

**North Palos Fire Protection District  
Palos Hills, Illinois  
Annual Financial Report  
For The Year Ended December 31, 2017**

**Submitted by:  
Finance Department**

**North Palos Fire Protection District**  
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**For The Year Ended December 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Palos Fire Protection District, including the fiduciary fund, as of and for the year ended December 31, 2017, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, including the fiduciary fund, of the North Palos Fire Protection District, as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

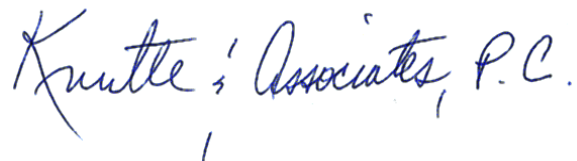
**Other Matters**Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and certain pension disclosures be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

The major fund budgetary comparison schedules listed on the table of contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This Required Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ending December 31, 2017 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Information**

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the North Palos Fire Protection District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2017 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017 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 procedures 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 taken as a whole.

A handwritten signature in blue ink that reads "Knutle & Associates, P.C." with a small vertical line underneath the word "Associates".

**NORTH PALOS FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2017**

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As management of the North Palos Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements presented.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of the District exceed its assets and deferred outflows at the close of the most recent fiscal year by (\$13,586,667) (net position). \$123,340 is restricted for Liability Insurance expenses, \$101,818 for Retirement, \$75,246 for Ambulance, \$9,256 for Emergency Rescue and \$54,559 for Traffic Co-op. (\$15,381,404) is unrestricted. The remaining \$1,430,518 represents the net investment in capital assets.
- The District's total net position decreased by (\$2,861,469). This negative net position results from limited revenue streams and the implementation of GASB 68 which includes the change in pension liabilities on the District's Statement of Activities.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,278,862, a decrease of \$652,009 in comparison with the prior year balance. This decrease was mainly attributed to limited revenue streams and inflationary increases for salaries, benefits and utilities. A line of credit was needed to sustain cash flow between property tax installments.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$884,188 or 17% of total General Fund expenditures. No capital reserves were noted for future capital acquisitions.
- The District has \$873,888 of long-term principal outstanding, a decrease of \$302,889 from the prior year. The District has debt service outstanding until 2024.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

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

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

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

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

The basic fiduciary fund financial statements for the Firefighter's Pension Fund can be found on pages 15 and 16 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 17 to 42 of this report.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by (\$13,586,667) at the close of the most recent fiscal year.

### NORTH PALOS FIRE PROTECTION DISTRICT NET POSITION

	For the Year Ended	
	31-Dec	
	2017	2016
Assets		
Current Assets	\$ 5,435,385	\$ 6,052,730
Capital Assets	2,304,406	2,394,284
Total Assets	<u>7,739,791</u>	<u>8,447,014</u>
Deferred Outflows	<u>9,243,875</u>	<u>8,374,126</u>
Liabilities		
Due Within One Year	920,466	398,232
Due in More Than One Year	<u>24,378,050</u>	<u>21,635,530</u>
Total Liabilities	<u>25,298,516</u>	<u>22,033,762</u>
Deferred Inflows	<u>5,271,817</u>	<u>4,757,632</u>
Net Position		
Net Investment in Capital Assets	1,430,518	2,066,566
Restricted Amounts	364,219	115,800
Unrestricted Amounts	<u>(15,381,404)</u>	<u>(12,152,620)</u>
Total Net Position	<u>\$ (13,586,667)</u>	<u>\$ (9,970,254)</u>

**Governmental Activities.** Governmental activities decreased the District's net position by \$(2,861,469). Key elements of this decrease are as follows:

**NORTH PALOS FIRE PROTECTION DISTRICT  
CHANGE IN NET POSITION**

	For the Year Ended 31-Dec	
	2017	2016
Revenues		
Program Revenues		
Charges for Services	\$ 1,307,973	\$ 1,206,671
Operating Grants & Contributions	16,192	379,499
General Revenues		
Property Taxes	4,354,842	4,225,878
Other Taxes	19,716	18,670
Intergovernmental	1,604,031	1,595,127
Other Income	54,307	73,466
Total Revenues	7,357,061	7,499,311
Expenses		
Public Safety	10,188,947	10,103,063
Interest on Long-Term Debt	29,583	11,743
Total Expenses	10,218,530	10,114,806
Change in Net Position	(2,861,469)	(2,615,495)
Net Position		
Beginning of Year	(9,918,260)	(7,354,759)
Prior Period Adjustment	(806,938)	51,994
Beginning of Year, Restated	(10,725,198)	(7,302,765)
End of Year	\$ (13,586,667)	\$ (9,918,260)

- Total revenues decreased by \$142,250 (2%). Property taxes increased by \$128,964 or 3% from the prior year. In 2016, the District received a grant for a new pumper truck.
- Charges for services increased by \$101,302 (8%) during the year. The Increase is primarily a result of increased collections based on the payer make-up for the District.
- Total expenses Increased by \$103,724 (1%). The increase was primarily due to an increase in pension and benefit obligations.

## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,278,862 a decrease of \$652,009 in comparison with the prior year adjusted balance. This decrease is primarily due to increases in employee benefits and capital outlay.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$884,188. As a measure of the Fire Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17% of total Fire Fund expenditures.

### **FIRE FUND BUDGETARY HIGHLIGHTS**

During the year, there were no budget amendments.

As a major fund, the General Fund accounts for the fire operations of the District. Revenues in the General Fund were \$4,431,417. Property taxes and charges for services outperformed the revenue budgets for each line item.

General Fund expenditures were \$1,006,353 over budget mainly due to increases in employee benefits and an additional line of credit to help with cash flow concerns. The overall net budget variance in the General Fund was an unfavorable (\$184,736); of that, \$1,293,506 was from the payment of additional debt service.

The General Fund's deficit of expenditures and other financing uses over revenues and other financing sources was \$(206,936). The fund balance decreased to \$915,900 at the end of the fiscal year and was adjusted 352,209 from the prior year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The District's investment in capital assets for its governmental activities as of December 31, 2017 was \$2,304,406 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment, vehicles and equipment.

A summary of changes in capital assets follows:

	Capital Assets 12/31/2016	Additions	Dispositions	Capital Assets 12/31/2017
<b>Governmental Activities</b>				
Assets Not Subject to Depreciation				
Land	\$ 290,700	\$ -	\$ -	\$ 290,700
Assets Subject to Depreciation				
Land Improvements	-	-	-	-
Buildings & Improvements	1,299,240	-	-	1,299,240
Apparatus and Vehicles	3,060,276	104,545	-	3,164,821
Equipment	279,383	-	-	279,383
	<u>4,638,899</u>	<u>104,545</u>	<u>-</u>	<u>4,743,444</u>
Less Accumulated Depreciation				
Land Improvements	-	-	-	-
Buildings & Improvements	(857,950)	(25,593)	-	(883,543)
Apparatus and Vehicles	(1,528,481)	(155,766)	-	(1,684,247)
Equipment	(148,884)	(13,064)	-	(161,948)
	<u>(2,535,315)</u>	<u>(194,423)</u>	<u>-</u>	<u>(2,729,738)</u>
	<u>\$ 2,394,284</u>	<u>\$ (89,878)</u>	<u>\$ -</u>	<u>\$ 2,304,406</u>

The major additions during the year were apparatus and vehicles. See Note 4 for depreciation information on capital assets.

**Long-term Debt.** As of December 31, 2017, the District has debt outstanding decreased from \$1,176,777 to \$873,888. See Note 5 for additional information.

## ECONOMIC FACTORS

The District's primary revenue sources are property taxes, representing approximately 81 percent of total revenue in the year ended December 31, 2017. The Property Tax Extension Limitation Law allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and any voter-approved rate increases.

## REQUESTS FOR INFORMATION

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

**North Palos Fire Protection District**  
**Statement of Net Position**  
**December 31, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 178,044
Property Taxes Receivable	4,639,000
Ambulance Fees Receivable, Net of Allowance of \$137,318	554,917
Prepaid Expenses	63,424
Capital Assets	
Capital Assets Not Being Depreciated	290,700
Other Capital Assets, Net of Depreciation	2,013,706
Total Capital Assets	<u>2,304,406</u>
<b>TOTAL ASSETS</b>	<u>7,739,791</u>
<b>DEFERRED OUTFLOWS</b>	
IMRF Plan Year Adjustment	-
OPEB Deferred Outflows	1,497,275
IMRF Deferred Outflows	104,622
Firefighters' Pension Deferred Outflows	7,641,978
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>9,243,875</u>
<b>LIABILITIES</b>	
Due Within One Year	
Accrued Salaries	106,430
Accrued Interest	3,800
Notes Payable	700,236
Accrued Vacation and Sick Leave	110,000
Due in More Than One Year	
Notes Payable	173,652
Accrued Vacation and Sick Leave	439,732
Net Other Post Employment Benefit Obligation	5,150,150
Net IMRF Pension Liability	439,149
Net Firefighters' Pension Liability	18,175,367
<b>TOTAL LIABILITIES</b>	<u>25,298,516</u>
<b>DEFERRED INFLOWS</b>	
Deferred Property Taxes	4,050,093
OPEB Deferred Inflows	239,239
IMRF Deferred Inflows	146,244
Firefighters' Pension Deferred Inflows	836,241
<b>TOTAL DEFERRED INFLOWS</b>	<u>5,271,817</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,430,518
Restricted Amounts	
Ambulance	75,246
Liability Insurance	123,340
Social Security	101,818
Emergency Rescue Crew	9,256
Traffic Co-op	54,559
Unrestricted Amounts	(15,381,404)
<b>TOTAL NET POSITION</b>	<u>\$ (13,586,667)</u>

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District  
Statement of Activities  
For The Year Ended December 31, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
<b>FUNCTIONS/PROGRAMS</b>				<b>Governmental Activities</b>
<b>Governmental Activities</b>				
Public Safety	\$ 10,188,947	\$ 1,307,973	\$ 16,192	\$ (8,864,782)
Interest on Long-Term Debt	29,583	0	0	(29,583)
<b>TOTAL</b>	<u>\$ 10,218,530</u>	<u>\$ 1,307,973</u>	<u>\$ 16,192</u>	<u>(8,894,365)</u>

**GENERAL REVENUES**

Taxes

Property taxes levied for general purposes	4,354,842
Replacement taxes for general purposes	19,716
Intergovernmental	1,604,031
Foreign Fire Insurance	27,553
Interest Income	272
Miscellaneous	26,482

**TOTAL GENERAL REVENUES** 6,032,896

**CHANGE IN NET POSITION** (2,861,469)

**NET POSITION,**

**BEGINNING OF YEAR** (9,918,260)

**PRIOR PERIOD ADJUSTMENT** (806,938)

**BEGINNING OF YEAR, RESTATED** (10,725,198)

**END OF YEAR** \$ (13,586,667)

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District  
Governmental Funds  
Balance Sheet  
December 31, 2017**

	<u>General</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ (15,001)	\$ 0	\$ 193,045	\$ 178,044
Property Taxes Receivable	2,225,000	1,550,000	864,000	4,639,000
Ambulance Fees Receivable, Net of Allowance of \$137,318	0	554,917	0	554,917
Prepaid Expenditures	31,712	31,712	0	63,424
Due From Other Funds	739,231	0	0	739,231
<b>TOTAL ASSETS</b>	<u>2,980,942</u>	<u>2,136,629</u>	<u>1,057,045</u>	<u>6,174,616</u>
<b>TOTAL DEFERRED OUTFLOWS</b>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>2,980,942</u>	<u>2,136,629</u>	<u>1,057,045</u>	<u>6,174,616</u>
<b>LIABILITIES</b>				
Accrued Salaries	70,316	29,785	6,329	106,430
Due To Other Funds	0	680,160	59,071	739,231
<b>TOTAL LIABILITIES</b>	<u>70,316</u>	<u>709,945</u>	<u>65,400</u>	<u>845,661</u>
<b>DEFERRED INFLOWS</b>				
Deferred Property Taxes	1,994,726	1,319,726	735,641	4,050,093
<b>TOTAL DEFERRED INFLOWS</b>	<u>1,994,726</u>	<u>1,319,726</u>	<u>735,641</u>	<u>4,050,093</u>
<b>FUND BALANCES</b>				
Non-Spendable	31,712	31,712	0	63,424
Restricted	0	75,246	288,973	364,219
Unassigned	884,188	0	(32,969)	851,219
<b>TOTAL FUND BALANCES</b>	<u>915,900</u>	<u>106,958</u>	<u>256,004</u>	<u>1,278,862</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 2,980,942</u>	<u>\$ 2,136,629</u>	<u>\$ 1,057,045</u>	<u>\$ 6,174,616</u>

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**For The Year Ended December 31, 2017**

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Fund Balance of Governmental Funds:  
(Balance Sheet - Governmental Funds) \$ 1,278,862

Amounts reported in the Statement of Net Position are different because:

Capital Assets used in governmental funds are not financial resources and therefore are not reported in the fund financial statements. 2,304,406

OPEB Deferred Outflows are not reported as deferred outflows in the fund financial statements. 1,497,275

IMRF Deferred Outflows are not reported as deferred outflows in the fund financial statements. 104,622

Firefighters' Pension Deferred Outflows are not reported as deferred outflows in the fund financial statements. 7,641,978

Accrued Interest Payable is not reported as a liability in the fund financial statements. (3,800)

Accrued Vacation and Sick Leave are not reported as a liability in the fund financial statements. (549,732)

Notes Payable are not reported as a liability in the fund financial statements. (873,888)

Net IMRF Pension Liability is not reported in the fund financial statements. (439,149)

Net Firefighters' Pension Liability is not reported as a liability in the fund financial statements. (18,175,367)

Net OPEB (other post-employment benefits) are not reported as a liability in the fund financial statements. (5,150,150)

OPEB Deferred Inflows are not reported as deferred inflows in the fund financial statements. (239,239)

IMRF Deferred Inflows are not reported as deferred inflows in the fund financial statements. (146,244)

Firefighters' Pension Deferred Inflows are not reported as deferred inflows in the fund financial statements. (836,241)

**NET POSITION OF GOVERNMENTAL FUNDS** \$ (13,586,667)

**North Palos Fire Protection District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For The Year Ended December 31, 2017**

	<u>General</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
Property Taxes	\$ 2,077,613	\$ 1,422,672	\$ 854,557	\$ 4,354,842
Replacement Tax	19,716	0	0	19,716
Intergovernmental	1,604,031	0	0	1,604,031
Interest	266	0	6	272
Charges for Services	662,971	645,002	0	1,307,973
Grants	16,192	0	0	16,192
Foreign Fire Insurance	27,553	0	0	27,553
Miscellaneous	23,075	3,407	0	26,482
<b>TOTAL REVENUES</b>	<u>4,431,417</u>	<u>2,071,081</u>	<u>854,563</u>	<u>7,357,061</u>
<b>EXPENDITURES</b>				
Salaries	1,918,736	2,707,360	300,673	4,926,769
Employee Benefits	1,378,734	216,286	0	1,595,020
Outside Services	144,016	122,515	7,558	274,089
Administrative	39,851	16,675	981	57,507
Buildings and Grounds	46,620	21,638	0	68,258
Equipment Maintenance	108,028	54,478	0	162,506
Insurance	0	0	274,367	274,367
IMRF	0	0	46,472	46,472
Social Security	0	0	117,031	117,031
Audit	0	0	25,300	25,300
Debt Service - Principal	1,293,506	13,928	0	1,307,434
Debt Service - Interest	29,206	0	0	29,206
Capital Outlay	129,656	0	0	129,656
<b>TOTAL EXPENDITURES</b>	<u>5,088,353</u>	<u>3,152,880</u>	<u>772,382</u>	<u>9,013,615</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(656,936)</u>	<u>(1,081,799)</u>	<u>82,181</u>	<u>(1,656,554)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Notes Payable	450,000	554,545	0	1,004,545
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>450,000</u>	<u>554,545</u>	<u>0</u>	<u>1,004,545</u>
<b>NET CHANGE IN FUND BALANCE</b>	(206,936)	(527,254)	82,181	(652,009)
<b>FUND BALANCES,</b>				
<b>BEGINNING OF YEAR</b>	770,627	425,325	16,692	1,212,644
<b>PRIOR PERIOD ADJUSTMENT</b>	352,209	208,887	157,131	718,227
<b>BEGINNING OF YEAR ,RESTATED</b>	<u>1,122,836</u>	<u>634,212</u>	<u>173,823</u>	<u>1,930,871</u>
<b>END OF YEAR</b>	<u>\$ 915,900</u>	<u>\$ 106,958</u>	<u>\$ 256,004</u>	<u>\$ 1,278,862</u>

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For The Year Ended December 31, 2017**

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Net Change in Fund Balances - Total Governmental Funds (Combined Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ (652,009)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation of capital assets is not considered an expenditure in the fund financial statements.	(194,423)
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities.	104,545
OPEB (Other Post Employment Benefit)-related accounts are not recorded in the fund financial statements as follows:	
Changes in the OPEB Deferred Outflows	1,497,275
Changes in the OPEB Deferred Inflows	(239,239)
Changes in the Net OPEB Liability	(1,644,011)
IMRF Pension-related accounts are not recorded to the fund financial statements as follows:	
Changes in the IMRF Deferred Outflows	10,761
Changes in the IMRF Deferred Inflows	(91,849)
Changes in the Net IMRF Pension Liability	61,565
FFP (Firefighters' Pension)-related accounts are not recorded to the fund financial statements as follows:	
Changes in the FFP Deferred Outflows	(638,287)
Changes in the FFP Deferred Inflows	(632,834)
Changes in the Net FFP Pension Liability	(726,525)
Accrued interest on notes payable is not considered an expenditure in the fund financial statements.	(377)
Proceeds from the issuance of notes payable are considered an other financing source on the fund financial statements.	(1,004,545)
Payments of note principal are treated as an expenditure in the fund financial statements.	1,307,434
The annual change in accrued vacation and sick leave is not recorded in the fund financial statements.	<u>(18,950)</u>
Change in Net Assets of Governmental Activities (Statement of Activities)	<u><u>\$ (2,861,469)</u></u>

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**December 31, 2017**

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	<b>Firefighters' Pension Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 435,087
Accrued Interest Receivable	67,627
Investments, at Fair Value	
U.S. Government Obligations	39,535
U.S. Agency Obligations	3,574,845
Corporate Obligations	2,997,116
State and Local Obligations	330,552
Equities	149,502
GNMA	1,439
Mutual Funds	8,458,945
Total Investments	<u>15,551,934</u>
<b>TOTAL ASSETS</b>	<u>16,054,648</u>
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>0</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u>0</u>
<b>NET POSITION</b>	
Restricted for Pension Benefits	<u>16,054,648</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 16,054,648</u></u>

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District  
 Fiduciary Fund  
 Statement of Changes in Fiduciary Net Position  
 For The Year Ended December 31, 2017**

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	<u>Firefighters' Pension Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 654,942
Plan Members	302,221
Total Contributions	<u>957,163</u>
Investment Income	
Interest and Dividends	649,841
Net Change in Fair Value	1,182,241
	<u>1,832,082</u>
Less Investment Expenses	(61,646)
Net Investment Income	<u>1,770,436</u>
<b>TOTAL ADDITIONS</b>	<u>2,727,599</u>
<b>DEDUCTIONS</b>	
Benefits Paid	563,615
Refunds	11,117
Administrative Expenses	33,535
	<u>608,267</u>
<b>TOTAL DEDUCTIONS</b>	<u>608,267</u>
<b>NET CHANGE IN NET POSITION</b>	2,119,332
<b>NET POSITION RESTRICTED FOR PENSIONS BEGINNING OF YEAR</b>	<u>13,935,316</u>
<b>END OF YEAR</b>	<u>\$ 16,054,648</u>

See Accompanying Notes to the Financial Statements

**North Palos Fire Protection District  
Notes To The Financial Statements  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The North Palos Fire Protection District (the District) is located in Palos Hills, Illinois. The District operates under a Board-Manager form of government encompassing areas in Cook County. The mission of the District is to protect the lives and property within the community in a fiscally sound and responsive manner through fire prevention, public education, fire suppression, emergency medical services, and public safety.

A. Reporting Entity

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the District is not required to be included as a component unit of any other entity.

Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity," is an amendment of GASB Statements No. 14 and No. 39, which does not have impact on the current year financial statements.

B. GASB Pronouncements

As of January 1, 2012, the District has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position.

As of January 1, 2012, the District has implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities". The objective of this statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also recognizes as outflows of resources or inflows of resources certain items that were previously reported as assets and liabilities.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GASB Pronouncements (Continued)

As of January 1, 2014, the District has implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" which is an amendment of GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under the implementation of GASB 68, the District has also implemented GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date" – an amendment of GASB No. 68.

As of January 1, 2017, the District has implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all non-fiduciary activities of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets and deferred outflows, liabilities and deferred inflows, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental funds are at least ten percent of the corresponding total for all funds of that category or type, and
- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Governmental Fund Types (Governmental Activities)

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the District's governmental fund follows:

General Fund

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

Ambulance Fund

The Ambulance Fund is used to account for the real estate taxes, ambulance service fees, and other revenues that are restricted, committed, or assigned to the providing of ambulance services.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Fund Types (Governmental Activities) (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than Ambulance services.

Funds included in this fund category are:

- Liability Insurance
- IMRF
- Social Security
- Audit
- Emergency Rescue Crew
- Traffic Co-op

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not reflected in the governmental-wide financial statements because the resources are not available to support the District's own programs. A brief explanation of the District's fiduciary fund follows:

Firefighters' Pension Fund (Not included in the government-wide statements)

The Firefighters' Pension Fund is used to account for assets held in a trustee capacity. The assets are not available to support District programs.

MAJOR FUNDS

The District reports the following major governmental funds:

- General Fund, which accounts for the District's primary operating activities as related to its fire prevention services.
- Ambulance Fund, which accounts for the District's primary operating activities as related to its ambulance services.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

NON-MAJOR FUNDS

The District reports the following non-major governmental funds:

- Liability Insurance
- IMRF
- Social Security
- Audit
- Emergency Rescue Crew
- Traffic Co-op

D. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, when the liability is due, or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 current financial resources measurement focus and the modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the District's operations. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Property taxes and charges for services are the primary revenue sources susceptible to accrual. The District considers property taxes available if they are due and collected within 60 days after year end in the current fiscal year. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

The District reports deferred revenues on its Governmental Funds Balance Sheet. For governmental fund financial statements, deferred revenues occur when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The Firefighters' Pension Fund, a Fiduciary Fund Type, is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Fund revenues are recognized when they are earned and expenses are recognized when they are incurred.

E. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets, deferred outflows, liabilities (whether current or non-current), and deferred inflows are included on the Statement of Net Position and the operating statements present increases and decreases in net position.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental funds financial statements. Compensated absences are reported in the fund financial statements only if they have matured (i.e., unusable reimbursable leave still outstanding following an employee's resignation or retirement). The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

F. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Budget Basis of Accounting

Budgetary information for individual funds is prepared on the same basis as the general purpose financial statements. The budget is prepared in accordance with the Illinois Fire District Code and is derived from the combined annual budget and appropriation ordinance of the District. Working budgets are prepared for all governmental fund types and prepared based on the annual fiscal year of the District. Budgetary funds are controlled by an integrated budgetary accounting system in accordance, where applicable, with various legal requirements governing the District.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. The District follows these procedures in establishing a budget:

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

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

I. Cash and Cash Equivalents

For purpose of reporting cash flows, cash and cash equivalents are defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

J. Interfund Receivables and Payables

Amounts due to and due from other funds may arise during the course of the District's operations because of numerous transactions between funds to finance operations, provide services, construct assets, and service debt. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements. At December 31, 2017, the District reports interfund receivables and payables. Refer to Note 7.

K. Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for governmental activities include ambulance fees and property taxes. The District carries its receivables at cost less an allowance for doubtful accounts. On a periodic basis, the District evaluates its accounts receivable and establishes the amount of its allowance for doubtful accounts based on a history of past write-offs and collections. The allowance for doubtful accounts amounts to \$137,318 for ambulance fees receivable and \$0 for property tax receivables.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Prepaid Expenses/Expenditures

Payments are made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid expenses/expenditures.

M. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated. The District policy is to capitalize assets that have an original cost of \$5,000 or greater.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building & Improvements	50 years
Apparatus & Vehicles	10 to 25 years
Equipment	10 to 40 years

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made.

The costs of normal maintenance and repairs that do not add value to the value of the asset or materially extend asset lives are not included as capital assets or capitalized in the proprietary funds. Capital assets used in proprietary fund operations are accounted for the same in the fund financial statements as they are in the government-wide statements.

N. Property Taxes

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

The District recognizes property taxes on a levy year basis. The 2017 tax levy has been recorded as a receivable at December 31, 2017.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Long-Term Liabilities

In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized when paid.

P. Accrued Vacation and Sick Leave

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

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017
Current Portion	\$ 110,000	\$ 0	\$ 0	\$ 110,000
Long-Term Portion	420,782	18,950	0	439,732
Total	<u>\$ 530,782</u>	<u>\$ 18,950</u>	<u>\$ 0</u>	<u>\$ 549,732</u>

Q. Equity Classifications

GOVERNMENT -WIDE FINANCIAL STATEMENTS

Equity is classified as Net Position and displayed in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and related debt, if applicable.
- Restricted Amounts – consists of amounts with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Amounts – consists of all other amounts that do not meet the definition of restricted or invested in capital assets.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.
- Restricted – consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either; a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation .

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Equity Classifications (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

- Committed – consists of resources constrained (issuance of an ordinance) to specific purposes by a government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned – amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Board of Trustees itself or (b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specified purpose.
- Unassigned – consists of the residual net resources of a fund that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

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

Fund	General	Ambulance	Non-Major Funds	Total
Non-spendable				
Prepaid Items	\$ 31,712	\$ 31,712	\$ 0	\$ 63,424
Restricted				
Ambulance	0	75,246	0	75,246
Liability Insurance	0	0	123,340	123,340
Social Security	0	0	101,818	101,818
Emergency Rescue	0	0	9,256	9,256
Traffic Co-Op	0	0	54,559	54,559
Unassigned				
General	884,188	0	0	884,188
IMRF	0	0	(14,294)	(14,294)
Audit	0	0	(18,675)	(18,675)
	<u>\$ 915,900</u>	<u>\$ 106,958</u>	<u>\$ 256,004</u>	<u>\$ 1,278,862</u>

R. Transfers

During the normal course of Fire operations, transfers between funds arise to reimburse individual funds for expenditures/expenses incurred for the benefit of other funds. Typical expenses in the category are general administrative and maintenance expenses. At December 31, 2017, transfers had not been made.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Policies for Investments

It is the policy of the District to invest public funds in a manner to conform to all state and local statutes governing the investment of public funds; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives, in priority order, of safety, liquidity, return on investment and public trust.

T. Prior Period Adjustment

During 2017, an (\$806,938) prior period adjustment was made to beginning net position in the government-wide Statement of Activities and a \$718,227 prior period adjustment was made to beginning net position and fund balance to correct errors as of December 31, 2016 in certain accounts as follows:

	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances
Property Taxes	\$ 462,786	\$ 462,786
Prepaid Expenses/ Expenditures	112,100	112,100
Salary Related Items	197,894	197,894
GASB 75 Implementation	(1,525,165)	
Traffic Co-op Fund	(54,553)	(54,553)
	<u>\$ (806,938)</u>	<u>\$ 718,227</u>

NOTE 2 – CASH AND CASH EQUIVALENTS

A. Bank Deposits and Investments

At December 31, 2017, the carrying amount of the District's cash deposits was \$178,044, which includes petty cash of \$1,000, and the bank balance was \$330,070.

At December 31, 2017, the carrying amount of the Firefighters' Pension Fund's cash deposits was \$435,087 and the bank balance was \$435,087.

B. Custodial Credit Risk

In case of cash deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2017, none of the bank deposits were un-insured or not covered by collateral. The District has not experienced any losses in such accounts and believes it is not exposed to any significant custodial credit risk on cash and cash equivalents

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

NOTE 3 - INVESTMENTS

A. Fair Value Measurements

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District and Pension Trust Fund categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Firefighter's Pension Trust Fund investments subject to fair value measurements are as follows:

Investments Type	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt Securities</b>				
U.S. Government Obligations	\$ 39,535	\$ 39,535	\$ 0	\$ 0
U.S. Agencies	3,574,845	0	3,574,845	0
Mortgage Asset Backed Securities	1,439	0	1,439	0
Corporate Obligations	2,997,116	0	2,997,116	0
State and Local Bonds	330,552	0	330,552	0
<b>Equity Securities</b>				
Corporate	149,502	149,502	0	0
Mutual Funds	8,458,945	8,458,945	0	0
<b>Total Investments Measured at Fair Value</b>	<b>\$ 15,551,934</b>	<b>\$ 8,647,982</b>	<b>\$ 6,903,952</b>	<b>\$ 0</b>

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Equity securities are not subject to interest rate risk.

The following table categorizes interest rate risk for the Firefighter's Pension Trust Fund:

Investment Category	Fair Value	< 1 Year	1 - 5 Years	6 - 10 Years	> 10 Years
U.S. Government Obligations	\$ 39,535	\$ 39,535	\$ 0	\$ 0	\$ 0
U.S. Agencies	3,574,845	151,420	2,325,070	1,098,355	0
Mortgage Asset Backed Securities	1,439	488	542	409	0
Corporate Obligations	2,997,116	0	2,497,824	499,292	0
State and Local Bonds	330,552	100,051	230,501	0	0
	<b>\$ 6,943,487</b>	<b>\$ 291,494</b>	<b>\$ 5,053,937</b>	<b>\$ 1,598,056</b>	<b>\$ 0</b>

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. government obligations and equity securities are not subject to credit risk.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

NOTE 3 - INVESTMENTS (CONTINUED)

C. Credit Risk (Continued)

The following table categorizes credit risk for the Firefighter's Pension Trust Fund:

Credit Rating	Fair Value					Total	Percentage of Portfolio
	U.S. Agencies	Mortgage Asset Backed Securities	Corporate Bonds	State and Local Bonds			
AAA	\$ 0	\$ 0	\$ 177,341	\$ 0	\$ 177,341		2.57%
AA+	3,574,845	0	6,262	77,056	3,658,163		52.99%
AA	0	0	0	100,051	100,051		1.45%
AA-	0	0	130,269	0	130,269		1.89%
A+	0	0	100,818	0	100,818		1.46%
A	0	0	398,460	0	398,460		5.77%
A-	0	0	829,162	0	829,162		12.01%
BBB+	0	0	776,942	0	776,942		11.25%
BBB	0	0	211,791	0	211,791		3.07%
Not Rated	0	1,439	366,071	153,445	520,955		7.55%
	<u>\$ 3,574,845</u>	<u>\$ 1,439</u>	<u>\$ 2,997,116</u>	<u>\$ 330,552</u>	<u>\$ 6,903,952</u>		<u>100.00%</u>

D. Custodial Credit Risk

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

E. Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund does not have a formal written policy with regards to custodial credit risk for investments. At December 31, 2017, the District and Firefighters' Pension Fund has over 5% of net position invested in various agency securities as indicated in the previously listed Investment Maturities table and mutual funds listed below. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. Additionally, the Pension Board has diversified its equity mutual fund holdings as follows:

Investment Category	Fair Value	Percentage
Blend	\$ 3,100,228	36.01%
Growth	3,389,744	39.38%
International	1,211,967	14.08%
Value	906,508	10.53%
	<u>\$ 8,608,447</u>	<u>100.00%</u>

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in capital assets for the year follows. Total depreciation expense for the year charged for governmental activities was \$194,423.

	Balance at January 1, 2017	Additions	Retirements	Balance at December 31, 2017
Governmental Activities				
Capital Assets, Not Subject to Depreciation				
Land	\$ 290,700	\$ 0	\$ 0	\$ 290,700
Capital Assets Subject to Depreciation				
Buildings & Improvements	1,299,240	0	0	1,299,240
Apparatus & Vehicles	3,060,276	104,545	0	3,164,821
Equipment	279,383	0	0	279,383
	<u>4,638,899</u>	<u>104,545</u>	<u>0</u>	<u>4,743,444</u>
Less Accumulated Depreciation				
Buildings & Improvements	(857,950)	(25,593)	0	(883,543)
Apparatus & Vehicles	(1,528,481)	(155,766)	0	(1,684,247)
Equipment	(148,884)	(13,064)	0	(161,948)
	<u>(2,535,315)</u>	<u>(194,423)</u>	<u>0</u>	<u>(2,729,738)</u>
Net Capital Assets	<u>\$ 2,394,284</u>	<u>\$ (89,878)</u>	<u>\$ 0</u>	<u>\$ 2,304,406</u>

**NOTE 5 – LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended December 31, 2017 is as follows:

Type	Balance at 1/1/2017	New Debt	Repayments	Balance at 12/31/2017	Amount Due Within One Year
Notes Payable					
Illinois Financing Authority	\$ 49,029	\$ 0	\$ (6,129)	\$ 42,900	\$ 6,129
Standard Bank - 2013A	1,018	0	(1,018)	0	0
Standard Bank - 2013B	16,374	0	(16,374)	0	0
Standard Bank - 2014	210,356	0	(68,245)	142,111	70,059
First Midwest Bank	900,000	0	(900,000)	0	0
Bridgeview Bank	0	900,000	(300,000)	600,000	600,000
BB&T Leasing	0	104,545	(15,668)	88,877	24,048
	<u>0</u>	<u>104,545</u>	<u>(15,668)</u>	<u>88,877</u>	<u>24,048</u>
Total Notes Payable	<u>\$ 1,176,777</u>	<u>\$ 1,004,545</u>	<u>\$ (1,307,434)</u>	<u>\$ 873,888</u>	<u>\$ 700,236</u>

Long-term debt at December 31, 2017 is comprised of the following:

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

A note payable to Standard Bank, originating in 2014, for the purchase of a fire truck. The note is bears interest at a rate of 2.625%. Monthly payments of \$6,079 (principal and interest) are due; the last payment is due on December 5, 2019.

A note payable to Bridgeview Bank, originating in 2017, to assist with cash flows during the year. The balance is due \$600,000, and interest is charged at 5.50% as of December 31, 2017.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

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

Future payments of long-term debt at December 31, 2017 consist of the following:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 700,236	\$ 45,584	\$ 745,820
2019	104,384	5,461	109,845
2020	34,680	2,217	36,897
2021	16,203	181	16,384
2022	6,129	0	6,129
2023 - 2024	12,256	0	12,256
	<u>\$ 873,888</u>	<u>\$ 53,443</u>	<u>\$ 927,331</u>

**NOTE 6 – EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

At December 31, 2017, the following funds had excesses of actual expenditures over legally enacted budgeted and appropriated amounts for the year.

<u>Fund</u>	<u>Actual</u>	<u>Budgeted</u>
General	\$ 5,088,353	\$ 4,082,000
Ambulance	3,152,880	2,150,000
IMRF	46,472	45,000
Audit	25,300	20,000

**NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES**

At December 31, 2017, the following interfund receivables and payables existed:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 739,231	\$ 0
Ambulance	0	680,160
Non Major Governmental Funds	0	59,071
	<u>\$ 739,231</u>	<u>\$ 739,231</u>

**NOTE 8 - RISK MANAGEMENT**

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

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 9 – DEFICIT BALANCES

At December 31, 2017, the following funds of the district have a deficit fund balance.

Fund	Balance
IMRF	\$ (14,294)
Audit	(18,675)

NOTE 10 – ILLINOIS MUNICIPAL RETIREMENT FUND

*Plan Description.* The employer'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 employer plan is affiliated with 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 publically available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Funding Policy.* As set by statute, your employer Regular plan members are required to contribute 4.50 percent 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 2017 was 35.40 percent. The employer 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 required contribution for calendar year 2017 was \$46,472.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

NOTE 10 – ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Executive Summary

Actuarial Valuation Date	December 31, 2016
Measurement Date of the Net Pension Liability	December 31, 2016
Fiscal Year End	December 31, 2017

Membership

Number of	
- Retirees and Beneficiaries	1
- Inactive, Non-Retired Members	1
- Active Members	2
- Total	<u>4</u>

Covered Valuation Payroll	<u>\$ 131,276</u>
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Net Pension Liability

Total Pension Liability/(Asset)	\$ 1,291,185
Plan Fiduciary Net Position	<u>852,036</u>
Net Pension Liability/(Asset)	<u>\$ 439,149</u>

Plan Fiduciary Net Position as a Percentage  
of Total Pension Liability

65.99%

Net Pension Liability as a Percentage  
of Covered Valuation Payroll

334.52%

Development of the Single Discount Rate as of December 31, 2017

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.31%
Last year December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded	2117
Resulting Single Discount Rate based on the above development	7.50%

Single Discount Rate calculated using December 31, 2016  
Measurement Date

7.50%

Total Pension Expense/(Income)	<u>\$ 65,995</u>
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Deferred Outflows and Deferred Inflows of Resources by Source  
(to be recognized in Future Pension Expenses)

	Outflows of Resources	Inflows of Resources
1. Difference between expected and actual experience	\$ 66,211	\$ 30,457
2. Assumption Changes	14,974	51,901
3. Net Difference between projected and actual earnings on pension plan investments	<u>23,437</u>	<u>63,886</u>
4. Total	<u>\$ 104,622</u>	<u>\$ 146,244</u>

**North Palos Fire Protection District**  
**Notes To The Financial Statements (Continued)**  
**For The Year Ended December 31, 2017**

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NOTE 10 – ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
CURRENT PERIOD  
Plan Year Ended December 31, 2017

A. Total pension liability		
1. Service cost	\$	12,156
2. Interest on the total pension liability		92,126
3. Changes of benefit terms		0
4. Difference between expected and actual experience of the total pension liability		45,401
5. Changes of assumptions		(44,577)
6. Benefit payments, including refunds of employee contributions		(72,376)
7. Net change in total pension liability		32,730
8. Total pension liability – beginning		1,258,455
9. Total pension liability – ending	\$	<u>1,291,185</u>
B. Plan fiduciary net position		
1. Contributions – employer	\$	46,472
2. Contributions – employee		7,329
3. Net investment income		135,156
4. Benefit payments, including refunds of employee contributions		(72,376)
5. Other (net transfer)		(22,286)
6. Net change in plan fiduciary net position		94,295
7. Plan fiduciary net position – beginning		757,741
8. Plan fiduciary net position – ending	\$	<u>852,036</u>
C. Net pension liability/(asset)	\$	<u>439,149</u>
D. Plan fiduciary net position as a percentage of the total pension liability		65.99%
E. Covered Valuation Payroll	\$	131,276
F. Net pension liability as a percentage of covered valuation payroll		334.52%

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 10 – ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES  
BY YEAR TO BE RECOGNIZED IN FUTURE PENSION EXPENSES

Plan Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ 2,055
2019	180
2020	(15,872)
2021	(22,948)
2022	(5,111)
Thereafter	74
Total	<u>\$ (41,622)</u>

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS  
USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

NOTE 10 – ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65% - 7.35%
Cash Equivalents	1%	2.25%
	100%	

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE  
SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 1,464,392	\$ 1,291,185	\$ 1,151,461
Plan Fiduciary Net Position	852,036	852,036	852,036
Net Pension Liability/(Asset)	\$ 612,356	\$ 439,149	\$ 299,425

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 11 – FIREFIGHTERS’ PENSION FUND

The District participates in the Firefighters’ Pension Employer Retirement System (FPERS). The Firefighters’ Pension Plan (the Plan) is a single-employer defined benefit plan sponsored by the District. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The District accounts for the Plan as a pension trust fund. The Plan issues a separate report that includes financial statements, note disclosures, and requirement supplementary information. The report may be obtained by contacting the District.

The Plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the District’s President, one member is elected by pension beneficiaries, and two members are elected by active firefighter employees.

At December 31, 2017, the measurement date, membership consisted of:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	10
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	<u>32</u>
Total	<u>42</u>
Payroll of Active Plan Members	<u>\$ 3,357,929</u>

The Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.5% 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 ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date or retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters’ salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% 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 ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 11 – FIREFIGHTERS’ PENSION FUND (CONTINUED)

*Contributions.* Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter’s Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The District is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the District to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. The District has adopted a policy to fund 90% of the past service costs by 2040 using the entry-age normal actuarial cost method. For the year ended December 31, 2017, the District’s contribution was 19.50% of covered payroll.

*Actuarial Assumptions*

**Actuarial Assumptions (Economic)**

Discount Rate used for the Total Pension Liability	5.00%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.44%
Projected Individual Salary Increases	4.00% - 12.89%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%

**Actuarial Assumptions (Demographic)**

Mortality Table	L&A 2016 Illinois Firefighters Mortality Rates
Retirement Rates	L&A 2016 Illinois Firefighters Retirement Rates Capped at age 65
Disability Rates	L&A 2016 Illinois Firefighters Disability Rates
Termination Rates	L&A 2016 Illinois Firefighters Termination Rates
Percent Married	80.00%

*Discount Rate.*

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments of 6.75% was blended with the index rate of 2.50% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2017 to arrive at a discount rate of 5.00% used to determine the total pension liability.

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

NOTE 11 – FIREFIGHTERS’ PENSION FUND (CONTINUED)

*Discount Rate Sensitivity.* The table below presents the net pension liability calculated using the discount rate of 5.00% as well as what the District’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate:

	1% Decrease 4.00%	Current Discount 5.00%	1% Increase 6.00%
Employer Net Pension Liability	\$ 25,229,941	\$ 18,175,367	\$ 12,680,379

*Deferred Outflows and Inflows of Resources*

	Deferred Outflows of Resources	Deferred Inflows of Resources
1. Differences Between Expected and Actual Experience	\$ 1,259,439	\$ 182,129
2. Changes of Assumptions	5,904,549	0
3. Net Difference Between Projected and Actual Earnings on Pension Plan Investments	477,990	654,112
4. Contributions Subsequent to the Measurement Date*	0	0
5. Total	<u>\$ 7,641,978</u>	<u>\$ 836,241</u>

\*Contributions subsequent to the measurement date may be recognized as a reduction to the NPL. There were no contributions subsequent to the measurement date.

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a 5 year period.

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

For the Year Ended December 31, 2018	\$ 846,543
2019	846,542
2020	672,976
2021	629,357
2022	792,885
Thereafter	3,017,434
	<u>\$ 6,805,737</u>

NOTE 12 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 13, 2018, the date the financial statements were available to be issued

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 13 – OTHER POST EMPLOYMENT BENEFITS

*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 2017, the District contributed \$58,962 to the plan. Plan members receiving benefits contributed \$19,654.

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the alternative measurement method as detailed in GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS  
CURRENT PERIOD  
Plan Year Ended June 30, 2017

A. Total OPEB liability	
1. Service cost	\$ 309,645
2. Interest on the total OPEB liability	107,997
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the total OPEB liability	914,411
5. Changes of assumptions	346,796
6. Benefit payments, including refunds of employee contributions	<u>(34,838)</u>
7. Net change in total OPEB liability	1,644,011
8. Total OPEB liability – beginning	<u>3,506,139</u>
9. Total OPEB liability – ending	<u>5,150,150</u>
 B. Plan fiduciary net position	
1. Contributions – employer	0
2. Contributions – employee	0
3. Net investment income	0
4. Benefit payments, including refunds of employee contributions	0
5. Other (net transfer)	<u>0</u>
6. Net change in plan fiduciary net position	0
7. Plan fiduciary net position – beginning	<u>0</u>
8. Plan fiduciary net position – ending	<u>0</u>
 C. Net OPEB liability/(asset)	<u>\$ 5,150,150</u>
 D. Plan fiduciary net position as a percentage of the total OPEB liability	0.000
E. Covered Valuation Payroll	\$ 2,962,630
F. Net OPEB liability as a percentage of covered valuation payroll	173.84%

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
1. Differences Between Expected and Actual Experience	\$ 819,693	\$ 0
2. Changes of Assumptions	677,582	239,239
3. Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	0
4. Contributions Subsequent to the Measurement Date	0	0
5. Total	<u>\$ 1,497,275</u>	<u>\$ 239,239</u>

Plan Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ 145,371
2019	145,371
2020	145,371
2021	145,371
2022	145,371
Thereafter	531,181
Total	<u>\$ 1,258,036</u>

SIGNIFICANT ASSUMPTIONS

Health Care Trend Rates	
Initial health Care Cost Trend Rate	7.50%
Ultimate Health Care Cost Trend Rate	5.00%
Fiscal year the Ultimate Rate is Reached	Fiscal Year 2027

Additional Information

Valuation Date	January 1, 2017
Measurement Date	December 31, 2017
Actuarial Cost Method	Entry-Age Normal (AMM)
Discount Rate	3.16%
Inflation Rate	3.00%
Salary Rate Increase	4.00%
Funded Ratio	0.00%
Fiduciary Net Position as a percentage of Total OPEB Liability	
Covered Payroll	\$2,962,630
Net OPEB Liability as a percentage of Covered Payroll	173.84%

**North Palos Fire Protection District  
Notes To The Financial Statements (Continued)  
For The Year Ended December 31, 2017**

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NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY TESTING OF THE NET OPEB LIABILITY

	DISCOUNT RATE		
	1% Increase Decrease 8.77%	Valuation Rate	1% Decrease Increase 9.68%
Net OPEB Liability	<u>\$ 4,698,237</u>	<u>\$ 5,150,150</u>	<u>\$ 5,648,450</u>

	HEALTH CARE TREND		
	1% Increase Decrease 13.32%	Valuation Rate	1% Decrease Increase 11.37%
Net OPEB Liability	<u>\$ 5,836,385</u>	<u>\$ 5,150,150</u>	<u>\$ 4,564,576</u>

**North Palos Fire Protection District  
IMRF Pension Disclosures  
For The Year Ended December 31, 2017**

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In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statements No. 27", the financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll, and
- Comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

**MULTIYEAR SCHEDULE OF CONTRIBUTIONS  
Last 10 Plan Years**

<b>Fiscal Year Ending December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2014	\$ 19,302	\$ 16,750	\$ 2,552	\$ 97,043	17.26%
2015	41,942	41,942	0	109,883	38.17%
2016	44,186	44,186	0	111,665	39.57%
2017	46,472 *	46,472	0	131,276	35.40%

\* Estimated based on contribution rate of 35.40% and covered valuation payroll of \$131,276.

**Notes to the Multiyear Schedule of Contributions:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**North Palos Fire Protection District  
 IMRF Pension Disclosures (Continued)  
 For The Year Ended December 31, 2017**

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NOTES TO SCHEDULE OF CONTRIBUTIONS

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31st of each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2016 Contribution Rates:**

<p>Actuarial Cost Method          Amortization Method          Remaining Amortization Period</p>	<p>Aggregate Entry-Age Normal          Level Percentage of Payroll, Closed          Non-Taxing bodies : 10-year rolling period.          Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period          Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.          SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).</p>
<p>Asset Valuation Method          Wage Growth          Price Inflation</p>	<p>5-Year smoothed market; 20% corridor          3.50%          2.75% - approximate; No explicit price inflation assumption is used in this valuation.</p>
<p>Salary Increases          Investment Rate of Return          Retirement Age</p>	<p>3.75% to 14.50% including inflation          7.50%</p>
<p>Mortality</p>	<p>Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.          For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.</p>

**Other Information:** There were no benefit changes during the year.

**North Palos Fire Protection District  
IMRF Pension Disclosures (Continued)  
For The Year Ended December 31, 2017**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY**

Plan Year Ending December 31,	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 12,156	\$ 12,271	\$ 10,826	\$ 10,904
Interest on the total pension liability	92,126	92,828	88,089	81,951
Changes of benefit terms	0	0	0	0
Difference between expected and actual experience of the total pension liability	45,401	(43,815)	34,382	24,690
Changes of assumptions	(44,577)	(17,533)	(3,471)	40,102
Benefit payments, including refunds of employee contributions	(72,376)	(70,581)	(68,726)	(64,937)
Net change in total pension liability	32,730	(26,830)	61,100	92,710
Total pension liability— beginning	1,258,455	1,285,285	1,224,185	1,131,475
Total pension liability – ending	<u>\$ 1,291,185</u>	<u>\$ 1,258,455</u>	<u>\$ 1,285,285</u>	<u>\$ 1,224,185</u>
Plan fiduciary net position				
Contributions – employer	\$ 46,472	\$ 44,186	\$ 41,942	\$ 16,750
Contributions – employee	7,329	5,025	4,945	4,367
Net investment income	135,156	50,254	3,333	39,854
Benefit payments, including refunds of employee contributions	(72,376)	(70,581)	(68,726)	(64,937)
Other (net transfer)	(22,286)	8,512	61,317	6,242
Net change in plan fiduciary net position	94,295	37,396	42,811	2,276
Plan fiduciary net position				
Beginning	757,741	720,345	677,534	675,258
Ending	<u>\$ 852,036</u>	<u>\$ 757,741</u>	<u>\$ 720,345</u>	<u>\$ 677,534</u>
Net pension liability / (asset)	<u>\$ 439,149</u>	<u>\$ 500,714</u>	<u>\$ 564,940</u>	<u>\$ 546,651</u>
Plan fiduciary net position as a percent of the total pension liability	65.99%	60.21%	56.05%	55.35%
Covered valuation payroll	\$ 131,276	\$ 111,665	\$ 109,883	\$ 97,043
Net pension liability as a percent of covered valuation payroll	334.52%	448.41%	514.13%	563.31%

**Notes to the Multiyear Schedule of Changes in Employer's Net Pension Liability:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**North Palos Fire Protection District  
Firefighters' Pension Disclosures  
For The Year Ended December 31, 2017**

MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 834,526	\$ 528,580	\$ (305,946)	\$ 2,965,866	17.82%
2015	834,526	578,109	(256,417)	2,769,045	20.88%
2016	885,291	664,580	(220,711)	3,252,231	20.43%
2017	964,172	654,942	(309,230)	3,357,929	19.50%

Actuarial	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	4.00 - 12.89%
Investment Rate of Return	6.75%, net of administrative expenses
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2000 Mortality Table (BCA, +1M, -4F, 2x>105), adjusted for future mortality improvement using 1-year setback after 15 years.

SCHEDULE OF INVESTMENT RETURNS

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2014	2.49%
2015	-2.00%
2016	8.79%

**Notes to the Multiyear Schedule of Contributions and Schedule of Investment Returns:**

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**North Palos Fire Protection District  
Firefighters' Pension Disclosures (Continued)  
For The Year Ended December 31, 2017**

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY

Plan Year Ending December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 1,457,140	\$ 1,387,092	\$ 1,163,012	\$ 847,651
Interest	1,570,388	1,365,875	919,067	1,037,408
Changes in Benefit Terms	0	0	0	0
Differences Between Expected and Actual Experience	85,159	1,433,463	(245,963)	1,429,162
Change of Assumptions	307,903	372,634	7,179,729	701,778
Benefit Payments, Including Refunds of Member Contributions	(574,732)	(443,870)	(404,096)	(357,795)
Net Change in Total Pension Liability	2,845,858	4,115,194	8,611,749	3,658,204
Total Pension Liability - Beginning	31,384,157	27,268,963	18,657,214	14,999,010
Total Pension Liability - Ending	<u>\$ 34,230,015</u>	<u>\$ 31,384,157</u>	<u>\$ 27,268,963</u>	<u>\$ 18,657,214</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 654,942	\$ 676,042	\$ 578,109	\$ 528,580
Contributions - Members	302,221	299,999	302,103	322,894
Contributions - Other	0	0	0	0
Net Investment Income	1,770,436	661,839	(19,189)	508,095
Benefit Payments, Including Refunds of Member Contributions	(574,732)	(443,870)	(404,096)	(357,795)
Prior Period Audit Adjustment	(11,461)	0	0	0
Administrative Expense	(33,535)	(34,524)	(8,058)	25,228
Net Change - Plan Fiduciary Net Position	2,107,871	1,159,486	448,869	1,027,002
Plan Net Position - Beginning	13,946,777	12,787,291	12,338,422	11,311,420
Plan Net Position - Ending	<u>\$ 16,054,648</u>	<u>\$ 13,946,777</u>	<u>\$ 12,787,291</u>	<u>\$ 12,338,422</u>
Net Pension Liability	<u>\$ 18,175,367</u>	<u>\$ 17,437,380</u>	<u>\$ 14,481,672</u>	<u>\$ 6,318,792</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.90%	44.44%	46.89%	66.13%
Covered-Employee Payroll	3,357,929	3,252,231	2,769,045	2,965,866
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	541.27%	536.17%	522.98%	213.05%

**Notes to the Multiyear Schedule of Changes in Employer's Net Pension Liability:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**North Palos Fire Protection District  
Other Post Employment Benefits (OPEB) Disclosures  
For The Year Ended December 31, 2017**

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SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS  
CURRENT PERIOD  
Plan Year Ended June 30, 2017

A. Total OPEB liability	
1. Service cost	\$ 309,645
2. Interest on the total OPEB liability	107,997
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the total OPEB liability	914,411
5. Changes of assumptions	346,796
6. Benefit payments, including refunds of employee contributions	(34,838)
7. Net change in total OPEB liability	<u>1,644,011</u>
8. Total OPEB liability— beginning	<u>3,506,139</u>
9. Total OPEB liability – ending	<u>5,150,150</u>
 B. Plan fiduciary net position	
1. Contributions – employer	0
2. Contributions – employee	0
3. Net investment income	0
4. Benefit payments, including refunds of employee contributions	0
5. Other (net transfer)	<u>0</u>
6. Net change in plan fiduciary net position	<u>0</u>
7. Plan fiduciary net position – beginning	<u>0</u>
8. Plan fiduciary net position – ending	<u>0</u>
 C. Net OPEB liability/(asset)	<u>\$ 5,150,150</u>
 D. Plan fiduciary net position as a percentage of the total OPEB liability	0.000
E. Covered Valuation Payroll	\$ 2,962,630
F. Net OPEB liability as a percentage of covered valuation payroll	173.84%

**Notes to the Multiyear Schedule of Changes in OPEB Liability:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available .

**North Palos Fire Protection District  
General Fund  
Budgetary Comparison Schedule  
For The Year Ended December 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property Taxes	\$ 1,550,000	\$ 1,550,000	\$ 2,077,613	\$ 527,613
Replacement Taxes	21,000	21,000	19,716	(1,284)
Intergovernmental	1,620,000	1,620,000	1,604,031	(15,969)
Interest	1,000	1,000	266	(734)
Charges for Services	600,000	600,000	662,971	62,971
Grants	0	0	16,192	16,192
Foreign Fire Insurance	27,800	27,800	27,553	(247)
Miscellaneous	240,000	240,000	23,075	(216,925)
<b>TOTAL REVENUES</b>	<b>4,059,800</b>	<b>4,059,800</b>	<b>4,431,417</b>	<b>371,617</b>
<b>EXPENDITURES</b>				
Salaries and Wages	2,834,100	2,834,100	1,918,736	915,364
Employee Benefits	558,500	558,500	1,378,734	(820,234)
Outside Services	162,600	162,600	144,016	18,584
Administrative	94,900	94,900	39,851	55,049
Equipment Maintenance	184,300	184,300	108,028	76,272
Buildings and Grounds	96,400	96,400	46,620	49,780
Debt Service - Principal	0	0	1,293,506	(1,293,506)
Debt Service - Interest	146,200	146,200	29,206	116,994
Capital Outlay	5,000	5,000	129,656	(124,656)
<b>TOTAL EXPENDITURES</b>	<b>4,082,000</b>	<b>4,082,000</b>	<b>5,088,353</b>	<b>(1,006,353)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(22,200)</b>	<b>(22,200)</b>	<b>(656,936)</b>	<b>(634,736)</b>
<b>OTHER FINANCING SOURCES</b>				
Issuance of Notes Payable	0	0	450,000	450,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>0</b>	<b>0</b>	<b>450,000</b>	<b>450,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (22,200)</b>	<b>\$ (22,200)</b>	<b>(206,936)</b>	<b>\$ (184,736)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			770,627	
<b>PRIOR PERIOD ADJUSTMENT BEGINNING OF YEAR, RESTATED</b>			352,209	
			<u>1,122,836</u>	
<b>END OF YEAR</b>			<u>\$ 915,900</u>	

**North Palos Fire Protection District  
Ambulance Fund  
Budgetary Comparison Schedule  
For The Year Ended December 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property Taxes	\$ 1,550,000	\$ 1,550,000	\$ 1,422,672	\$ (127,328)
Charges for Services	600,000	600,000	645,002	45,002
Miscellaneous	0	0	3,407	3,407
<b>TOTAL REVENUES</b>	<b>2,150,000</b>	<b>2,150,000</b>	<b>2,071,081</b>	<b>(78,919)</b>
<b>EXPENDITURES</b>				
Salaries and Wages	1,595,400	1,595,400	2,707,360	(1,111,960)
Employee Benefits	244,000	244,000	216,286	27,714
Buildings & Grounds	43,300	43,300	21,638	21,662
Outside Services	136,800	136,800	122,515	14,285
Administrative	17,100	17,100	16,675	425
Equipment Maintenance	93,400	93,400	54,478	38,922
Debt Service - Principle	0	0	13,928	(13,928)
Capital Outlay	20,000	20,000	0	20,000
<b>TOTAL EXPENDITURES</b>	<b>2,150,000</b>	<b>2,150,000</b>	<b>3,152,880</b>	<b>(1,002,880)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>(1,081,799)</b>	<b>(1,081,799)</b>
<b>OTHER FINANCING SOURCES</b>				
Issuance of Notes Payable	0	0	554,545	554,545
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>0</b>	<b>0</b>	<b>554,545</b>	<b>554,545</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>(527,254)</b>	<b>\$ (527,254)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			425,325	
<b>PRIOR PERIOD ADJUSTMENT BEGINNING OF YEAR, RESTATED</b>			208,887	
<b>END OF YEAR</b>			<b>\$ 106,958</b>	

North Palos Fire Protection District  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 December 31, 2017

	Special Revenue Funds						Total
	Liability Insurance	IMRF	Social Security	Audit	Emergency Rescue Crew	Traffic Co-op	
<b>ASSETS</b>							
Cash	\$ 58,953	\$ 0	\$ 79,533	\$ 0	\$ 0	\$ 54,559	\$ 193,045
Property Taxes Receivable	454,000	45,000	150,000	20,000	195,000	0	864,000
<b>TOTAL ASSETS</b>	<u>512,953</u>	<u>45,000</u>	<u>229,533</u>	<u>20,000</u>	<u>195,000</u>	<u>54,559</u>	<u>1,057,045</u>
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>512,953</u>	<u>45,000</u>	<u>229,533</u>	<u>20,000</u>	<u>195,000</u>	<u>54,559</u>	<u>1,057,045</u>
<b>LIABILITIES</b>							
Accrued Salaries	3,061	0	0	0	3,268	0	6,329
Due to Other Funds	0	20,979	0	21,646	16,446	0	59,071
<b>TOTAL LIABILITIES</b>	<u>3,061</u>	<u>20,979</u>	<u>0</u>	<u>21,646</u>	<u>19,714</u>	<u>0</u>	<u>65,400</u>
<b>DEFERRED INFLOWS</b>							
Deferred Property Taxes	386,552	38,315	127,715	17,029	166,030	0	735,641
<b>TOTAL DEFERRED INFLOWS</b>	<u>386,552</u>	<u>38,315</u>	<u>127,715</u>	<u>17,029</u>	<u>166,030</u>	<u>0</u>	<u>735,641</u>
<b>FUND BALANCES</b>							
Restricted	123,340	0	101,818	0	9,256	54,559	288,973
Unassigned	0	(14,294)	0	(18,675)	0	0	(32,969)
<b>TOTAL FUND BALANCES</b>	<u>123,340</u>	<u>(14,294)</u>	<u>101,818</u>	<u>(18,675)</u>	<u>9,256</u>	<u>54,559</u>	<u>256,004</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 512,953</u>	<u>\$ 45,000</u>	<u>\$ 229,533</u>	<u>\$ 20,000</u>	<u>\$ 195,000</u>	<u>\$ 54,559</u>	<u>\$ 1,057,045</u>

**North Palos Fire Protection District**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)**  
**For The Year Ended December 31, 2017**

	Special Revenue Funds						Total
	Liability Insurance	IMRF	Social Security	Audit	Emergency Rescue Crew	Traffic Co-op	
<b>REVENUES</b>							
Property Taxes	\$ 447,239	\$ 44,330	\$ 147,766	\$ 18,232	\$ 196,990	\$ 0	\$ 854,557
Interest	0	0	0	0	0	6	6
<b>TOTAL REVENUES</b>	<b>447,239</b>	<b>44,330</b>	<b>147,766</b>	<b>18,232</b>	<b>196,990</b>	<b>6</b>	<b>854,563</b>
<b>EXPENDITURES</b>							
Salaries & Wages	109,428	0	0	0	191,245	0	300,673
Outside Services	7,558	0	0	0	0	0	7,558
Administrative	981	0	0	0	0	0	981
Insurance	274,367	0	0	0	0	0	274,367
IMRF	0	46,472	0	0	0	0	46,472
Social Security	0	0	117,031	0	0	0	117,031
Audit	0	0	0	25,300	0	0	25,300
<b>TOTAL EXPENDITURES</b>	<b>392,334</b>	<b>46,472</b>	<b>117,031</b>	<b>25,300</b>	<b>191,245</b>	<b>0</b>	<b>772,382</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>54,905</b>	<b>(2,142)</b>	<b>30,735</b>	<b>(7,068)</b>	<b>5,745</b>	<b>6</b>	<b>82,181</b>
<b>FUND BALANCES (DEFICITS),</b>							
<b>BEGINNING OF YEAR</b>	<b>(37,164)</b>	<b>(17,752)</b>	<b>52,416</b>	<b>(13,877)</b>	<b>(21,484)</b>	<b>54,553</b>	<b>16,692</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>105,599</b>	<b>5,600</b>	<b>18,667</b>	<b>2,270</b>	<b>24,995</b>	<b>0</b>	<b>157,131</b>
<b>BEGINNING OF YEAR, RESTATED</b>	<b>68,435</b>	<b>(12,152)</b>	<b>71,083</b>	<b>(11,607)</b>	<b>3,511</b>	<b>54,553</b>	<b>173,823</b>
<b>END OF YEAR</b>	<b>\$ 123,340</b>	<b>\$ (14,294)</b>	<b>\$ 101,818</b>	<b>\$ (18,675)</b>	<b>\$ 9,256</b>	<b>\$ 54,559</b>	<b>\$ 256,004</b>

**North Palos Fire Protection District**  
**Liability Insurance Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance (Deficit)**  
**Budget and Actual**  
**For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 454,000	\$ 454,000	\$ 447,239	\$ (6,761)
<b>TOTAL REVENUES</b>	<u>454,000</u>	<u>454,000</u>	<u>447,239</u>	<u>(6,761)</u>
<b>EXPENDITURES</b>				
Salaries & Wages	100,800	100,800	109,428	(8,628)
Outside Services	7,600	7,600	7,558	42
Administrative	6,600	6,600	981	5,619
Insurance	339,000	339,000	274,367	64,633
<b>TOTAL EXPENDITURES</b>	<u>454,000</u>	<u>454,000</u>	<u>392,334</u>	<u>61,666</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	54,905	<u>\$ 54,905</u>
<b>FUND BALANCE (DEFICIT),</b>				
<b>BEGINNING OF YEAR</b>			(37,164)	
<b>PRIOR PERIOD ADJUSTMENT</b>			105,599	
<b>BEGINNING OF YEAR, RESTATED</b>			<u>68,435</u>	
<b>END OF YEAR</b>			<u>\$ 123,340</u>	

**North Palos Fire Protection District**  
**IMRF Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Deficit**  
**Budget and Actual**  
**For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 45,000	\$ 45,000	\$ 44,330	\$ (670)
<b>TOTAL REVENUES</b>	45,000	45,000	44,330	(670)
<b>EXPENDITURES</b>				
IMRF	45,000	45,000	46,472	(1,472)
<b>TOTAL EXPENDITURES</b>	45,000	45,000	46,472	(1,472)
<b>NET CHANGE IN FUND DEFICIT</b>	<u>\$ 0</u>	<u>\$ 0</u>	(2,142)	<u>\$ (2,142)</u>
<b>FUND DEFICIT,</b>				
BEGINNING OF YEAR			(17,752)	
PRIOR PERIOD ADJUSTMENT			5,600	
BEGINNING OF YEAR, RESTATED			<u>(12,152)</u>	
<b>END OF YEAR</b>			<u>\$ (14,294)</u>	

**North Palos Fire Protection District**  
**Social Security Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budget and Actual**  
**For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 150,000	\$ 150,000	\$ 147,766	\$ (2,234)
<b>TOTAL REVENUES</b>	150,000	150,000	147,766	(2,234)
<b>EXPENDITURES</b>				
Social Security	150,000	150,000	117,031	32,969
<b>TOTAL EXPENDITURES</b>	150,000	150,000	117,031	32,969
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	30,735	<u>\$ 30,735</u>
<b>FUND BALANCE,</b>				
BEGINNING OF YEAR			52,416	
PRIOR PERIOD ADJUSTMENT			18,667	
BEGINNING OF YEAR, RESTATED			<u>71,083</u>	
END OF YEAR			<u>\$ 101,818</u>	

**North Palos Fire Protection District**  
**Audit Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Deficit**  
**Budget and Actual**  
**For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 20,000	\$ 20,000	\$ 18,232	\$ (1,768)
<b>TOTAL REVENUES</b>	<u>20,000</u>	<u>20,000</u>	<u>18,232</u>	<u>(1,768)</u>
<b>EXPENDITURES</b>				
Audit	20,000	20,000	25,300	(5,300)
<b>TOTAL EXPENDITURES</b>	<u>20,000</u>	<u>20,000</u>	<u>25,300</u>	<u>(5,300)</u>
<b>NET CHANGE IN FUND DEFICIT</b>	<u>\$ 0</u>	<u>\$ 0</u>	(7,068)	<u>\$ (7,068)</u>
<b>FUND DEFICIT,</b>				
BEGINNING OF YEAR			(13,877)	
PRIOR PERIOD ADJUSTMENT			2,270	
BEGINNING OF YEAR, RESTATED			<u>(11,607)</u>	
<b>END OF YEAR</b>			<u>\$ (18,675)</u>	

**North Palos Fire Protection District**  
**Emergency Rescue Crew Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance (Deficit)**  
**Budget and Actual**  
**For The Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 195,000	\$ 195,000	\$ 196,990	\$ 1,990
<b>TOTAL REVENUES</b>	195,000	195,000	196,990	1,990
<b>EXPENDITURES</b>				
Salaries & Wages	195,000	195,000	191,245	3,755
<b>TOTAL EXPENDITURES</b>	195,000	195,000	191,245	3,755
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	5,745	<u>\$ 5,745</u>
<b>FUND BALANCE (DEFICIT),</b>				
<b>BEGINNING OF YEAR</b>			(21,484)	
<b>PRIOR PERIOD ADJUSTMENT</b>			24,995	
<b>BEGINNING OF YEAR, RESTATED</b>			<u>3,511</u>	
<b>END OF YEAR</b>			<u>\$ 9,256</u>	

**North Palos Fire Protection District**  
**Traffic Co-op Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**No Legally Adopted Budget**  
**For The Year Ended December 31, 2017**

	<u>Actual</u>
TOTAL REVENUES - INTEREST	<u>6</u>
TOTAL EXPENDITURES	<u>0</u>
NET CHANGE IN FUND BALANCE	6
FUND BALANCE, BEGINNING OF YEAR	<u>54,553</u>
END OF YEAR	<u><u>\$ 54,559</u></u>