability - IMRF	General	439,149	80,142	-	519,291	-
TOTAL GOVERNMENTAL ACTIVITIES		<u>\$ 24,594,108</u>	<u>\$ 1,586,451</u>	<u>\$ 107,958</u>	<u>\$ 26,072,601</u>	<u>\$ 890,044</u>

Long-term debt at December 31, 2018 is comprised of the following:

A note payable to the State of Illinois for the purchase of a fire truck. The note is non-interest-bearing and due in annual installments of \$6,129 through November 2024.

A lease payable to BB&T Leasing, originating in 2017, for the purchase of an ambulance. The note bears interest and requires monthly payments of \$2,564 (principal and interest), with the last payment due on April 1, 2021.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity

The annual requirements to amortize to maturity serial debt outstanding as of December 31, 2018 are as follows:

Fiscal Year Ending December 31,	Notes Payable	
	Principal	Interest
2019	\$ 452,481	\$ 5,612
2020	34,680	2,217
2021	16,204	181
2022	6,129	-
2023	6,129	-
2024	6,129	-
TOTAL	\$ 521,752	\$ 8,010

Short-Term Debt

Changes in Short-Term Liabilities

During the year ended December 31, 2018, the following changes occurred in short-term liabilities:

	Fund Debt Retired By	Beginning Balances, Restated	Additions	Reductions	Ending Balances	Current Portion
GOVERNMENTAL ACTIVITIES						
Line of credit - Bridgeview Bank	General	\$ 600,000	\$ 1,250,000	\$ 1,500,000	\$ 350,000	\$ 350,000
TOTAL GOVERNMENTAL ACTIVITIES		\$ 600,000	\$ 1,250,000	\$ 1,500,000	\$ 350,000	\$ 350,000

A line of credit with Bridgeview Bank, originating in 2017, to assist with cash flows during the year. The balance is due \$350,000 and interest is charged at 5.50% as of December 31, 2018.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. INDIVIDUAL FUND DISCLOSURES

a. Interfund Receivables/Payables

	Due to Other Funds	Due from Other Funds
General	\$ 806,449	\$ 771,648
Nonmajor Governmental		
Liability Insurance	-	82,300
IMRF	20,566	-
Audit	16,882	-
Emergency Rescue Crew	12,667	-
Fiduciary		
Pension	-	2,616
	<u> </u>	<u> </u>
TOTAL	<u>\$ 856,564</u>	<u>\$ 856,564</u>

The due to/from other funds in the above table relates to deficit cash balances. The amounts will be repaid within one year.

b. Deficit Fund Balances

The following funds reported a deficit fund balance at December 31, 2018:

Nonmajor Governmental	
IMRF	\$ (20,566)
Audit	(16,882)
Emergency Rescue Crew	(12,667)

6. RISK MANAGEMENT

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; net income losses; and natural disasters. In order to protect against such losses, the District has joined the Illinois Public Risk Fund. The fund currently operates as a common risk management and insurance program for local governmental entities in the State of Illinois. Employee health insurance is covered by commercial insurance purchased from independent third parties. Additionally, the District pays annual premiums to the fund for its worker's compensation and employer liability insurance coverage. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three years.

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)**

7. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The District contributes to two defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Firefighters’ Pension Plan, which is a single-employer pension plan (collectively called the pension plans). The benefits, benefit levels, employee contributions and employer contributions for all plans are governed by ILCS and can only be amended by the Illinois General Assembly. The North Palos Firefighters’ Pension Plan Fund does not issue a separate report. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Firefighters’ Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2018 (plan measurement date), IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	2
Active employees	1
	<hr/>
TOTAL	<u><u>4</u></u>

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)**

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

All employees (other than those covered by the Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.50% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The required employer contribution rate for the year ended December 31, 2018 was 33.43% of covered payroll.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.50%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2018 was 7.25%. The discount rate used to measure the total pension liability at December 31, 2017 was 7.50%. 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 the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The discount rate was unchanged from the prior measurement period.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2018	\$ 1,291,185	\$ 852,036	\$ 439,149
Changes for the period			
Service cost	13,646	-	13,646
Interest	94,567	-	94,567
Difference between expected and actual experience	(47,999)	-	(47,999)
Changes in assumptions	37,447	-	37,447
Employer contributions	-	30,117	(30,117)
Employee contributions	-	4,232	(4,232)
Net investment income	-	(44,451)	44,451
Benefit payments and refunds	(74,241)	(74,241)	-
Other (net transfer)	-	27,621	(27,621)
Net changes	23,420	(56,722)	80,142
BALANCES AT DECEMBER 31, 2018	\$ 1,314,605	\$ 795,314	\$ 519,291

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)**

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Continued)

Changes in assumptions related to inflation rates, salary rates, and mortality were made since the prior measurement date.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the District recognized pension expense of \$34,980.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,179	\$ 64,634
Changes in assumption	40,567	41,966
Net difference between projected and actual earnings on pension plan investments	49,511	-
TOTAL	\$ 140,257	\$ 106,600

Fiscal
Year Ending
December 31,

2019	\$ 20,188
2020	4,136
2021	(2,940)
2022	14,896
2023	(1,497)
Thereafter	<u>(1,126)</u>
TOTAL	\$ 33,657

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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 District calculated using the discount rate of 7.25% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 692,358	\$ 519,291	\$ 380,096

Firefighters' Pension Plan

Plan Administration

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and 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 plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Fire Protection District Board of Trustees, one member is elected by pension beneficiaries and two members are elected by active firefighters.

At December 31, 2018, membership consisted of:

Inactive plan members currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>32</u>
TOTAL	<u><u>46</u></u>

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)**

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement.

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit 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% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten 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 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% 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% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (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. Benefits and refunds are recognized when due and payable in accordance with the terms of the Firefighters' Pension Plan. The District is required to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. The District has adopted a policy to fund 90% of the past service costs by 2040 using the entry-age normal actuarial cost method. For the year ended December 31, 2018, the District's contribution was 20.86% of covered payroll.

Investment Policy

The Firefighters' Pension Fund's (the Fund) investment policy authorizes the Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, state and municipal obligations, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, Illinois insurance company general and separate accounts, mutual funds, equity securities, short-term commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds. The Fund's investment policy does limit their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Fund and conforming to all state and local statutes governing the investment of public funds, using the prudent person standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Core Fixed Income	44.8%	5.80%
Domestic Equity	44.7%	6.80%
US Cash	4.4%	0.50%
Global Real Estate - REITS	4.0%	5.80%
Commodities - Long Only	1.1%	2.40%

The long-term expected real rates of return are net of a 3% factor for inflation and investment expense. ILCS limits the 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.

Concentrations

Investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments as of December 31, 2018 are as follows:

	Investment Amount	% of Assets
Columbia Dividend Income Fund	\$ 1,165,642	7.48%
Fidelity Advisor New Insights Fund Class Z	1,170,661	7.51%
Oppenheimer Intrl Growth Fund-I	836,919	5.37%
Vanguard 500 Index Fund	909,073	5.83%

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral held by the custodial bank in the Fund's name for all bank balances in excess of federal depository insurance.

Investments

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Government notes	\$ 189,498	\$ 139,523	\$ 49,975	\$ -	\$ -
U.S. agency obligations	3,729,509	177,168	2,091,708	1,460,633	-
Mortgage backed securities	351	35	-	316	-
State and local bonds	251,042	-	251,042	-	-
Corporate bonds	3,104,214	126,367	2,269,124	708,723	-
TOTAL	\$ 7,274,614	\$ 443,093	\$ 4,661,849	\$ 2,169,672	\$ -

The Fund has the following recurring fair value measurements as of December 31, 2018: the equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S Treasury securities, U.S. agency obligations and the municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in United States Government securities, money market mutual funds and requiring that municipal and corporate bonds must be rated as investment grade by one of the two largest rating services at the time of purchase. The U.S. agency securities are rated between Aaa to not rated by Moody's and between AA+ to not rated by Standard and Poor's. The municipal bonds are rated between Aaa to not rated by Moody's and between AAA to not rated by Standard and Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. Money market mutual funds, equity mutual funds and insurance contracts are not subject to custodial credit risk. In accordance with the Fund's investment policy, the Fund limits its exposure to custodial credit risk by utilizing an independent third party institution to act as a custodian for its securities and collateral.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2018	\$ 34,230,015	\$ 16,054,648	\$ 18,175,367
Changes for the period			
Service cost	1,496,847	-	1,496,847
Interest	1,694,287	-	1,694,287
Difference between expected and actual experience	562,222	-	562,222
Changes in assumptions	(2,117,589)	-	(2,117,589)
Employer contributions	-	683,228	(683,228)
Employee contributions	-	308,044	(308,044)
Other contributions	-	37,083	(37,083)
Net investment income	-	(736,262)	736,262
Benefit payments and refunds	(688,568)	(688,568)	-
Administrative expense	-	(9,354)	9,354
Net changes	947,199	(405,829)	1,353,028
BALANCES AT DECEMBER 31, 2018	\$ 35,177,214	\$ 15,648,819	\$ 19,528,395

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the interest rate assumption.

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the actuarial methods and assumptions on the following page.

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)**

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.00% to 12.89%
Interest rate	6.75%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

Mortality rates were based on a 2016 experience study performed by the actuary.

Discount Rate

The discount rate used to measure the total pension liability was 5.34%. 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 the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments of 6.75% was blended with the index rate of 4.10% for tax exempt general obligation bonds rated AA or better at December 31, 2018 to arrive at a discount rate of 5.34% used to determine the total pension liability. The discount rate used to measure the total pension liability as of December 31, 2017 was 5.00%.

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)**

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Fund (Continued)

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 pension liability of the Firefighters' Pension Plan calculated using the discount rate of 5.34% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.34%) or 1 percentage point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
Net pension liability	\$ 26,301,748	\$ 19,528,395	\$ 14,210,314

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the District recognized pension expense of \$1,059,676.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,632,994	\$ 160,851
Changes in assumptions	5,223,716	1,909,164
Net difference between projected and actual earnings on pension plan investments	1,235,102	-
TOTAL	<u>\$ 8,091,812</u>	<u>\$ 2,070,015</u>

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighters' pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2019	\$ 1,059,675
2020	886,109
2021	842,490
2022	1,006,016
2023	639,797
Thereafter	<u>1,587,710</u>
TOTAL	<u>\$ 6,021,797</u>

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the District provides other postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

a. Plan Description (Continued)

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report. The activity of the plan is reported in the District's governmental activities.

b. Benefits Provided

The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the District's retirement plan. In addition, the District has an explicit benefit as retired firefighters are required to pay 25% of the premiums; all other employees pay 60% of the premiums for such coverage and the District pays the balance of the costs. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but the retiree can purchase a Medicare supplement plan from the District's insurance provider. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the District is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime.

c. Membership

At December 31, 2018 (plan measurement date), membership consisted of:

Inactive fund members or beneficiaries currently receiving benefits payments	5
Inactive fund members entitled to but not yet receiving benefit payments	-
Active fund members	<u>32</u>
TOTAL	<u>37</u>

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Inflation	3.00%
Discount rate	3.64%
Healthcare cost trend rates	5.00% to 8.21% in Fiscal 2018 based on type of plan, to an ultimate trend rate of 5.00%
Asset valuation method	N/A
Mortality rates	RP - 2014 rates adjusted to 2006 rates and improved generationally with MP-2017 improvement rates

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20-year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2018.

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2018	<u>\$ 5,150,150</u>
Changes for the period	
Service cost	290,047
Interest	159,718
Changes in assumptions	(235,604)
Implicit benefit payments	(191,574)
Other changes	<u>102,006</u>
Net changes	<u>124,593</u>
BALANCES AT DECEMBER 31, 2018	<u>\$ 5,274,743</u>

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 3.64% as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability	\$ 4,818,042	\$ 5,274,743	\$ 5,778,101

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 11.20% to 12.09% as well as what the District's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (10.09% to 11.20%) or 1 percentage point higher (12.20% to 13.09%) than the current rate:

	1% Decrease (10.09% to 11.20%)	Current Healthcare Rate (11.20% to 12.09%)	1% Increase (12.20% to 13.09%)
Total OPEB liability	\$ 4,684,124	\$ 5,274,743	\$ 5,965,332

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

For the year ended December 31, 2018, the District recognized OPEB expense of \$580,750. At December 31, 2018, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 724,974	\$ -
Changes in assumptions	690,308	421,828
Net difference between projected and actual earnings on pension plan investments	-	-
TOTAL	\$ 1,415,282	\$ 421,828

NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2019	\$ 130,985
2020	130,985
2021	130,985
2022	130,985
2023	130,985
Thereafter	<u>338,529</u>
TOTAL	<u>\$ 993,454</u>

9. PRIOR PERIOD ADJUSTMENT

Net position and fund balance have been restated as described below. The details of these restatements are as follows:

	Governmental Activities	General Fund	Ambulance Fund	Nonmajor Funds
NET POSITION/FUND BALANCE - DECEMBER 31, 2017 (AS REPORTED)	\$ (13,586,666)	\$ 970,459	\$ 106,958	\$ 201,445
Change in revenue recognition - property taxes	(588,904)	(230,274)	(230,274)	(128,356)
To adjust for improperly recorded debt payments	(5,824)	-	-	-
To adjust the presentation of tax anticipation warrants at December 31, 2017	-	(600,000)	-	-
Subtotal	<u>(594,728)</u>	<u>(830,274)</u>	<u>(230,274)</u>	<u>(128,356)</u>
NET POSITION/FUND BALANCE - DECEMBER 31, 2017 (AS RESTATED)	<u>\$ (14,181,394)</u>	<u>\$ 140,185</u>	<u>\$ (123,316)</u>	<u>\$ 73,089</u>

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2018

	Final Appropriation	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes		\$ 3,822,500	\$ 3,544,609	\$ (277,891)
Personal property replacement taxes		19,947	17,924	(2,023)
Charges for services		1,322,000	1,368,873	46,873
Intergovernmental		1,612,000	1,679,438	67,438
Grants		-	19,442	19,442
Foreign fire insurance		27,500	31,583	4,083
Investment income		300	103	(197)
Miscellaneous		103,000	31,002	(71,998)
		6,907,247	6,692,974	(214,273)
EXPENDITURES				
Current				
Salaries and wages	\$ 4,833,620	\$ 4,394,200	\$ 4,150,315	(243,885)
Employee benefits	1,850,750	1,682,500	1,495,633	(186,867)
Outside services	359,375	326,705	298,177	(28,528)
Administrative	53,240	48,400	29,915	(18,485)
Education and training	12,034	10,940	10,636	(304)
Buildings and grounds	174,526	158,660	145,488	(13,172)
Equipment maintenance	247,967	216,125	166,708	(49,417)
Capital outlay	-	9,300	8,535	(765)
Debt service				
Principal	126,408	114,917	107,958	(6,959)
Interest	-	-	36,376	36,376
		6,961,747	6,449,741	(512,006)
NET CHANGE IN FUND BALANCE		\$ (54,500)	243,233	\$ (726,279)
FUND BALANCE, JANUARY 1			1,077,417	
Prior period adjustment			(1,060,548)	
FUND BALANCE, JANUARY 1, RESTATED			16,869	
FUND BALANCE, DECEMBER 31			\$ 260,102	

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 19,302	\$ 41,942	\$ 44,186	\$ 46,472	\$ 30,117
Contribution in relation to the actuarially determined contribution	16,750	41,942	44,186	46,472	30,117
CONTRIBUTION DEFICIENCY (Excess)	\$ 2,552	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 97,043	\$ 109,883	\$ 111,665	\$ 131,276	\$ 90,089
Contributions as a percentage of covered payroll	17.26%	38.17%	39.57%	35.40%	33.43%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Five Calendar Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 10,904	\$ 10,826	\$ 12,271	\$ 12,156	\$ 13,646
Interest	81,951	88,089	92,828	92,126	94,567
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	24,690	34,382	(43,815)	45,401	(47,999)
Changes of assumptions	40,102	(3,471)	(17,533)	(44,577)	37,447
Benefit payments, including refunds of member contributions	(64,937)	(68,726)	(70,581)	(72,376)	(74,241)
Net change in total pension liability	92,710	61,100	(26,830)	32,730	23,420
Total pension liability - beginning	1,131,475	1,224,185	1,285,285	1,258,455	1,291,185
TOTAL PENSION LIABILITY - ENDING	\$ 1,224,185	\$ 1,285,285	\$ 1,258,455	\$ 1,291,185	\$ 1,314,605
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 16,750	\$ 41,942	\$ 44,186	\$ 46,472	\$ 30,117
Contributions - member	4,367	4,945	5,025	7,329	4,232
Net investment income	39,854	3,333	50,254	135,156	(44,451)
Benefit payments, including refunds of member contributions	(64,937)	(68,726)	(70,581)	(72,376)	(74,241)
Other (net transfer)	6,242	61,317	8,512	(22,286)	27,621
Net change in plan fiduciary net position	2,276	42,811	37,396	94,295	(56,722)
Plan fiduciary net position - beginning	675,258	677,534	720,345	757,741	852,036
PLAN FIDUCIARY NET POSITION - ENDING	\$ 677,534	\$ 720,345	\$ 757,741	\$ 852,036	\$ 795,314
EMPLOYER'S NET PENSION LIABILITY					
Plan fiduciary net position as a percentage of the total pension liability	55.35%	56.05%	60.21%	65.99%	60.50%
Covered payroll	\$ 97,043	\$ 109,883	\$ 111,665	\$ 131,276	\$ 90,089
Employer's net pension liability as a percentage of covered payroll	563.31%	514.13%	448.41%	334.52%	576.42%

IMRF's measurement date is December 31, 2018; therefore, information above is presented for the calendar year ended December 31, 2018.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 834,526	\$ 834,526	\$ 885,291	\$ 964,172	\$ 1,220,313
Contribution in relation to the actuarially determined contribution	528,580	578,109	664,580	654,942	683,228
CONTRIBUTION DEFICIENCY (Excess)	\$ 305,946	\$ 256,417	\$ 220,711	\$ 309,230	\$ 537,085
Covered payroll	\$ 2,965,866	\$ 2,769,045	\$ 3,252,231	\$ 3,357,929	\$ 3,274,937
Contributions as a percentage of covered payroll	17.82%	20.88%	20.43%	19.50%	20.86%

The increase in the actuarially determined contribution is due to changes in actuarial assumptions with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to the assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds, which was changed from 3.44% to 4.10% for the current year. The discount rate used to determine the total pension liability was also changed from 5.00% to 5.34%.

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was market value; and the significant actuarial assumptions were an investment rate of return of 6.75% annually, projected salary increase assumption of 4.00% to 12.89% plus 2.50% for inflation compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 847,651	\$ 1,163,012	\$ 1,387,092	\$ 1,457,140	\$ 1,496,847
Interest	1,037,408	919,067	1,365,875	1,570,388	1,694,287
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	1,429,162	(245,963)	1,433,463	85,159	562,222
Changes of assumptions	701,778	7,179,729	372,634	307,903	(2,117,589)
Benefit payments, including refunds of member contributions	(357,795)	(404,096)	(443,870)	(574,732)	(688,568)
Net change in total pension liability	3,658,204	8,611,749	4,115,194	2,845,858	947,199
Total pension liability - beginning	14,999,010	18,657,214	27,268,963	31,384,157	34,230,015
TOTAL PENSION LIABILITY - ENDING	\$ 18,657,214	\$ 27,268,963	\$ 31,384,157	\$ 34,230,015	\$ 35,177,214
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 528,580	\$ 578,109	\$ 676,042	\$ 654,942	\$ 683,228
Contributions - member	322,894	302,103	299,999	302,221	308,044
Contributions - other	-	-	-	-	37,083
Net investment income	508,095	(19,189)	661,839	1,770,436	(736,262)
Benefit payments, including refunds of member contributions	(357,795)	(404,096)	(443,870)	(574,732)	(688,568)
Administrative expense	25,228	(8,058)	(34,524)	(33,535)	(9,354)
Net change in plan fiduciary net position	1,027,002	448,869	1,159,486	2,119,332	(405,829)
Plan fiduciary net position - beginning	11,311,420	12,338,422	12,787,291	13,946,777	16,054,648
Prior period adjustment	-	-	-	(11,461)	-
Plan fiduciary net position - beginning (restated)	11,311,420	12,338,422	12,787,291	13,935,316	16,054,648
PLAN FIDUCIARY NET POSITION - ENDING	\$ 12,338,422	\$ 12,787,291	\$ 13,946,777	\$ 16,054,648	\$ 15,648,819
EMPLOYER'S NET PENSION LIABILITY					
Plan fiduciary net position as a percentage of the total pension liability	66.13%	46.89%	51.16%	46.90%	44.49%
Covered payroll	\$ 2,965,866	\$ 2,769,045	\$ 3,252,231	\$ 3,357,929	\$ 5,944,994
Employer's net pension liability as a percentage of covered payroll	213.05%	522.98%	536.17%	541.27%	328.48%

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.44% to 4.10% for the current year. The discount rate used to determine the total pension liability was also changed from 5.00% to 5.34%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	2.49%	(2.00%)	8.79%	12.57%	(4.51%)

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

**OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2017	2018
TOTAL OPEB LIABILITY		
Service cost	\$ 309,645	\$ 290,047
Interest	107,997	159,718
Changes of benefit terms	-	-
Differences between expected and actual experience	914,411	-
Changes of assumptions	346,796	(235,604)
Other Changes	-	102,006
Implicit benefit payments	(34,838)	(191,574)
Net change in total OPEB liability	1,644,011	124,593
Total OPEB liability - beginning	3,506,139	5,150,150
TOTAL OPEB LIABILITY - ENDING	\$ 5,150,150	\$ 5,274,743
Covered payroll	\$ 2,962,630	\$ 1,413,728
Employer's net OPEB liability as a percentage of covered payroll	173.84%	373.11%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
PALOS HILLS, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgets are adopted on a basis consistent with GAAP.

1. The Fire Chief prepares a tentative budget for all funds of the District.
2. The budget document is submitted to the Board of Trustees for review.
3. The Budget and Appropriation Ordinance must be enacted into law.
4. All unspent budgetary amounts lapse at year end.
5. Expenditures legally may not exceed the total appropriations at the fund level. No amendments to the budget at this level are allowed without Board of Trustees approval. Expenditures may not legally exceed appropriations at the fund level.
6. Notice is given and public meetings are conducted to obtain taxpayer comments.

The budget is prepared for all funds on the same basis as the basic financial statements. The budget is prepared in accordance with the Illinois Fire District Code and is derived from the combined annual budget and appropriation ordinance of the District. All budgets are prepared based on the annual fiscal year of the District. All budgetary funds are controlled by an integrated budgetary accounting system in accordance with the various legal requirements which govern the District. The operating budget does not exceed the appropriations for the year.

No funds had expenditures greater than the appropriation for the year ended December 31, 2018.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

COMBINING BALANCE SHEET BY SUBFUND
GENERAL FUND

December 31, 2018

	General	Ambulance	Total Governmental Funds
ASSETS			
Cash	\$ 54,559	\$ -	\$ 54,559
Receivables (net of allowance for uncollectible)			
Property taxes	2,398,000	1,649,000	4,047,000
Accounts	5,342	671,335	676,677
Due from other funds	771,648	-	771,648
Prepaid items	32,246	32,246	64,492
	\$ 3,261,795	\$ 2,352,581	\$ 5,614,376
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 33,357	\$ -	\$ 33,357
Accrued payroll	59,360	58,108	117,468
Due to other funds	-	803,833	803,833
Due to fiduciary fund	2,616	-	2,616
Tax anticipation warrant	350,000	-	350,000
	445,333	861,941	1,307,274
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	2,398,000	1,649,000	4,047,000
	2,398,000	1,649,000	4,047,000
Total liabilities and deferred inflows of resources	2,843,333	2,510,941	5,354,274
FUND BALANCES			
Nonspendable - prepaid items	32,246	32,246	64,492
Restricted			
Foreign fire insurance	45,868	-	45,868
Unassigned (deficit)	340,348	(190,606)	149,742
	418,462	(158,360)	260,102
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,261,795	\$ 2,352,581	\$ 5,614,376

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES BY SUBFUND
GENERAL FUND

For the Year Ended December 31, 2018

	General	Ambulance	Total Governmental Funds
REVENUES			
Property taxes	\$ 2,113,918	\$ 1,430,691	\$ 3,544,609
Personal property replacement taxes	17,924	-	17,924
Charges for services	696,092	672,781	1,368,873
Intergovernmental	1,679,438	-	1,679,438
Grants	19,442	-	19,442
Foreign fire insurance	31,583	-	31,583
Investment income	64	39	103
Miscellaneous	30,924	78	31,002
	<hr/>		
Total revenues	4,589,385	2,103,589	6,692,974
<hr/>			
EXPENDITURES			
Current			
Salaries and wages	2,484,630	1,665,685	4,150,315
Employee benefits	1,251,801	243,832	1,495,633
Outside services	158,833	139,344	298,177
Administrative	20,031	9,884	29,915
Education and training	8,864	1,772	10,636
Buildings and grounds	117,096	28,392	145,488
Equipment maintenance	116,984	49,724	166,708
Capital outlay	8,535	-	8,535
Debt service			
Principal retirement	107,958	-	107,958
Interest and fiscal charges	36,376	-	36,376
	<hr/>		
Total expenditures	4,311,108	2,138,633	6,449,741
<hr/>			
NET CHANGE IN FUND BALANCES	278,277	(35,044)	243,233
<hr/>			
FUND BALANCES, JANUARY 1	970,459	106,958	1,077,417
	<hr/>		
Prior period adjustment	(830,274)	(230,274)	(1,060,548)
<hr/>			
FUND BALANCES (DEFICIT), JANUARY 1, RESTATED	140,185	(123,316)	16,869
<hr/>			
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 418,462	\$ (158,360)	\$ 260,102

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CORPORATE SUBFUND

For the Year Ended December 31, 2018

	<u>Final Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Property taxes		\$ 2,272,500	\$ 2,113,918	\$ (158,582)
Personal property replacement taxes		19,947	17,924	(2,023)
Charges for services		672,000	696,092	24,092
Intergovernmental		1,612,000	1,679,438	67,438
Grants		-	19,442	19,442
Foreign fire insurance		27,500	31,583	4,083
Investment income		300	64	(236)
Miscellaneous		103,000	30,924	(72,076)
		<u>4,707,247</u>	<u>4,589,385</u>	<u>(117,862)</u>
Total revenues				
EXPENDITURES				
Current				
Salaries and wages	\$ 2,930,541	2,664,128	2,484,630	(179,498)
Employee benefits	1,615,900	1,469,000	1,251,801	(217,199)
Outside services	186,835	169,850	158,833	(11,017)
Administrative	37,730	34,300	20,031	(14,269)
Education and training	9,240	8,400	8,864	464
Buildings and grounds	124,740	113,400	117,096	3,696
Equipment maintenance	173,145	148,105	116,984	(31,121)
Capital outlay	-	9,300	8,535	(765)
Debt service				
Principal	115,790	105,264	107,958	2,694
Interest	-	-	36,376	36,376
		<u>\$ 5,193,921</u>	<u>4,721,747</u>	<u>(410,639)</u>
Total expenditures				
NET CHANGE IN FUND BALANCE		<u>\$ (14,500)</u>	<u>278,277</u>	<u>\$ (528,501)</u>
FUND BALANCE, JANUARY 1			970,459	
Prior period adjustment			<u>(830,274)</u>	
FUND BALANCE, JANUARY 1, RESTATED			<u>140,185</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 418,462</u>	

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
AMBULANCE SUBFUND

For the Year Ended December 31, 2018

	<u>Final Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Property taxes		\$ 1,550,000	\$ 1,430,691	\$ (119,309)
Charges for services		650,000	672,781	22,781
Investment income		-	39	39
Miscellaneous		-	78	78
		<u>2,200,000</u>	<u>2,103,589</u>	<u>(96,411)</u>
EXPENDITURES				
Current				
Salaries and wages	1,903,079	1,730,072	1,665,685	(64,387)
Employee benefits	234,850	213,500	243,832	30,332
Outside services	172,540	156,855	139,344	(17,511)
Administrative	15,510	14,100	9,884	(4,216)
Education and training	2,794	2,540	1,772	(768)
Buildings and grounds	49,786	45,260	28,392	(16,868)
Equipment maintenance	74,822	68,020	49,724	(18,296)
Debt service				
Principal	10,618	9,653	-	(9,653)
		<u>\$ 2,463,999</u>	<u>2,240,000</u>	<u>(101,367)</u>
NET CHANGE IN FUND BALANCE		<u>\$ (40,000)</u>	<u>(35,044)</u>	<u>\$ (197,778)</u>
FUND BALANCE, JANUARY 1			106,958	
Prior period adjustment			<u>(230,274)</u>	
FUND BALANCE (DEFICIT), JANUARY 1, RESTATED			<u>(123,316)</u>	
FUND BALANCE (DEFICIT), DECEMBER 31			<u><u>\$ (158,360)</u></u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Special Revenue		
	Liability Insurance	IMRF	Social Security
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash	\$ 10,917	\$ -	\$ 78,983
Property taxes receivable	420,000	35,000	30,000
Due from other funds	82,300	-	-
Total assets	513,217	35,000	108,983
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
Total deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 513,217	\$ 35,000	\$ 108,983
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accrued payroll	\$ -	\$ -	\$ 2,447
Due to other funds	-	20,566	-
Total liabilities	-	20,566	2,447
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	420,000	35,000	30,000
Total deferred inflows of resources	420,000	35,000	30,000
Total liabilities and deferred inflows of resources	420,000	55,566	32,447
FUND BALANCES			
Restricted			
Liability insurance	93,217	-	-
Retirement	-	-	76,536
Unassigned (deficit)	-	(20,566)	-
Total fund balances (deficit)	93,217	(20,566)	76,536
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 513,217	\$ 35,000	\$ 108,983

<u>Special Revenue</u>		<u>Total</u>
<u>Audit</u>	<u>Emergency Rescue Crew</u>	<u>Nonmajor Governmental</u>
\$ -	\$ -	\$ 89,900
20,000	195,000	700,000
-	-	82,300
<u>20,000</u>	<u>195,000</u>	<u>872,200</u>
-	-	-
-	-	-
<u>\$ 20,000</u>	<u>\$ 195,000</u>	<u>\$ 872,200</u>
\$ -	\$ -	\$ 2,447
16,882	12,667	50,115
<u>16,882</u>	<u>12,667</u>	<u>52,562</u>
<u>20,000</u>	<u>195,000</u>	<u>700,000</u>
<u>20,000</u>	<u>195,000</u>	<u>700,000</u>
<u>36,882</u>	<u>207,667</u>	<u>752,562</u>
-	-	93,217
-	-	76,536
<u>(16,882)</u>	<u>(12,667)</u>	<u>(50,115)</u>
<u>(16,882)</u>	<u>(12,667)</u>	<u>119,638</u>
<u>\$ 20,000</u>	<u>\$ 195,000</u>	<u>\$ 872,200</u>

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	Special Revenue		
	Liability Insurance	IMRF	Social Security
REVENUES			
Property taxes	\$ 436,191	\$ 30,529	\$ 97,024
Total revenues	436,191	30,529	97,024
EXPENDITURES			
Current			
Salaries and wages	101,619	-	-
Outside services	7,382	-	-
Education and training	95	-	-
Equipment	165	-	-
Insurance	289,605	-	-
IMRF	-	30,117	-
Social Security	-	-	100,023
Audit	-	-	-
Total expenditures	398,866	30,117	100,023
NET CHANGE IN FUND BALANCE	37,325	412	(2,999)
FUND BALANCE (DEFICIT), JANUARY 1	123,340	(14,294)	101,818
Prior period adjustment	(67,448)	(6,684)	(22,283)
FUND BALANCE (DEFICIT), JANUARY 1, RESTATED	55,892	(20,978)	79,535
FUND BALANCE (DEFICIT), DECEMBER 31	\$ 93,217	\$ (20,566)	\$ 76,536

Special Revenue		Total
Audit	Emergency Rescue Crew	Nonmajor Governmental
\$ 17,565	\$ 189,064	\$ 770,373
17,565	189,064	770,373
-	182,018	283,637
-	-	7,382
-	-	95
-	-	165
-	-	289,605
-	-	30,117
-	-	100,023
12,800	-	12,800
12,800	182,018	723,824
4,765	7,046	46,549
(18,675)	9,256	201,445
(2,972)	(28,969)	(128,356)
(21,647)	(19,713)	73,089
\$ (16,882)	\$ (12,667)	\$ 119,638

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
LIABILITY INSURANCE FUND

For the Year Ended December 31, 2018

	<u>Final Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Property taxes		\$ 450,000	\$ 436,191	\$ (13,809)
Total revenues		<u>450,000</u>	<u>436,191</u>	<u>(13,809)</u>
EXPENDITURES				
Current				
Salaries and wages	\$ 123,970	112,700	101,619	(11,081)
Outside services	11,110	10,100	7,382	(2,718)
Education and Training	1,210	1,100	95	(1,005)
Equipment	550	500	165	(335)
Insurance	333,960	303,600	289,605	(13,995)
Total expenditures	<u>\$ 470,800</u>	<u>428,000</u>	<u>398,866</u>	<u>(29,134)</u>
NET CHANGE IN FUND BALANCE		<u>\$ 22,000</u>	<u>37,325</u>	<u>\$ 15,325</u>
FUND BALANCE, JANUARY 1			123,340	
Prior period adjustment			<u>(67,448)</u>	
FUND BALANCE, JANUARY 1, RESTATED			<u>55,892</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 93,217</u>	

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
IMRF FUND

For the Year Ended December 31, 2018

	Final Appropriation	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 31,500	\$ 30,529	\$ (971)	
Total revenues	31,500	30,529	(971)	
EXPENDITURES				
Current				
IMRF	\$ 34,650	31,500	30,117	(1,383)
Total expenditures	\$ 34,650	31,500	30,117	(1,383)
NET CHANGE IN FUND BALANCE	\$ -	412	\$ 412	
FUND BALANCE (DEFICIT), JANUARY 1			(14,294)	
Prior period adjustment			(6,684)	
FUND BALANCE (DEFICIT), JANUARY 1, RESTATED			(20,978)	
FUND BALANCE (DEFICIT), DECEMBER 31			\$ (20,566)	

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SECURITY FUND

For the Year Ended December 31, 2018

	Final Appropriation	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$	100,000	\$ 97,024	\$ (2,976)
Total revenues		100,000	97,024	(2,976)
EXPENDITURES				
Current				
Social Security	\$	137,500	125,000	100,023 (24,977)
Total expenditures		\$ 137,500	125,000	100,023 (24,977)
NET CHANGE IN FUND BALANCE		\$ (25,000)	(2,999)	\$ 22,001
FUND BALANCE, JANUARY 1			101,818	
Prior period adjustment			(22,283)	
FUND BALANCE, JANUARY 1, RESTATED			79,535	
FUND BALANCE, DECEMBER 31			\$ 76,536	

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
AUDIT FUND

For the Year Ended December 31, 2018

	Final Appropriation	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 20,000	\$ 17,565	\$ (2,435)	
Total revenues	20,000	17,565	(2,435)	
EXPENDITURES				
Current				
Audit	\$ 22,000	20,000	12,800	(7,200)
Total expenditures	\$ 22,000	20,000	12,800	(7,200)
NET CHANGE IN FUND BALANCE	\$ -	4,765	\$ 4,765	
FUND BALANCE (DEFICIT), JANUARY 1		(18,675)		
Prior period adjustment		(2,972)		
FUND BALANCE (DEFICIT), JANUARY 1, RESTATES		(21,647)		
FUND BALANCE (DEFICIT), DECEMBER 31		\$ (16,882)		

(See independent auditor's report.)

**NORTH PALOS FIRE PROTECTION DISTRICT
NORTH PALOS, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY RESCUE CREW FUND

For the Year Ended December 31, 2018

	Final Appropriation	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 195,000	\$ 195,000	\$ 189,064	\$ (5,936)
Total revenues	195,000	195,000	189,064	(5,936)
EXPENDITURES				
Current				
Salaries and wages	\$ 214,500	195,000	182,018	(12,982)
Total expenditures	\$ 214,500	195,000	182,018	(12,982)
NET CHANGE IN FUND BALANCE		\$ -	7,046	\$ 7,046
FUND BALANCE, JANUARY 1			9,256	
Prior period adjustment			(28,969)	
FUND BALANCE (DEFICIT), JANUARY 1, RESTATED			(19,713)	
FUND BALANCE (DEFICIT), DECEMBER 31			\$ (12,667)	

(See independent auditor's report.)