

**NORTH PALOS FIRE PROTECTION
DISTRICT, ILLINOIS**

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2013

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013**

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INTRODUCTORY SECTION

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NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS

NAMES AND TITLES OF PRINCIPAL OFFICIALS

DECEMBER 31, 2013

Marge Hodek	President
Samir Khalil	Secretary
Frank Bennett	Treasurer
Daniel Russell	Chief

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FINANCIAL SECTION

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Honorable District President and Board of Trustees
North Palos Fire Protection District, Illinois
Palos Hills, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of North Palos Fire Protection District, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of North Palos Fire Protection District, Illinois, as of December 31, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note II to the basic financial statements, the District changed its method of accounting for certain items previously reported as assets and liabilities as required by the provisions of GASB Statement No. 65. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through xi and schedules of funding progress and employer contributions on pages 32 through 34 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

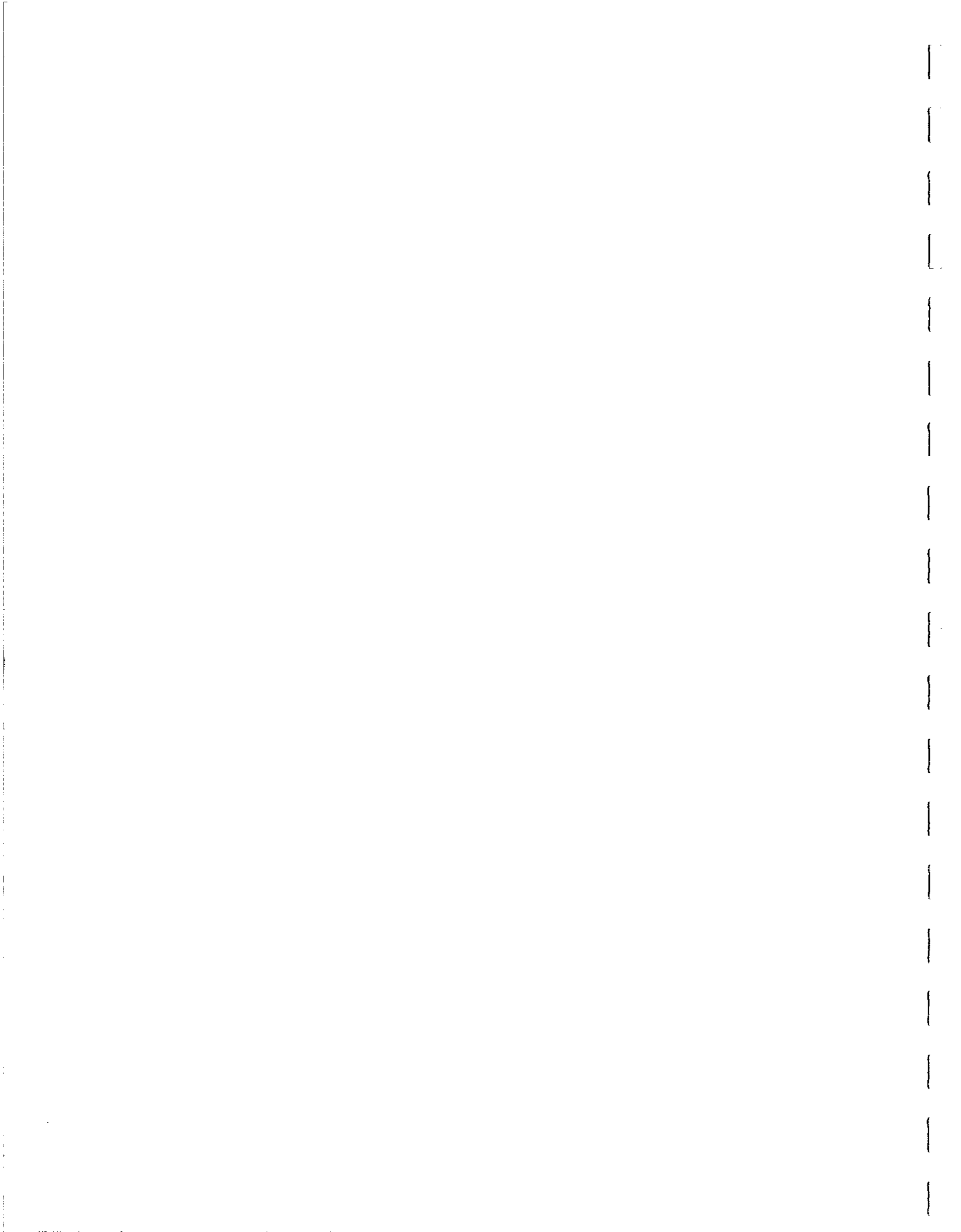
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of North Palos Fire Protection District, Illinois. The introductory section, combining and individual fund financial statements and schedules, and other information section 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. Such 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mulcahy, Pawlitsch, Salvadori Co., Ltd.

Orland Park, Illinois
August 29, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS
as of and for the year ended December 31, 2013

As management of North Palos Fire Protection District (the District), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended December 31, 2013.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$143,229 (*net position*). Of this amount \$1,601,827 is invested in capital assets and \$131,142 is restricted.
- Governmental activities have unrestricted net position of (\$1,589,740).
- The total net position of the District decreased by (\$965,837) due to an increase in pension and post-employment benefit obligations.
- Fund balance of the District's governmental funds decreased by \$294,777 resulting in an ending fund balance of \$2,018,177. The fund balance of the General Fund decreased by \$347,146.
- The District's long-term obligations increased this year due to a note payable relating to a capital asset addition, and due to increases in the pension benefit and other post-employment benefit obligations.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented on pages 1 - 31 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to basic 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 the reader of the District's Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business.

The *statement of net position* presents information about all of the District's assets, liabilities and deferred inflows of resources. The difference between assets, liabilities, and deferred inflows of resources is reported as net position. Over time, changes 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 net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements can be found on pages 1 - 2 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 categorized as one of two types: governmental fund or fiduciary fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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 six different governmental funds and one pension trust fund. The major funds are the General Fund (which is comprised of the Corporate and Tort Liability subfunds) and the Ambulance Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled "Other Governmental Funds." Individual fund information for the other governmental funds is presented in the combining and individual fund financial statements and schedules section of this report.

The District adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison statements for each of the funds have been provided to demonstrate compliance with the budget.

The fund financial statements can be found on pages 3 - 8 of this report.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds *are not* available to support the District's own programs. The accounting used for fiduciary funds is on the full accrual basis.

The fiduciary fund utilized by the District is the Pension Fund.

The basic fiduciary fund financial statements can be found on pages 9 - 10 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 11 - 31 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's progress in funding its obligation to provide pension and OPEB benefits to its employees. This information is provided on pages 32 - 34 of the report.

The combining and individual fund financial statements and schedules in connection with the major, non-major governmental and fiduciary funds are presented immediately following the required supplemental information on pensions and OPEB. These statements and schedules can be found on pages 35 - 56 of this report.

Government-wide Financial Analysis

Statement of Net Position – Governmental Activities

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, assets exceeded liabilities and deferred inflows of resources by \$143,229 at the close of the most recent fiscal year.

North Palos Fire Protection District, Illinois
Statement of Net Position
as of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 6,411,415	\$ 6,657,172
Capital assets	<u>1,726,452</u>	<u>1,799,262</u>
Total assets	<u>8,137,867</u>	<u>8,456,434</u>
Liabilities:		
Current liabilities	299,155	403,255
Noncurrent liabilities	<u>3,547,278</u>	<u>2,919,098</u>
Total liabilities	<u>3,846,433</u>	<u>3,322,353</u>
Deferred inflows of resources	<u>4,148,205</u>	<u>4,025,015</u>
Net position:		
Net investment in capital assets	1,601,827	1,668,216
Restricted	131,142	250,204
Unrestricted	<u>(1,589,740)</u>	<u>(809,354)</u>
Total net position	<u>143,229</u>	<u>1,109,066</u>

Assets

Cash, investments and receivables are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the results of the property tax collection process; the District received approximately 96% of the annual property tax assessment for 2012 in 2013. It is expected a similar collection rate will occur for 2013 taxes collected in 2014.

Capital assets are used in the operations of the District. These are land, buildings and improvements, apparatus and vehicles, and equipment. Capital assets are discussed in greater detail in the section titled "Capital Assets and Debt Administration", elsewhere in this analysis.

An investment of \$1,726,452 in land, buildings and improvements, apparatus and vehicles, and equipment, to provide the services to the District's residents, represents 21.2% of the District's total assets.

Liabilities

Current and long-term obligations are classified based on anticipated payment date either in the near-term or in the future. Current obligations include accounts payable and accrued salaries and benefits. Long-term obligations such as the pension benefit obligation, compensated absences payable, and other post-employment benefit obligation will be liquidated from resources that will become available after fiscal 2014.

Deferred Inflows of Resources

Unavailable revenue in the form of assessed 2013 property taxes to be collected after fiscal year 2013 totaled \$4,148,205 at year end.

Net Position

The assets of the District exceed its liabilities and deferred inflows of resources by \$143,229, with an unrestricted deficit of (\$1,589,740). Total net position of the District does not include internal balances.

Statement of Activities

The following chart shows the revenue and expenses of the District's activities during 2013 and 2012.

**North Palos Fire Protection District, Illinois
Statement of Activities
for the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for service	\$ 2,599,530	\$ 2,598,438
Grants and contributions	4,600	149,706
General revenues:		
Property taxes	3,961,611	3,832,914
Foreign fire insurance	19,554	12,220
Personal property replacement taxes	19,201	17,321
Unrestricted investment earnings	8,668	1,596
Other income	<u>16,006</u>	<u>66,863</u>
Total revenues	<u>6,629,170</u>	<u>6,679,058</u>
Expenses:		
Governmental activities:		
Fire and rescue	5,274,921	4,654,052
Emergency medical service	2,110,394	1,854,114
General government	208,093	234,045
Interest	<u>1,599</u>	<u>2,487</u>
Total expenses	<u>7,595,007</u>	<u>6,744,698</u>
Decrease in net position	(965,837)	(65,640)
Net position at beginning of year	<u>1,109,066</u>	<u>1,174,706</u>
Net position at end of year	<u>\$ 143,229</u>	<u>\$ 1,109,066</u>

Governmental activities decreased the District's net position by \$965,837, or 87%. Key elements contributing to this net change are summarized below.

Revenue: For the year ending December 31, 2013, total revenue from governmental activities decreased by \$49,888, or 0.75%.

Total program revenues, which include charges for services as well as contributions and grants, decreased by \$144,014. Contributions and grants decreased by \$145,106, or 97%. A tower grant was received by the district in the prior year. No similar grants were received in the current year.

General revenues, which includes property taxes, personal property replacement taxes, investment income, and other income increased by \$94,126, due mostly to an increase in property taxes.

Expenses: Expenses from governmental activities increased by \$850,309. Fire and rescue expenses and emergency medical service expenses had a combined increase of \$877,149. This change can be attributed mostly to an increase in the District's pension and post-employment benefit obligations.

Financial Analysis of the District's Funds

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

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 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 a combined ending fund balance of \$2,018,177, a decrease of \$294,777 in comparison with the prior year. 6.5%, or \$131,142, of the fund balance is restricted due to external limitations on its use. 95%, or \$1,930,980, has been assigned, meaning that there are limitations on its intended use. The district had an unassigned fund deficit of (\$43,945) at December 31, 2013.

The General Fund is the main operating fund of the District. At the end of the current fiscal year, the General Fund had no unassigned fund balance. Total fund balance of the General Fund was \$1,063,939. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned and total fund balance to total fund expenditures. Total general fund expenditures for 2013 were \$4,897,109. Unassigned fund balance represents 0% of these General Fund expenditures, while total fund balance represents 21.7% of that same amount.

Budgetary Highlights

The 2013 annual expenditure budget for the District's General Fund identified the budgeted level of spending at \$4,695,530. Actual expenditures were higher than budgeted expenditures by approximately 4.3%, or \$201,579. Compensation and salaries expenditures for the year were \$286,754 higher than anticipated.

General Fund revenues were anticipated to be \$4,589,000 for the current year. Actual revenues were \$74,037, or 1.6%, less than anticipated. The most significant difference between estimated revenues and actual revenues was the amount received for property tax revenue.

The 2013 annual expenditure budget for the District's Ambulance Fund identified the budgeted level of spending at \$1,786,000. Actual expenditures were lower than budgeted expenditures by approximately 4.2%, or \$75,574. Employee benefits for the year were \$78,841 less than anticipated.

Ambulance Fund revenues were anticipated to be \$1,786,000 for the current year. Actual revenues were \$45,859, or 2.6%, less than anticipated. The most significant difference between estimated revenues and actual revenues was the amount received for property tax revenue.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$1,726,452 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, apparatus and vehicles, and equipment. The net decrease in the District's investment in capital assets for the current fiscal year was \$72,810.

North Palos Fire Protection District, Illinois Capital Assets (net of accumulated depreciation) December 31, 2013 and 2012

	2013	2012
Land	\$ 290,700	\$ 290,700
Buildings and improvements	444,240	468,000
Apparatus and vehicles	838,388	896,317
Equipment	153,124	144,245
Total capital assets	\$ 1,726,452	\$ 1,799,262

Additional information on the District's capital assets can be found in the notes to basic financial statements.

Long-Term Debt

The District has outstanding notes payable in the amount of \$124,625 at the end of the current year. Also, the District has obligations related to employee benefits at December 31, 2013 of \$3,476,775. Additional information on the District's long-term debt can be found in the notes to basic financial statements.

Economic Factors and Next Year's Budget and Rates

The District's primary revenue source is property taxes, representing approximately 57% of total revenue. 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 voter-approved rate increases.

Budgeted revenue for 2014 is \$7,115,700. Property taxes are assumed to increase for existing property by the Consumer Price Index of 3% and new construction property of 3%. Other sources of budgeted revenue include fees for ambulance and other miscellaneous services.

Budgeted expenditures for 2014 are \$7,160,700. Expenditures include salaries and benefits to maintain staffing levels; facility expenses to operate and maintain existing buildings; maintenance expenses to maintain existing apparatus; debt payments; and other miscellaneous expenditures.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Finance Director
North Palos Fire Protection District
10629 S. Roberts Road
Palos Hills, Illinois 60465

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF NET POSITION -GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

ASSETS

Cash and investments	\$ 1,609,919
Receivables, net of allowance for uncollectibles:	
Property taxes	4,176,510
Accounts	563,568
Other	35,000
Due from other governments	20,418
Due from Pension Trust Fund	6,000
Capital assets not being depreciated:	
Land	290,700
Capital assets net of accumulated depreciation:	
Buildings and improvements	444,240
Apparatus and vehicles	838,388
Equipment	<u>153,124</u>
Total assets	<u>8,137,867</u>

LIABILITIES

Accounts payable and other current liabilities	245,033
Noncurrent liabilities:	
Due within one year	54,122
Due in more than one year	<u>3,547,278</u>
Total liabilities	<u>3,846,433</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	<u>4,148,205</u>
--------------------------------------	------------------

NET POSITION

Net investment in capital assets	1,601,827
Restricted for:	
Foreign fire	37,004
Tort immunity	26,263
Other purposes	67,875
Unrestricted	<u>(1,589,740)</u>
Total net position	<u>\$ 143,229</u>

See notes to basic financial statements.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	<u>Expenses</u>	<u>Program Revenues Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
Functions/programs:				
Governmental activities:				
Fire and rescue	\$ 5,274,921	\$ 2,087,519	\$ 4,600	\$ (3,182,802)
Emergency medical service	2,110,394	512,011	-	(1,598,383)
General government	208,093	-	-	(208,093)
Interest expense	<u>1,599</u>	<u>-</u>	<u>-</u>	<u>(1,599)</u>
Total governmental activities	<u>\$ 7,595,007</u>	<u>\$ 2,599,530</u>	<u>\$ 4,600</u>	<u>(4,990,877)</u>
General revenues:				
Taxes:				
Property				3,961,611
Personal property replacement				19,201
Foreign fire insurance				19,554
Investment income				8,668
Other income				<u>16,006</u>
Total general revenues				<u>4,025,040</u>
Change in net position				(965,837)
Net position at beginning of year				<u>1,109,066</u>
Net position at end of year				<u>\$ 143,229</u>

See notes to basic financial statements.

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FUND FINANCIAL STATEMENTS

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General</u>	<u>Ambulance</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 1,090,904	\$ 479,201	\$ 39,814	\$ 1,609,919
Receivables:				
Property taxes	2,460,534	1,348,654	367,322	4,176,510
Accounts	-	563,568	-	563,568
Other	35,000	-	-	35,000
Due from other funds	52,124	-	-	52,124
Due from other governments	20,418	-	-	20,418
	<u>\$ 3,658,980</u>	<u>\$ 2,391,423</u>	<u>\$ 407,136</u>	<u>\$ 6,457,539</u>
LIABILITIES				
Accounts payable	\$ 12,656	\$ 12,414	\$ 1,213	\$ 26,283
Accrued costs	137,015	57,156	24,579	218,750
Due to other funds	-	-	46,124	46,124
	<u>149,671</u>	<u>69,570</u>	<u>71,916</u>	<u>291,157</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>2,445,370</u>	<u>1,338,600</u>	<u>364,235</u>	<u>4,148,205</u>
FUND BALANCES (DEFICIT)				
Restricted	116,212	-	14,930	131,142
Assigned	947,727	983,253	-	1,930,980
Unassigned	-	-	(43,945)	(43,945)
	<u>1,063,939</u>	<u>983,253</u>	<u>(29,015)</u>	<u>2,018,177</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 3,658,980</u>	<u>\$ 2,391,423</u>	<u>\$ 407,136</u>	<u>\$ 6,457,539</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	2,018,177
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		1,726,452
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Notes payable	\$	(124,625)
Pension benefit obligation		(2,019,651)
Other post-employment benefit obligation		(1,084,906)
Compensated absences		<u>(372,218)</u>
Total		<u>(3,601,400)</u>
Net position of governmental activities	\$	<u>143,229</u>

See notes to basic financial statements.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Ambulance</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 2,364,735	\$ 1,223,341	\$ 373,535	\$ 3,961,611
Intergovernmental revenue	1,563,036	-	-	1,563,036
Charges for service	524,483	512,011	-	1,036,494
Investment income	5,688	2,449	531	8,668
Grant revenue	4,600	-	-	4,600
Personal property replacement taxes	19,201	-	-	19,201
Foreign fire insurance	19,554	-	-	19,554
Other revenues	<u>13,666</u>	<u>2,340</u>	<u>-</u>	<u>16,006</u>
 Total revenues	 <u>4,514,963</u>	 <u>1,740,141</u>	 <u>374,066</u>	 <u>6,629,170</u>
Expenditures:				
Current:				
Fire and rescue	4,532,839	-	276,614	4,809,453
Emergency medical service	161,460	1,678,423	34,463	1,874,346
General government	115,146	31,065	39,397	185,608
Capital outlay:				
Fire and rescue	44,644	-	-	44,644
Emergency medical service	-	938	938	1,876
Debt service:				
Principal	41,421	-	-	41,421
Interest	<u>1,599</u>	<u>-</u>	<u>-</u>	<u>1,599</u>
 Total expenditures	 <u>4,897,109</u>	 <u>1,710,426</u>	 <u>351,412</u>	 <u>6,958,947</u>
 Excess (deficiency) of revenues over (under) expenditures	 (382,146)	 29,715	 22,654	 (329,777)
Other financing sources:				
Proceeds from note payable	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
 Net change in fund balances (deficit)	 (347,146)	 29,715	 22,654	 (294,777)
 Fund balances (deficit) at beginning of year	 <u>1,411,085</u>	 <u>953,538</u>	 <u>(51,669)</u>	 <u>2,312,954</u>
 Fund balances (deficit) at end of year	 <u>\$ 1,063,939</u>	 <u>\$ 983,253</u>	 <u>\$ (29,015)</u>	 <u>\$ 2,018,177</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

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

Net change in fund balances (deficit) - total governmental funds	\$ (294,777)
--	--------------

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$129,455) exceeded capitalized capital outlays (\$56,645) in the current period.	(72,810)
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Proceeds from the note payable provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(35,000)
--	----------

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Increase in pension benefit obligation	\$ (389,987)	
Increase in other post-employment benefit obligation	(214,143)	
Increase in compensated absences	(541)	

Total	(604,671)
-------	-----------

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	41,421
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Change in net position of governmental activities	\$ (965,837)
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See notes to basic financial statements.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2013

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 2,466,500	\$ 2,364,735	\$ (101,765)
Intergovernmental revenue	1,536,300	1,563,036	26,736
Charges for service	500,000	524,483	24,483
Investment income	1,000	5,688	4,688
Grant revenue	-	4,600	4,600
Personal property replacement taxes	17,000	19,201	2,201
Foreign fire insurance	18,000	19,554	1,554
Other revenues	<u>50,200</u>	<u>13,666</u>	<u>(36,534)</u>
Total revenues	<u>4,589,000</u>	<u>4,514,963</u>	<u>(74,037)</u>
Expenditures:			
Current:			
Compensation and salaries	2,937,230	3,223,984	(286,754)
Employee benefits	993,000	856,135	136,865
Outside services	120,000	135,051	(15,051)
Administrative	40,900	18,912	21,988
Dues and fees	5,300	5,633	(333)
Education and training	17,550	21,535	(3,985)
Insurance	213,500	276,292	(62,792)
Equipment and maintenance	153,250	177,348	(24,098)
Buildings and grounds	85,400	75,019	10,381
Other	-	19,536	(19,536)
Capital outlay	100,000	44,644	55,356
Debt service:			
Principal	26,200	41,421	(15,221)
Interest	<u>3,200</u>	<u>1,599</u>	<u>1,601</u>
Total expenditures	<u>4,695,530</u>	<u>4,897,109</u>	<u>(201,579)</u>
Excess (deficiency) of revenues over (under) expenditures	(106,530)	(382,146)	(275,616)
Other financing sources:			
Proceeds from note payable	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Net change in fund balances	(106,530)	(347,146)	(240,616)
Fund balances at beginning of year	<u>1,411,085</u>	<u>1,411,085</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,304,555</u>	<u>\$ 1,063,939</u>	<u>\$ (240,616)</u>

See notes to basic financial statements.

Ambulance Fund

<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
\$ 1,296,000	\$ 1,223,341	\$ (72,659)
-	-	-
490,000	512,011	22,011
-	2,449	2,449
-	-	-
-	-	-
-	-	-
-	2,340	2,340
<u>1,786,000</u>	<u>1,740,141</u>	<u>(45,859)</u>
1,279,350	1,284,787	(5,437)
258,000	179,159	78,841
70,600	86,033	(15,433)
16,100	9,270	6,830
4,100	4,301	(201)
4,400	2,775	1,625
-	-	-
106,250	112,242	(5,992)
33,300	30,921	2,379
-	-	-
-	938	(938)
12,600	-	12,600
<u>1,300</u>	<u>-</u>	<u>1,300</u>
<u>1,786,000</u>	<u>1,710,426</u>	<u>75,574</u>
-	29,715	29,715
-	-	-
-	29,715	29,715
<u>953,538</u>	<u>953,538</u>	<u>-</u>
<u>\$ 953,538</u>	<u>\$ 983,253</u>	<u>\$ 29,715</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF NET POSITION
PENSION TRUST FUND
DECEMBER 31, 2013**

ASSETS

Cash	\$ 142,631
Accrued interest receivable	98,961
Investments	<u>11,075,828</u>
Total assets	<u>11,317,420</u>

LIABILITIES

Due to other funds	<u>6,000</u>
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NET POSITION

Held in trust for pension benefits and other purposes	<u>\$ 11,311,420</u>
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See notes to basic financial statements.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF CHANGE IN NET POSITION
PENSION TRUST FUND
YEAR ENDED DECEMBER 31, 2013

Additions:	
Contributions:	
Employer	\$ 523,758
Plan members	<u>244,100</u>
Total contributions	<u>767,858</u>
Investment earnings:	
Investment income	1,151,434
Investment expense	<u>(43,184)</u>
Net investment earnings	<u>1,108,250</u>
Total additions	<u>1,876,108</u>
Deductions:	
Benefits	351,423
Administrative expense	<u>11,326</u>
Total deductions	<u>362,749</u>
Change in net position	1,513,359
Net position at beginning of year	<u>9,798,061</u>
Net position at end of year	<u><u>\$ 11,311,420</u></u>

See notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide 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 North Palos Fire Protection District, Illinois (the "District"). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The District does not engage in any business-type activities.

B. Reporting Entity

The District provides fire, rescue, emergency medical services and general administrative services. The District entered into an intergovernmental agreement with the Village of Worth, Illinois to take over fire and emergency medical services within the Village effective January 1, 2009. The District charges an annual fee to the Village in accordance with the agreement.

The accompanying financial statements present the District and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District.

Blended component unit. The District's blended component unit consists of the North Palos Fire Protection District Firefighters' Pension Fund ("FPF").

The District's sworn firefighters participate in the FPF. FPF functions for the benefit of these employees and is governed by a pension board. The District and the FPF participants are obligated to fund all FPF costs based upon actuarial valuations. The state of Illinois is authorized to establish benefit levels and the District is authorized to approve the actuarial assumptions used in the determination of the contribution levels. Although it is legally separate from the District, the FPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the District's sworn firefighters. The FPF is reported as a pension trust fund.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its blended component unit. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. The remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District has the following major governmental funds:

The General Fund is the District's primary operating fund. It is comprised of two subfunds: the Corporate Fund and the Tort Liability Fund. The General Fund accounts for all financial resources of the general District, except those required to be accounted in another fund.

The Ambulance Fund accounts for the direct costs of emergency medical services and an allocation of administrative costs.

The District has the following nonmajor governmental funds:

Special revenue funds:

This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The District's nonmajor special revenue funds are the Illinois Municipal Retirement Fund; the Social Security Fund; the Audit Fund; and the Emergency, Rescue, Crew and Equipment Fund.

Additionally, the District reports the following fiduciary fund type:

The Pension Trust Fund accumulates resources for the benefit of the members of the pension fund.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Additionally, property taxes are recognized on the current year's levy in conjunction with the amount budgeted by the Board of Trustees for the current year with the unrecognized amount being recorded as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for service, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The pension benefit trust fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013**

F. Budgetary Information

An annual budget and appropriation is adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds.

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

1. The Chief submits to the District Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them for the general, special revenue and pension trust funds.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance. The budget for the year ended December 31, 2013 was adopted through the passage of ordinance number 2012-03 on November 20, 2012.
4. The Chief is authorized to transfer appropriated amounts between line items within funds with proper Board approval.
5. Formal appropriation integration is employed as a management control device during the year.
6. Appropriation authority lapses at year-end.
7. State law requires that "expenditures be made in conformity with appropriation/budget." The level of legal control is generally considered the entire appropriation.
8. Budgeted revenue amounts are as originally adopted. Budgeted amounts reported in the financial statements represent the working budget as adopted. The appropriation as adopted for each fund is as follows:

General Fund:	
Corporate subfund	\$ 4,285,600
Tort Liability subfund	321,783
Special revenue funds:	
Ambulance	1,964,600
Audit	22,000
Emergency, Rescue, Crew and Equipment	229,570
Illinois Municipal Retirement	18,700
Social Security	132,000
Fiduciary fund:	
Pension Trust	577,500

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013**

G. Excess of Expenditures over Working Budget

The following funds had an excess of actual expenditures over the working budget amount for the year ended December 31, 2013:

Fund	Budget	Actual	Variance
Major governmental funds:			
General Fund:			
Corporate subfund	\$ 4,403,000	\$ 4,574,190	\$ (171,190)
Tort Liability subfund	292,530	322,919	(30,389)
Nonmajor governmental fund:			
Audit Fund	20,000	22,000	(2,000)

The overexpenditures in the Corporate subfund and the Tort Liability subfund were funded by available fund balance. The overexpenditure in the Audit Fund was funded by an interfund loan.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans and life insurance company contracts.

2. Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amounts which reasonably estimate fair value.

3. Receivables

All property tax and accounts receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is \$128,295 (3% of the tax levy as is recommended by the County Clerk, except in the case of bond levies for which the allowance is equal to 5% of the tax levy as is recommended by the County Clerk). The allowance for uncollectible accounts receivable of \$167,000 is based on previous collection experience.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013**

4. Capital Assets

Capital assets, which include land, buildings and improvements, apparatus, vehicles, and equipment, reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements, apparatus, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	50
Apparatus	10 - 25
Vehicles	10
Equipment	10 - 40

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet 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 and so will *not* be recognized as an inflow of resources (revenues) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the government-wide statement of net position and governmental funds balance sheet. The District reports unavailable revenue from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred inflows (outflows) of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

7. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Trustees or by an individual or body to which the Board delegates the authority. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

I. Deficit Fund Balances

The following funds had deficit fund balances at December 31, 2013:

Nonmajor governmental funds:		
Social Security Fund	\$	(31,390)
Audit Fund		(12,555)

The District plans to transfer funds from other funds to eliminate these deficits.

J. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied as of January 1 on property values assessed on the same date. The tax levy is divided into two billings: the first billing (mailed on or about February 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on or about August 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed. The District receives significant collections of property taxes in the month following the due date.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The liability for sick pay is reported as incurred in the government-wide financial statements. A liability for sick pay benefits is reported in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

K. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

L. Comparative Data

Comparative data for the prior year have been presented for the individual funds in the combining and individual fund financial statements and schedules section in order to provide an understanding of the changes in financial position and operations of the funds.

M. Reclassifications

Certain amounts as previously reported for the prior year have been reclassified to conform to the current year's presentation.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2013, \$1,405,466 of the District's bank balances of \$1,846,801 was uninsured and collateralized with securities held by the pledging financial institutions.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

Investments

The District had the following investments as of December 31, 2013:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Average Credit Quality Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Governmental funds (3):			
Illinois Funds	<u>\$ 145,579</u>	AAAm	< 1
Fiduciary fund:			
Corporate bonds	\$ 1,734,004	N/A	4
GNMA	13,717	N/A	5
Municipal bonds	442,418	A1/A2/Aa2	7
Mutual funds	6,270,265	N/A	N/A
U.S. government agency notes	2,296,372	Aaa	5
U.S. Treasury securities	<u>319,052</u>	Aaa	3
 Total	 <u>\$ 11,075,828</u>		

- (1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable.
- (2) *Interest Rate Risk* is estimated using weighted average years to maturity. N/A indicates not applicable.
- (3) Pooled cash and investments are reported as *cash and investments*. Investments in the pool are not separately reported in the financial statements as ownership of investments cannot be assigned to individual funds.

Investment Policies

The District's investments are subject to the following risks:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District does not have a specific policy to address the above risks.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

B. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 290,700	\$ -	\$ -	\$ 290,700
Capital assets, being depreciated:				
Buildings and improvements	1,228,000	-	-	1,228,000
Apparatus and vehicles	2,198,293	39,070	-	2,237,363
Equipment	250,998	17,575	-	268,573
Total capital assets, being depreciated	<u>3,677,291</u>	<u>56,645</u>	<u>-</u>	<u>3,733,936</u>
Less accumulated depreciation for:				
Buildings and improvements	760,000	23,760	-	783,760
Apparatus and vehicles	1,301,976	96,999	-	1,398,975
Equipment	106,753	8,696	-	115,449
Total accumulated depreciation	<u>2,168,729</u>	<u>129,455</u>	<u>-</u>	<u>2,298,184</u>
Total capital assets, being depreciated, net	<u>1,508,562</u>	<u>(72,810)</u>	<u>-</u>	<u>1,435,752</u>
Governmental activities capital assets, net	<u>\$ 1,799,262</u>	<u>\$ (72,810)</u>	<u>\$ -</u>	<u>\$ 1,726,452</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Fire and rescue	\$ 65,440
Emergency medical service	57,362
General government	<u>6,653</u>
Total depreciation expense - governmental activities	<u>\$ 129,455</u>

C. Line of Credit

The District has a \$900,000 working capital line of credit with a bank. Interest is payable monthly at 0.25% over the prime rate, with a 2.98% floor. The line of credit was unused at December 31, 2013.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013**

D. Long-term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 131,046	\$ 35,000	\$ 41,421	\$ 124,625	\$ 39,698
Pension benefit obligation	1,629,664	913,745	523,758	2,019,651	-
Other post-employment benefit obligation	870,763	225,929	11,786	1,084,906	-
Compensated absences	<u>371,677</u>	<u>168,943</u>	<u>168,402</u>	<u>372,218</u>	<u>14,424</u>
Total	<u>\$ 3,003,150</u>	<u>\$ 1,343,617</u>	<u>\$ 745,367</u>	<u>\$ 3,601,400</u>	<u>\$ 54,122</u>

Notes Payable

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.

Future maturities of the note payable are as follows:

2014	\$ 6,129
2015	6,129
2016	6,129
2017	6,129
2018	6,129
2019 - 2023	30,641
2024	<u>6,129</u>
Total	<u>\$ 67,415</u>

Note payable to a finance company, due in monthly installments of \$1,015 including interest at 2.75%, with the final payment due in January, 2017.

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 11,359	\$ 820	\$ 12,179
2015	11,675	504	12,179
2016	<u>11,966</u>	<u>179</u>	<u>12,145</u>
Total	<u>\$ 35,000</u>	<u>\$ 1,503</u>	<u>\$ 36,503</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note payable to a finance company, due in monthly installments of \$1,891 including interest at 4%, with the final payment due in December, 2014.

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ <u>22,210</u>	\$ <u>482</u>	\$ <u>22,692</u>

Total annual debt service requirements to maturity for all governmental activity debt outstanding are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 39,698	\$ 1,302	\$ 41,000
2015	17,804	504	18,308
2016	18,095	179	18,274
2017	6,129	-	6,129
2018	6,129	-	6,129
2019 - 2023	30,641	-	30,641
2024	<u>6,129</u>	<u>-</u>	<u>6,129</u>
Total	\$ <u>124,625</u>	\$ <u>1,985</u>	\$ <u>126,610</u>

E. Legal Debt Margin

The legal debt margin of the District as of December 31, 2013 is determined as follows:

Assessed valuation - 2012 tax year (most recent year available)	<u>\$ 418,219,614</u>
Statutory debt limitation (5.75% of assessed valuation)	\$ 24,047,628
Total bonded debt outstanding	<u>-</u>
Legal debt margin	<u>\$ 24,047,628</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013**

F. Employee Retirement Systems and Plans

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Fund) which covers its qualified Fire Department employees and participates in the statewide Illinois Municipal Retirement Fund, an agent-multiple-employer public employee pension plan which covers substantially all of the remaining qualified District employees. The District also administers the Health Insurance Plan for Retired Employees that provides limited health care insurance coverage for eligible retired employees. The information presented below is the most current information available as of December 31, 2013.

1. Firefighters' Pension Plan

Plan Description. Fire-sworn personnel are covered by the North Palos Fire Protection District, Illinois Firefighters' Pension Plan which is a defined benefit single-employer pension plan administered by the North Palos Fire Protection District, Illinois Firefighters' Pension Fund Board. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois State Statutes (Chapter 108 1/2 Article 3) and may be amended only by the Illinois legislature. The District accounts for the plan as a pension trust fund and a stand alone report is not issued by the Firefighters' Pension Plan.

At December 31, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	3
Active vested plan members	14
Active nonvested plan members	<u>16</u>
Total	<u>39</u>
Number of participating employers	<u>1</u>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries.

Plan members attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Members with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, otherwise 54% of final salary. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of salary. Members disabled in the line of duty receive the greater of 65% of the final salary or the retirement pension that the firefighter is eligible to receive.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013**

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

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. Firefighter's salary for pension purposes is capped at \$106,800, plus the lesser of one-half of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% 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 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% 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 1/2% of the change in the Consumer Price Index for the preceding calendar year.

The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price of the District's fiscal year. Securities without an established market are reported at estimated fair value.

Funding Policy. Plan members are required to contribute 9.455% of their annual covered payroll. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The District is required to contribute at an actuarially determined rate; the current rate is 17.03% of annual covered payroll. Administrative costs of the Firefighters' Pension Plan are financed through investment earnings.

The significant actuarial assumptions are as follows:

Actuarial valuation date	December 31, 2012
Actuarial cost method	Entry Age
Asset valuation method	Market Value
Amortization method	Level percentage of pay, closed
Amortization period	30 years
Rate of return on present and future assets *	7.0%
Projected salary increases *	5.5%
* Includes inflation at	3.0%
Cost-of-living adjustments	3.0% per year

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

Annual Pension Cost and Net Pension Obligation. The District's annual pension cost and net pension obligation for the year ended December 31, 2013 were as follows:

Annual required contribution	\$ 799,669
Interest on net pension obligation	<u>114,076</u>
Annual pension cost	913,745
Contributions made	<u>523,758</u>
Increase in net pension obligation	389,987
Net pension obligation at beginning of year	<u>1,629,664</u>
Net pension obligation at end of year	<u>\$ 2,019,651</u>

The District's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation for the three most recent years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 913,745	57.3 %	\$ 2,019,651
12/31/12	837,234	38.2	1,629,664
12/31/11	761,837	56.6	1,112,479

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was 68 percent funded. The actuarial accrued liability for benefits was \$14,999,010 and the actuarial value of assets was \$9,798,061, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,200,949. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,584,547 and the ratio of the UAAL to the covered payroll was 201 percent.

The schedules of funding progress and employer contributions, presented as required supplementary information following the notes to basic financial statements, present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

Funding Policy. As set by statute, the District's Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 15.24%. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The District's required contribution for calendar year 2013 was \$15,392.

Three Year Trend Information for the Regular Plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 15,392	100.00 %	\$ -
12/31/12	14,178	100.00	-
12/31/11	8,851	100.00	-

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 0.00% funded. The actuarial accrued liability for benefits was \$290,353 and the actuarial value of the assets was \$(204,713), resulting in an underfunded actuarial accrued liability (UAAL) of \$495,066. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$100,998 and the ratio of the UAAL to the covered payroll was 490%.

The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

3. Health Insurance Plan for Retired Employees

Plan Description. The Health Insurance Plan for Retired Employees (HIPRE) is a single-employer defined benefit healthcare plan administered by the District. The District provides limited health care insurance coverage for its eligible retired employees. Such coverage is provided for retired employees until they reach age 65. 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.

Funding Policy. The contribution requirements are established by the District, using an actuarial study that is based on projected pay-as-you-go financing. For fiscal year 2013, the District contributed \$11,786 to the plan. Plan members receiving benefits contributed \$0.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to HIPRE.

Annual required contribution	\$ 220,123
Interest on net OPEB obligation	34,831
Adjustment to annual required contribution	<u>(29,025)</u>
Annual OPEB cost (expense)	225,929
Contributions made	<u>11,786</u>
Change in net OPEB obligation	214,143
Net OPEB obligation at beginning of year	<u>870,763</u>
Net OPEB obligation at end of year	<u>\$ 1,084,906</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/13	\$ 225,929	5.22 %	\$ 1,084,906
12/31/12	270,973	4.35	870,763
12/31/11	217,944	5.41	611,576

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,647,345, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,647,345. The covered payroll (annual payroll of active employees covered by the plan) was \$2,676,626 and the ratio of the UAAL to covered payroll was 98.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and historical pattern of sharing benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 5.50%. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

G. Fund Balances

As of December 31, 2013, fund balances (deficit) were comprised of the following:

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
Emergency, rescue, crew and equipment	\$ -	\$ -	\$ 859	\$ 859
Foreign fire	37,004	-	-	37,004
Retirement benefits	-	-	14,071	14,071
Tort immunity	26,263	-	-	26,263
Traffic preempt co-op	<u>52,945</u>	<u>-</u>	<u>-</u>	<u>52,945</u>
Total restricted	<u>116,212</u>	<u>-</u>	<u>14,930</u>	<u>131,142</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assigned to:				
Benefit buy back	430,200	155,800	-	586,000
Capital expenditures	286,514	178,023	-	464,537
Retiree health insurance	231,013	183,014	-	414,027
Other purposes	-	466,416	-	466,416
Total assigned	<u>947,727</u>	<u>983,253</u>	-	<u>1,930,980</u>
Unassigned	-	-	(43,945)	(43,945)
Total fund balances	<u>\$ 1,063,939</u>	<u>\$ 983,253</u>	<u>\$ (29,015)</u>	<u>\$ 2,018,177</u>

H. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at December 31, 2013 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds:		
Major fund:		
General Fund:		
Corporate subfund	\$ 52,124	\$ -
Nonmajor funds	-	46,124
Total governmental funds	52,124	46,124
Fiduciary fund:		
Pension Trust Fund	-	6,000
Total all funds	<u>\$ 52,124</u>	<u>\$ 52,124</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to certain nonmajor governmental funds and the fiduciary fund which the General Fund expects to collect in the subsequent year.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

I. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; employee medical coverage; and natural disasters. In order to protect against such losses, the District has purchased insurance from various sources. Insurance policies for coverage other than workers' compensation were purchased from private insurance companies. Workers' compensation coverage was obtained by through the Illinois Public Risk Fund. 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.

J. Tort Immunity Expenditures

Tort immunity expenditures for the year ended December 31, 2013 are summarized as follows:

Liability and workers' compensation insurance	\$ 276,292
Buildings and grounds	825
Education and training	<u>13,825</u>
Total	<u>\$ 290,942</u>

K. Subsequent Events

Management has evaluated subsequent events through August 29, 2014, which is the date the financial statements were available to be issued.

L. Change in Accounting Principle

During the year ended December 31, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of GASB 65 had no effect on beginning net position or fund balance.

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REQUIRED SUPPLEMENTARY INFORMATION

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION-
FIREFIGHTERS' PENSION FUND
DECEMBER 31, 2013**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2012	\$ 9,798,061	\$ 14,999,010	\$ 5,200,949	65.32 %	\$ 2,584,547	201.23 %
December 31, 2010	8,067,377	11,893,977	3,826,600	67.83	2,376,761	161.00
December 31, 2009	6,937,672	10,166,183	3,228,511	68.24	2,322,562	139.01
December 31, 2008	5,530,776	8,774,511	3,243,735	63.03	1,442,830	224.82
December 31, 2007	5,938,427	7,979,845	2,041,418	74.42	1,416,413	144.13

Information provided above is the most current information available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
December 31, 2013	\$ 799,669	65.50 %
December 31, 2012	704,645	45.42
December 31, 2011	692,538	62.24
December 31, 2010	602,368	67.20
December 31, 2009	602,368	70.37
December 31, 2008	459,029	64.65

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION -
 ILLINOIS MUNICIPAL RETIREMENT FUND
 DECEMBER 31, 2013**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2013	\$ (204,713)	\$ 290,353	\$ 495,066	0.00 %	\$ 100,998	490.17 %
December 31, 2012	564,665	746,691	182,026	75.62	80,969	224.81
December 31, 2011	518,102	678,113	160,011	76.40	74,942	213.51

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$(139,880). On a market basis, the funded ratio would be 0.00%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with North Palos Fire Protection District, Illinois. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION -
 HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES
 DECEMBER 31, 2013**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2012	\$ 0	\$ 2,647,345	\$ 2,647,345	0.00 %	\$ 2,676,626	98.91 %
December 31, 2009	0	1,386,960	1,386,960	0.00	2,495,424	55.58

Information provided above is the most current information available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
December 31, 2013	\$ 220,123	5.35 %
December 31, 2012	220,123	5.35
December 31, 2011	197,673	5.96
December 31, 2010	195,786	6.02
December 31, 2009	193,204	6.07

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

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MAJOR GOVERNMENTAL FUNDS

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GENERAL FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
COMBINING SCHEDULE OF GENERAL FUND
BALANCE SHEET ACCOUNTS
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012</u>
ASSETS				
Cash and investments	\$ 1,065,670	\$ 25,234	\$ 1,090,904	\$ 1,553,657
Receivables:				
Property taxes receivable	1,896,176	564,358	2,460,534	2,398,244
Other	35,000	-	35,000	-
Due from other funds	52,124	-	52,124	49,977
Due from other governments	<u>20,418</u>	<u>-</u>	<u>20,418</u>	<u>20,418</u>
 Total assets	 <u>\$ 3,069,388</u>	 <u>\$ 589,592</u>	 <u>\$ 3,658,980</u>	 <u>\$ 4,022,296</u>
 LIABILITIES				
Accounts payable	\$ 12,628	\$ 28	\$ 12,656	\$ 91,860
Accrued costs	<u>136,314</u>	<u>701</u>	<u>137,015</u>	<u>126,846</u>
 Total liabilities	 <u>148,942</u>	 <u>729</u>	 <u>149,671</u>	 <u>218,706</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>1,882,770</u>	<u>562,600</u>	<u>2,445,370</u>	<u>2,392,505</u>
 FUND BALANCES				
Restricted	89,949	26,263	116,212	238,776
Assigned	<u>947,727</u>	<u>-</u>	<u>947,727</u>	<u>1,172,309</u>
 Total fund balances	 <u>1,037,676</u>	 <u>26,263</u>	 <u>1,063,939</u>	 <u>1,411,085</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,069,388</u>	 <u>\$ 589,592</u>	 <u>\$ 3,658,980</u>	 <u>\$ 4,022,296</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
COMBINING SCHEDULE OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012</u>
Revenues:				
Property taxes	\$ 2,152,157	\$ 212,578	\$ 2,364,735	\$ 2,210,890
Intergovernmental revenue	1,563,036	-	1,563,036	1,550,062
Charges for service	524,483	-	524,483	534,570
Investment income	5,396	292	5,688	1,596
Grant revenue	4,600	-	4,600	149,706
Personal property replacement taxes	19,201	-	19,201	17,321
Foreign fire insurance	19,554	-	19,554	12,220
Other revenues	<u>13,666</u>	<u>-</u>	<u>13,666</u>	<u>64,543</u>
Total revenues	<u>4,302,093</u>	<u>212,870</u>	<u>4,514,963</u>	<u>4,540,908</u>
Expenditures:				
Current:				
Compensation and salaries	3,208,057	15,927	3,223,984	2,678,677
Employee benefits	856,135	-	856,135	571,868
Outside services	126,564	8,487	135,051	126,227
Administrative	18,912	-	18,912	29,382
Dues and fees	5,633	-	5,633	6,304
Education and training	7,710	13,825	21,535	18,100
Insurance	-	276,292	276,292	233,248
Equipment and maintenance	169,785	7,563	177,348	335,342
Buildings and grounds	74,194	825	75,019	79,633
Other	19,536	-	19,536	-
Capital outlay	44,644	-	44,644	14,879
Debt service:				
Principal	41,421	-	41,421	20,467
Interest	<u>1,599</u>	<u>-</u>	<u>1,599</u>	<u>1,087</u>
Total expenditures	<u>4,574,190</u>	<u>322,919</u>	<u>4,897,109</u>	<u>4,115,214</u>
Excess (deficiency) of revenues over (under) expenditures	(272,097)	(110,049)	(382,146)	425,694
Other financing sources:				
Proceeds from note payable	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>64,000</u>
Net change in fund balances	(237,097)	(110,049)	(347,146)	489,694
Fund balances at beginning of year	<u>1,274,773</u>	<u>136,312</u>	<u>1,411,085</u>	<u>921,391</u>
Fund balances at end of year	<u>\$ 1,037,676</u>	<u>\$ 26,263</u>	<u>\$ 1,063,939</u>	<u>\$ 1,411,085</u>

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CORPORATE FUND

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
CORPORATE FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012**

	2013	2012
ASSETS		
Cash and investments	\$ 1,065,670	\$ 1,374,127
Receivables:		
Property taxes receivable	1,896,176	2,191,015
Other	35,000	-
Due from other funds	52,124	49,977
Due from other governments	20,418	20,418
 Total assets	 \$ 3,069,388	 \$ 3,635,537
LIABILITIES		
Accounts payable	\$ 12,628	\$ 48,023
Accrued costs	136,314	126,846
 Total liabilities	 148,942	 174,869
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,882,770	2,185,895
FUND BALANCES		
Restricted	89,949	102,464
Assigned	947,727	1,172,309
 Total fund balances	 1,037,676	 1,274,773
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 3,069,388	 \$ 3,635,537

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
CORPORATE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 2,253,500	\$ 2,152,157	\$ (101,343)	\$ 2,006,000
Intergovernmental revenue	1,536,300	1,563,036	26,736	1,550,062
Charges for service	500,000	524,483	24,483	534,570
Investment income	1,000	5,396	4,396	1,596
Grant revenue	-	4,600	4,600	149,706
Personal property replacement taxes	17,000	19,201	2,201	17,321
Foreign fire insurance	18,000	19,554	1,554	12,220
Other revenues	<u>50,200</u>	<u>13,666</u>	<u>(36,534)</u>	<u>64,543</u>
Total revenues	<u>4,376,000</u>	<u>4,302,093</u>	<u>(73,907)</u>	<u>4,336,018</u>
Expenditures:				
Current:				
Compensation and salaries	2,897,010	3,208,057	(311,047)	2,678,677
Employee benefits	993,000	856,135	136,865	571,868
Outside services	113,500	126,564	(13,064)	126,227
Administrative	40,900	18,912	21,988	29,382
Dues and fees	5,300	5,633	(333)	6,304
Education and training	8,300	7,710	590	17,605
Equipment and maintenance	145,250	169,785	(24,535)	335,342
Buildings and grounds	85,400	74,194	11,206	78,973
Other	-	19,536	(19,536)	-
Capital outlay	84,940	44,644	40,296	14,879
Debt service:				
Principal	26,200	41,421	(15,221)	20,467
Interest	<u>3,200</u>	<u>1,599</u>	<u>1,601</u>	<u>1,087</u>
Total expenditures	<u>4,403,000</u>	<u>4,574,190</u>	<u>(171,190)</u>	<u>3,880,811</u>
Excess (deficiency) of revenues over (under) expenditures	(27,000)	(272,097)	(245,097)	455,207
Other financing sources:				
Proceeds from note payable	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>64,000</u>
Net change in fund balances	(27,000)	(237,097)	(210,097)	519,207
Fund balances at beginning of year	<u>1,274,773</u>	<u>1,274,773</u>	<u>-</u>	<u>755,566</u>
Fund balances at end of year	<u>\$ 1,247,773</u>	<u>\$ 1,037,676</u>	<u>\$ (210,097)</u>	<u>\$ 1,274,773</u>

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TORT LIABILITY FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
TORT LIABILITY FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012

	2013	2012
ASSETS		
Cash and investments	\$ 25,234	\$ 179,530
Property taxes receivable	564,358	207,229
Total assets	\$ 589,592	\$ 386,759
LIABILITIES		
Accounts payable	\$ 28	\$ 43,837
Accrued costs	701	-
Total liabilities	729	43,837
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	562,600	206,610
FUND BALANCES		
Restricted	26,263	136,312
Total liabilities, deferred inflows of resources, and fund balances	\$ 589,592	\$ 386,759

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
TORT LIABILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 213,000	\$ 212,578	\$ (422)	\$ 204,890
Investment income	<u>-</u>	<u>292</u>	<u>292</u>	<u>-</u>
Total revenues	<u>213,000</u>	<u>212,870</u>	<u>(130)</u>	<u>204,890</u>
Expenditures:				
Current:				
Compensation and salaries	40,220	15,927	24,293	-
Outside services	6,500	8,487	(1,987)	-
Education and training	9,250	13,825	(4,575)	495
Insurance	213,500	276,292	(62,792)	233,248
Equipment and maintenance	8,000	7,563	437	-
Buildings and grounds	-	825	(825)	660
Capital outlay	<u>15,060</u>	<u>-</u>	<u>15,060</u>	<u>-</u>
Total expenditures	<u>292,530</u>	<u>322,919</u>	<u>(30,389)</u>	<u>234,403</u>
Deficiency of revenues under expenditures	(79,530)	(110,049)	(30,519)	(29,513)
Fund balances at beginning of year	<u>136,312</u>	<u>136,312</u>	<u>-</u>	<u>165,825</u>
Fund balances at end of year	<u>\$ 56,782</u>	<u>\$ 26,263</u>	<u>\$ (30,519)</u>	<u>\$ 136,312</u>

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AMBULANCE FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AMBULANCE FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 479,201	\$ 459,050
Receivables:		
Property taxes	1,348,654	1,261,077
Accounts	<u>563,568</u>	<u>567,330</u>
Total assets	<u>\$ 2,391,423</u>	<u>\$ 2,287,457</u>
LIABILITIES		
Accounts payable	\$ 12,414	\$ 27,465
Accrued costs	<u>57,156</u>	<u>49,334</u>
Total liabilities	69,570	76,799
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,338,600	1,257,120
FUND BALANCES		
Assigned	<u>983,253</u>	<u>953,538</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,391,423</u>	<u>\$ 2,287,457</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 1,296,000	\$ 1,223,341	\$ (72,659)	\$ 1,308,570
Charges for service	490,000	512,011	22,011	513,806
Investment income	-	2,449	2,449	-
Other revenues	-	<u>2,340</u>	<u>2,340</u>	<u>2,320</u>
Total revenues	<u>1,786,000</u>	<u>1,740,141</u>	<u>(45,859)</u>	<u>1,824,696</u>
Expenditures:				
Current:				
Compensation and salaries	1,279,350	1,284,787	(5,437)	1,097,129
Employee benefits	258,000	179,159	78,841	169,283
Outside services	70,600	86,033	(15,433)	65,855
Administrative	16,100	9,270	6,830	12,942
Dues and fees	4,100	4,301	(201)	3,097
Education and training	4,400	2,775	1,625	7,920
Equipment and maintenance	106,250	112,242	(5,992)	90,525
Buildings and grounds	33,300	30,921	2,379	32,607
Capital outlay	-	938	(938)	1,403
Debt service:				
Principal	12,600	-	12,600	35,164
Interest	<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>1,400</u>
Total expenditures	<u>1,786,000</u>	<u>1,710,426</u>	<u>75,574</u>	<u>1,517,325</u>
Excess of revenues over expenditures	-	29,715	29,715	307,371
Fund balances at beginning of year	<u>953,538</u>	<u>953,538</u>	<u>-</u>	<u>646,167</u>
Fund balances at end of year	<u>\$ 953,538</u>	<u>\$ 983,253</u>	<u>\$ 29,715</u>	<u>\$ 953,538</u>

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NONMAJOR GOVERNMENTAL FUNDS

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013**

	Special Revenue Funds			
	Illinois Municipal Retirement	Social Security	Audit	Emergency, Rescue, Crew and Equipment
ASSETS				
Cash and investments	\$ 13,931	\$ 16,463	\$ -	\$ 9,420
Property taxes receivable	<u>17,115</u>	<u>134,966</u>	<u>19,565</u>	<u>195,676</u>
Total assets	<u>\$ 31,046</u>	<u>\$ 151,429</u>	<u>\$ 19,565</u>	<u>\$ 205,096</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,213
Accrued costs	-	15,555	-	9,024
Due to other funds	<u>-</u>	<u>33,404</u>	<u>12,720</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>48,959</u>	<u>12,720</u>	<u>10,237</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>16,975</u>	<u>133,860</u>	<u>19,400</u>	<u>194,000</u>
FUND BALANCES (DEFICITS)				
Restricted	14,071	-	-	859
Unassigned	<u>-</u>	<u>(31,390)</u>	<u>(12,555)</u>	<u>-</u>
Total fund balances (deficits)	<u>14,071</u>	<u>(31,390)</u>	<u>(12,555)</u>	<u>859</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 31,046</u>	<u>\$ 151,429</u>	<u>\$ 19,565</u>	<u>\$ 205,096</u>

**Total
Nonmajor
Governmental
Funds**

\$ 39,814
367,322

\$ 407,136

\$ 1,213
24,579
46,124

71,916

364,235

14,930
(43,945)

(29,015)

\$ 407,136

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE (DEFICITS) -
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2013**

	<u>Special Revenue Funds</u>			
	<u>Illinois Municipal Retirement</u>	<u>Social Security</u>	<u>Audit</u>	<u>Emergency, Rescue, Crew and Equipment</u>
Revenues:				
Property taxes	\$ 16,999	\$ 133,900	\$ 19,983	\$ 202,653
Investment income	<u>23</u>	<u>184</u>	<u>-</u>	<u>324</u>
Total revenues	<u>17,022</u>	<u>134,084</u>	<u>19,983</u>	<u>202,977</u>
Expenditures:				
Current:				
Compensation and salaries	-	-	-	176,642
Employee benefits	14,323	117,387	-	-
Outside services	-	-	22,000	783
Equipment and maintenance	-	-	-	19,339
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>938</u>
Total expenditures	<u>14,323</u>	<u>117,387</u>	<u>22,000</u>	<u>197,702</u>
Excess (deficiency) of revenues over (under) expenditures	2,699	16,697	(2,017)	5,275
Fund balance (deficits) at beginning of year	<u>11,372</u>	<u>(48,087)</u>	<u>(10,538)</u>	<u>(4,416)</u>
Fund balances (deficits) at end of year	<u>\$ 14,071</u>	<u>\$ (31,390)</u>	<u>\$ (12,555)</u>	<u>\$ 859</u>

**Total
Nonmajor
Governmental
Funds**

\$ 373,535
531

374,066

176,642
131,710
22,783
19,339
938

351,412

22,654
(51,669)

\$ (29,015)

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SPECIAL REVENUE FUNDS

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ILLINOIS MUNICIPAL RETIREMENT FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 13,931	\$ 11,355
Property taxes receivable	<u>17,115</u>	<u>16,507</u>
Total assets	<u>\$ 31,046</u>	<u>\$ 27,862</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	\$ 16,975	\$ 16,490
FUND BALANCES		
Restricted	<u>14,071</u>	<u>11,372</u>
Total deferred inflows of resources and fund balances	<u>\$ 31,046</u>	<u>\$ 27,862</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 17,000	\$ 16,999	\$ (1)	\$ 5,875
Investment income	<u>-</u>	<u>23</u>	<u>23</u>	<u>-</u>
Total revenues	17,000	17,022	22	5,875
Expenditures:				
Current:				
Employee benefits	<u>17,000</u>	<u>14,323</u>	<u>2,677</u>	<u>11,631</u>
Excess (deficiency) of revenues over (under) expenditures	-	2,699	2,699	(5,756)
Fund balances at beginning of year	<u>11,372</u>	<u>11,372</u>	<u>-</u>	<u>17,128</u>
Fund balances at end of year	<u>\$ 11,372</u>	<u>\$ 14,071</u>	<u>\$ 2,699</u>	<u>\$ 11,372</u>

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SOCIAL SECURITY FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SOCIAL SECURITY FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 16,463	\$ -
Property taxes receivable	<u>134,966</u>	<u>130,205</u>
Total assets	<u>\$ 151,429</u>	<u>\$ 130,205</u>
LIABILITIES		
Accrued costs	\$ 15,555	\$ 14,908
Due to other funds	<u>33,404</u>	<u>33,404</u>
Total liabilities	48,959	48,312
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	133,860	129,980
FUND DEFICITS		
Unassigned	<u>(31,390)</u>	<u>(48,087)</u>
Total liabilities, deferred inflows of resources, and fund deficits	<u>\$ 151,429</u>	<u>\$ 130,205</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND DEFICITS - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 134,000	\$ 133,900	\$ (100)	\$ 75,165
Investment income	<u>-</u>	<u>184</u>	<u>184</u>	<u>-</u>
Total revenues	134,000	134,084	84	75,165
Expenditures:				
Current:				
Employee benefits	<u>120,000</u>	<u>117,387</u>	<u>2,613</u>	<u>113,220</u>
Excess (deficiency) of revenues over (under) expenditures	14,000	16,697	2,697	(38,055)
Fund deficits at beginning of year	<u>(48,087)</u>	<u>(48,087)</u>	<u>-</u>	<u>(10,032)</u>
Fund deficits at end of year	<u>\$ (34,087)</u>	<u>\$ (31,390)</u>	<u>\$ 2,697</u>	<u>\$ (48,087)</u>

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AUDIT FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AUDIT FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Property taxes receivable	\$ <u>19,565</u>	\$ <u>19,435</u>
LIABILITIES		
Due to other funds	\$ 12,720	\$ 10,573
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	19,400	19,400
FUND DEFICITS		
Unassigned	<u>(12,555)</u>	<u>(10,538)</u>
Total liabilities, deferred inflows of resources, and fund deficits	<u>\$ 19,565</u>	<u>\$ 19,435</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AUDIT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND DEFICITS - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 20,000	\$ 19,983	\$ (17)	\$ 11,661
Expenditures:				
Current:				
Outside services	<u>20,000</u>	<u>22,000</u>	<u>(2,000)</u>	<u>17,400</u>
Deficiency of revenues under expenditures	-	(2,017)	(2,017)	(5,739)
Fund deficits at beginning of year	<u>(10,538)</u>	<u>(10,538)</u>	-	<u>(4,799)</u>
Fund deficits at end of year	<u>\$ (10,538)</u>	<u>\$ (12,555)</u>	<u>\$ (2,017)</u>	<u>\$ (10,538)</u>

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**EMERGENCY, RESCUE, CREW AND
EQUIPMENT FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 9,420	\$ 3,707
Property taxes receivable	<u>195,676</u>	<u>210,187</u>
Total assets	<u>\$ 205,096</u>	<u>\$ 213,894</u>
LIABILITIES		
Accounts payable	\$ 1,213	\$ 519
Accrued costs	<u>9,024</u>	<u>8,271</u>
Total liabilities	<u>10,237</u>	<u>8,790</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>194,000</u>	<u>209,520</u>
FUND BALANCE (DEFICIT)		
Restricted	859	-
Unassigned	<u>-</u>	<u>(4,416)</u>
Total fund balance (deficit)	<u>859</u>	<u>(4,416)</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 205,096</u>	<u>\$ 213,894</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE (DEFICITS) - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 216,000	\$ 202,653	\$ (13,347)	\$ 220,753
Investment income	-	324	324	-
Total revenues	<u>216,000</u>	<u>202,977</u>	<u>(13,023)</u>	<u>220,753</u>
Expenditures:				
Current:				
Compensation and salaries	191,200	176,642	14,558	212,776
Outside services	-	783	(783)	1,397
Equipment and maintenance	17,500	19,339	(1,839)	13,862
Capital outlay	-	938	(938)	905
Total expenditures	<u>208,700</u>	<u>197,702</u>	<u>10,998</u>	<u>228,940</u>
Excess (deficiency) of revenues over (under) expenditures	7,300	5,275	(2,025)	(8,187)
Fund balance (deficits) at beginning of year	<u>(4,416)</u>	<u>(4,416)</u>	<u>-</u>	<u>3,771</u>
Fund balances (deficit) at end of year	<u>\$ 2,884</u>	<u>\$ 859</u>	<u>\$ (2,025)</u>	<u>\$ (4,416)</u>

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FIDUCIARY FUND

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PENSION TRUST FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
PENSION TRUST FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 142,631	\$ 155,424
Accrued interest receivable	98,961	46,857
Investments	<u>11,075,828</u>	<u>9,601,780</u>
Total assets	<u>11,317,420</u>	<u>9,804,061</u>
LIABILITIES		
Due to other funds	<u>6,000</u>	<u>6,000</u>
NET POSITION		
Held in trust for pension benefits and other purposes	<u>\$ 11,311,420</u>	<u>\$ 9,798,061</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
PENSION TRUST FUND
SCHEDULE OF CHANGES IN NET POSITION -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Additions:				
Contributions:				
Employer	\$ 525,000	\$ 523,758	\$ (1,242)	\$ 313,168
Plan members	<u>-</u>	<u>244,100</u>	<u>244,100</u>	<u>272,934</u>
Total contributions	<u>525,000</u>	<u>767,858</u>	<u>242,858</u>	<u>586,102</u>
Investment earnings:				
Investment income	-	1,151,434	1,151,434	872,608
Investment expense	<u>-</u>	<u>(43,184)</u>	<u>(43,184)</u>	<u>(38,515)</u>
Net investment earnings	<u>-</u>	<u>1,108,250</u>	<u>1,108,250</u>	<u>834,093</u>
Total additions	<u>525,000</u>	<u>1,876,108</u>	<u>1,351,108</u>	<u>1,420,195</u>
Deductions:				
Benefits	525,000	351,423	173,577	286,461
Administrative expense	<u>-</u>	<u>11,326</u>	<u>(11,326)</u>	<u>13,995</u>
Total deductions	<u>525,000</u>	<u>362,749</u>	<u>162,251</u>	<u>300,456</u>
Change in net position	-	1,513,359	1,513,359	1,119,739
Net position at beginning of year	<u>9,798,061</u>	<u>9,798,061</u>	<u>-</u>	<u>8,678,322</u>
Net position at end of year	<u>\$ 9,798,061</u>	<u>\$ 11,311,420</u>	<u>\$ 1,513,359</u>	<u>\$ 9,798,061</u>

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OTHER INFORMATION SECTION

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SCHEDULE OF ASSESSED VALUATION, RATES, EXTENSIONS AND COLLECTIONS
LAST TEN YEARS

Tax levy year	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Equalized assessed valuation	<u>\$ 418,219,614</u>	<u>\$ 454,834,323</u>	<u>\$ 554,996,968</u>	<u>\$ 547,007,419</u>	<u>\$ 542,405,102</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.4000	0.3838	0.2873	0.2976	0.2811
Tort liability	0.0525	0.0464	0.0371	0.0262	0.0541
Ambulance	0.3000	0.2967	0.2259	0.2241	0.2121
Firefighters' pension	0.1293	0.0709	0.0788	0.0595	0.0816
Illinois municipal retirement	0.0042	0.0013	0.0032	0.0046	0.0042
Social security	0.0330	0.0169	0.0223	0.0138	0.0133
Audit	0.0049	0.0026	0.0049	0.0030	0.0028
Emergency, rescue, crew and equipment	<u>0.0500</u>	<u>0.0500</u>	<u>0.0412</u>	<u>0.0462</u>	<u>0.0447</u>
Total	<u>0.9739</u>	<u>0.8686</u>	<u>0.7007</u>	<u>0.6750</u>	<u>0.6939</u>
Percent difference	<u>0.1053</u>	<u>0.1679</u>	<u>0.0257</u>	<u>(0.0189)</u>	<u>(0.0394)</u>
Tax extensions:					
Corporate	\$ 1,672,878	\$ 1,745,654	\$ 1,594,506	\$ 1,627,894	\$ 1,524,701
Tort liability	219,390	211,043	205,904	143,316	293,441
Ambulance	1,254,659	1,349,493	1,253,738	1,225,844	1,150,441
Firefighters' pension	540,750	322,478	437,338	325,469	442,603
Illinois municipal retirement	17,510	5,913	17,760	25,162	22,781
Social security	138,020	76,867	123,764	75,487	72,140
Audit	20,600	11,826	27,195	16,410	15,187
Emergency, rescue, crew and equipment	<u>209,110</u>	<u>227,417</u>	<u>228,659</u>	<u>252,717</u>	<u>242,455</u>
Total	<u>\$ 4,072,917</u>	<u>\$ 3,950,691</u>	<u>\$ 3,888,864</u>	<u>\$ 3,692,299</u>	<u>\$ 3,763,749</u>
Tax collections	<u>\$ 3,922,479</u>	<u>\$ 3,766,350</u>	<u>\$ 3,780,113</u>	<u>\$ 3,536,494</u>	<u>\$ 3,623,647</u>
Percent collected	<u>96.31</u>	<u>95.33</u>	<u>97.20</u>	<u>95.78</u>	<u>96.28</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>\$ 481,908,618</u>	<u>\$ 455,645,836</u>	<u>\$ 462,521,991</u>	<u>\$ 391,822,557</u>	<u>\$ 379,748,777</u>
0.3145	0.3199	0.3095	0.3409	0.3561
0.0564	0.0588	0.0557	0.0576	0.0617
0.2366	0.2335	0.2242	0.2880	0.2679
0.0619	0.0700	0.0611	0.0541	0.0526
0.0038	0.0041	0.0038	0.0039	0.0051
0.0096	0.0099	0.0089	0.0104	0.0106
0.0028	0.0032	0.0024	0.0021	0.0027
<u>0.0477</u>	<u>0.0500</u>	<u>0.0426</u>	<u>0.0457</u>	<u>0.0443</u>
<u>0.7333</u>	<u>0.7494</u>	<u>0.7082</u>	<u>0.8027</u>	<u>0.8010</u>
<u>(0.0161)</u>	<u>0.0412</u>	<u>(0.0945)</u>	<u>0.0017</u>	<u>0.0318</u>
\$ 1,515,603	\$ 1,457,611	\$ 1,431,399	\$ 1,335,723	\$ 1,352,285
271,796	267,920	257,500	225,689	234,304
1,140,196	1,063,933	1,037,126	1,128,488	1,017,346
298,301	318,952	282,220	211,943	199,747
18,313	18,681	17,510	15,281	19,367
46,263	45,109	41,200	40,749	40,253
13,493	14,581	11,330	8,228	10,253
<u>229,870</u>	<u>227,823</u>	<u>197,137</u>	<u>179,062</u>	<u>168,228</u>
<u>\$ 3,533,835</u>	<u>\$ 3,414,610</u>	<u>\$ 3,275,422</u>	<u>\$ 3,145,123</u>	<u>\$ 3,041,783</u>
<u>\$ 3,182,666</u>	<u>\$ 3,118,352</u>	<u>\$ 3,084,351</u>	<u>\$ 3,114,574</u>	<u>\$ 2,996,189</u>
<u>90.06</u>	<u>91.32</u>	<u>94.17</u>	<u>99.03</u>	<u>98.50</u>

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