

**NORTH PALOS FIRE PROTECTION  
DISTRICT, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2015**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2015**

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## INTRODUCTORY SECTION

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NAMES AND TITLES OF PRINCIPAL OFFICIALS  
DECEMBER 31, 2015**

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

**FINANCIAL SECTION**



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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of North Palos Fire Protection District, Illinois, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the fiduciary fund type of North Palos Fire Protection District, Illinois, as of and for the year ended December 31, 2015, as displayed in the District's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information as well as the fiduciary fund of North Palos Fire Protection District, Illinois, as of December 31, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note III.K to the basic financial statements, North Palos Fire Protection District, Illinois changed its method of accounting and financial reporting for pensions as required by the provisions of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through xii and employee retirement and postemployment benefit plan information on pages 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of North Palos Fire Protection District, Illinois. The introductory section, combining and individual fund financial statements and schedules, and other information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of North Palos Fire Protection District, Illinois, for the year ended December 31, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund type. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of North Palos Fire Protection District, Illinois, as a whole. The individual fund financial statements and schedules for the year ended December 31, 2014, 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 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

MPS/CPA

Orland Park, Illinois  
December 29, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS as of and for the year ended December 31, 2015

As management of North Palos Fire Protection District (the District), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended December 31, 2015.

### Financial Highlights

- During the year ended December 31, 2015, the District was required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which resulted in the restatement of beginning net position in the government-wide financial statements. It is impracticable to determine the effects of implementing GASB 68 on the government-wide financial statements for the year ended December 31, 2014. Consequently, the management's discussion and analysis of the government-wide financial statements only covers the government-wide financial statements for the year ended December 31, 2015.
- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred inflows at the close of the most recent fiscal year by \$7,354,759 (*net deficit*). Of the District's net position, \$1,669,502 is invested in capital assets and \$136,153 is restricted. The District has a \$9,160,414 unrestricted deficit.
- The total net position of the District decreased by (\$2,069,796) due to an increase in pension and post-employment benefit obligations.
- Fund balance of the District's governmental funds decreased by \$663,807 resulting in an ending fund balance of \$1,052,283. The fund balance of the General Fund decreased by \$487,046.
- The District's long-term obligations increased this year due to increases in the pension benefit and other post-employment benefit obligations.

### Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented on pages 1 - 40 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the reader of the District's Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business.

The *statement of net position* presents information about all of the District's assets, liabilities and deferred inflows of resources. The difference between assets, liabilities, and deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements can be found on pages 1 - 2 of this report.

## Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six different governmental funds and one pension trust fund. The major funds are the General Fund (which is comprised of the Corporate and Tort Liability subfunds) and the Ambulance Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled "Other Governmental Funds." Individual fund information for the other governmental funds is presented in the combining and individual fund financial statements and schedules section of this report.

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

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

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

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

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

### **Notes to Basic Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 11 - 40 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's progress in funding its obligation to provide pension and OPEB benefits to its employees. This information is provided on pages 41 - 45 of the report.

The combining and individual fund financial statements and schedules in connection with the major, non-major governmental, and fiduciary funds are presented immediately following the required supplementary information. These statements and schedules can be found on pages 46 - 67 of this report.

## **Government-wide Financial Analysis**

### **Statement of Net Position – Governmental Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position; however, GASB Statement 68 was required to be implemented in 2015 which had a significant impact on net position. Assets exceeded liabilities and deferred inflows of resources by \$829,970 at December 31, 2014. The Change in net position between 2014 and 2015 is due to the implementation of GASB Statement 68. For the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,354,759 at the close of the most recent fiscal year.

**North Palos Fire Protection District, Illinois**  
**Statement of Net Position**  
**as of December 31, 2015**

Assets:	
Current assets	\$5,613,822
Capital assets	<u>2,061,716</u>
Total assets	<u>7,675,538</u>
Deferred outflows of resources	<u>7,371,268</u>
Liabilities:	
Current liabilities	189,749
Noncurrent liabilities	<u>17,612,406</u>
Total liabilities	<u>17,802,155</u>
Deferred inflows of resources	<u>4,599,410</u>
Net position (deficit):	
Net investment in capital assets	1,669,502
Restricted	136,153
Unrestricted	<u>(9,160,414)</u>
Total net position (deficit)	<u>\$(7,354,759)</u>

Assets

Cash, investments and receivables are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the results of the property tax collection process; the District received approximately 94% of the annual property tax assessment for 2014 in 2015. It is expected a similar collection rate will occur for 2015 taxes collected in 2016.

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

An investment of \$2,061,716 in land, buildings and improvements, apparatus and vehicles, and equipment, to provide the services to the District's residents, represents 28% of the District's total assets.

Deferred Outflows of Resources

Deferred outflows of resources related to pensions, which are further explained on pages 24 - 35 of this report (the actuarial effect of changes of assumptions plus the difference between projected and actual earnings on pension investments), was recorded in 2015 in the amount of \$7,371,268. Of this total, \$7,252,908 is related to the Firefighters' Pension Fund and \$118,360 is related to the Illinois Municipal Retirement Fund.

Liabilities

Current and long-term obligations are classified based on anticipated payment date either in the near-term or in the future. Current obligations include accounts payable and accrued salaries and benefits. Long-term obligations such as the pension benefit obligation, compensated absences payable, and other post-employment benefit obligation will be liquidated from resources that will become available after fiscal 2016.

Deferred Inflows of Resources

Unavailable revenue in the form of assessed 2015 property taxes to be collected after fiscal year 2015 totaled \$4,371,790 at year end. Deferred inflows of resources related to pensions, which are further explained on pages 24 - 35 of this report and includes the difference of actuarial expectation and actual experience, was recorded in 2015 in the amount of \$227,082, which all related to the Firefighters' Pension Fund.

Net Position

The liabilities and deferred inflows of resources of the District exceed its assets by \$7,354,759, with an unrestricted deficit of (\$9,160,414). Total net position of the District does not include internal balances.

**Statement of Activities**

The following chart shows the revenue and expenses of the District's activities during 2015.

**North Palos Fire Protection District, Illinois  
Statement of Activities  
for the year ended December 31, 2015**

Revenues:

Program revenues:

Charges for service	\$ 2,686,598
Grants and contributions	14,476

General revenues:

Property taxes	4,009,056
Foreign fire insurance	24,786
Personal property replacement taxes	21,070
Unrestricted investment earnings	21,973
Other income	<u>23,681</u>

Total revenues	<u>6,801,640</u>
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Expenses:

Governmental activities:

Fire and rescue	5,754,655
Emergency medical service	2,814,428
General government	290,865
Interest	<u>11,488</u>
Total expenses	<u>8,871,436</u>
Decrease in net position	(2,069,796)
Net deficit at beginning of year, as restated	<u>(5,284,963)</u>
Net deficit at end of year	<u>\$(7,354,759)</u>

Governmental activities decreased the District's net position by \$2,069,796. Key elements contributing to this net change are summarized below.

Revenue: For the year ending December 31, 2015, total revenue from governmental activities increased by \$145,128, or 2.18%.

Total program revenues, which include charges for services as well as contributions and grants, increased by \$11,949.

General revenues, which includes property taxes, personal property replacement taxes, investment income, and other income increased by \$133,179, due mostly to an increase in property taxes.

Expenses: Expenses from governmental activities increased by \$1,248,651. Increase in pension and post-employment benefit expense was \$1,433,883, therefore other operating expenses decreased by \$185,232 for the year ended December 31, 2015.

### **Financial Analysis of the District's Funds**

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,052,283, a decrease of \$663,807 in comparison with the prior year. 13.4%, or \$136,153, of the fund balance is restricted due to external limitations on its use. 90.8%, or \$958,581, has been assigned, meaning that there are limitations on its intended use. The District had an unassigned fund deficit of (\$42,451) at December 31, 2015.

The General Fund is the main operating fund of the District. At the end of the current fiscal year, the General Fund had no unassigned fund balance. Total fund balance of the General Fund was \$483,826. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned and total fund balance to total fund expenditures. Total general fund expenditures for 2015 were \$4,999,583. Unassigned fund balance represents 0% of these General Fund expenditures, while total fund balance represents 8.8% of that same amount.

### **Budgetary Highlights**

The 2015 annual expenditure budget for the District's General Fund identified the budgeted level of spending at \$4,466,616. Actual expenditures were higher than budgeted expenditures by approximately 13.4%, or \$532,967. Compensation and benefits expenditures for the year were \$477,848 higher than anticipated due to increased overtime and personnel retiring.

General Fund revenues were anticipated to be \$4,351,000 for the current year. Actual revenues were \$161,537, or 4.3%, higher than anticipated. The most significant difference between estimated revenues and actual revenues was the amount received for property tax revenue.

The 2015 annual expenditure budget for the District's Ambulance Fund identified the budgeted level of spending at \$2,069,000. Actual expenditures were higher than budgeted expenditures by approximately 0.88%, or \$18,235. Employee benefits for the year were \$56,749 less than anticipated.

Ambulance Fund revenues were anticipated to be \$2,069,000 for the current year. Actual revenues were \$183,510, or 8.9%, less than anticipated. The most significant difference between estimated revenues and actual revenues was the amount received for property tax revenue.

### **Capital Assets and Debt Administration**

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$2,061,716 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, apparatus and vehicles, and equipment. The net decrease in the District's investment in capital assets for the current fiscal year was \$85,240.

#### **North Palos Fire Protection District, Illinois Capital Assets (net of accumulated depreciation) December 31, 2015 and 2014**

	2015	2014
Land	\$ 290,700	\$ 290,700
Buildings and improvements	413,383	420,480
Apparatus and vehicles	1,215,403	1,292,805
Equipment	142,230	142,971
Total capital assets	\$ 2,061,716	\$ 2,146,956

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

### **Long-Term Debt**

The District has outstanding notes payable in the amount of \$392,214 at the end of the current year. Also, the District has obligations related to employee benefits at December 31, 2015 of \$17,220,192. Additional information on the District's long-term debt can be found in the notes to basic financial statements.

### **Economic Factors and Next Year's Budget and Rates**

The District's primary revenue source is property taxes, representing approximately 57% of total revenue. The Property Tax Extension Limitation Law allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and voter-approved rate increases.

Budgeted revenue for 2016 is \$7,931,000. Property taxes are assumed to increase for existing property by the Consumer Price Index of 3% and new construction property of 3%. Other sources of budgeted revenue include fees for ambulance and other miscellaneous services.

Budgeted expenditures for 2016 are \$8,091,000. Expenditures include salaries and benefits to maintain staffing levels; facility expenses to operate and maintain existing buildings; maintenance expenses to maintain existing apparatus; purchase of apparatus; debt payments; and other miscellaneous expenditures.

### **Requests for Information**

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

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2015**

**ASSETS**

Cash and investments	\$	695,172
Receivables, net of allowance for uncollectibles:		
Property taxes		4,392,748
Accounts		525,902
Capital assets not being depreciated:		
Land		290,700
Capital assets net of accumulated depreciation:		
Buildings and improvements		413,383
Apparatus and vehicles		1,215,403
Equipment		<u>142,230</u>
Total assets		<u>7,675,538</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources related to pensions		<u>7,371,268</u>
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**LIABILITIES**

Accounts payable and other current liabilities		131,793
Due to Pension Trust Fund		57,956
Noncurrent liabilities:		
Due within one year		227,082
Due in more than one year		<u>17,385,324</u>
Total liabilities		<u>17,802,155</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes		4,371,790
Deferred inflows of resources related to pensions		<u>227,620</u>
Total deferred inflows of resources		<u>4,599,410</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets		1,669,502
Restricted for:		
Foreign fire		35,105
Tort immunity		15,004
Other purposes		86,044
Unrestricted		<u>(9,160,414)</u>
Total net position (deficit)	<b>\$</b>	<u><b>(7,354,759)</b></u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Service</u>	<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Deficit</u>
Functions/programs:				
Governmental activities:				
Fire and rescue	\$ 5,754,655	\$ 2,120,066	9,651	\$ (3,624,938)
Emergency medical service	2,814,428	566,532	4,825	(2,243,071)
General government	290,865	-	-	(290,865)
Interest expense	11,488	-	-	(11,488)
	<u>8,871,436</u>	<u>2,686,598</u>	<u>14,476</u>	<u>(6,170,362)</u>
Total governmental activities	<u>\$ 8,871,436</u>	<u>\$ 2,686,598</u>	<u>14,476</u>	<u>(6,170,362)</u>
General revenues:				
Taxes:				
Property				4,009,056
Personal property replacement				21,070
Foreign fire insurance				24,786
Investment income				21,973
Other income				<u>23,681</u>
Total general revenues				<u>4,100,566</u>
Change in net deficit				(2,069,796)
Net deficit at beginning of year, as restated				<u>(5,284,963)</u>
Net deficit at end of year				<u>\$ (7,354,759)</u>

See notes to basic financial statements.

**FUND FINANCIAL STATEMENTS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Ambulance</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 574,390	\$ 83,891	\$ 36,891	\$ 695,172
Receivables:				
Property taxes	2,542,165	1,463,025	387,558	4,392,748
Accounts	-	525,902	-	525,902
Due from other funds	41,607	-	-	41,607
Total assets	<u>\$ 3,158,162</u>	<u>\$ 2,072,818</u>	<u>\$ 424,449</u>	<u>\$ 5,655,429</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 44,887	\$ 18,831	\$ -	\$ 63,718
Accrued costs	39,793	21,150	7,132	68,075
Due to other funds	57,956	-	41,607	99,563
Total liabilities	142,636	39,981	48,739	231,356
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	2,531,700	1,455,000	385,090	4,371,790
 <b>FUND BALANCES (DEFICIT)</b>				
Restricted	103,082	-	33,071	136,153
Assigned	380,744	577,837	-	958,581
Unassigned	-	-	(42,451)	(42,451)
Total fund balances (deficit)	483,826	577,837	(9,380)	1,052,283
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 3,158,162</u>	<u>\$ 2,072,818</u>	<u>\$ 424,449</u>	<u>\$ 5,655,429</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

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

Total fund balances - governmental funds	\$	1,052,283
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		2,061,716
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Notes payable	\$	(392,214)
Net pension liabilities		(15,046,612)
Other post-employment benefit obligation		(1,656,730)
Compensated absences		<u>(516,850)</u>
Total		(17,612,406)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. Deferred outflows and inflows of resources related to pensions at year-end are as follows:		
Deferred outflows of resources related to pensions	\$	7,371,268
Deferred inflows of resources related to pensions		<u>(227,620)</u>
Total		<u>7,143,648</u>
Net position (deficit) of governmental activities	\$	<u>(7,354,759)</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Ambulance</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 2,292,135	\$ 1,313,308	\$ 403,613	\$ 4,009,056
Intergovernmental revenue	1,548,277	-	-	1,548,277
Charges for service	571,789	566,532	-	1,138,321
Investment income	21,973	-	-	21,973
Grant revenue	9,651	4,825	-	14,476
Personal property replacement taxes	21,070	-	-	21,070
Foreign fire insurance	24,786	-	-	24,786
Other revenues	22,856	825	-	23,681
	<u>4,512,537</u>	<u>1,885,490</u>	<u>403,613</u>	<u>6,801,640</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
<b>Current:</b>				
Fire and rescue	4,531,979	-	269,069	4,801,048
Emergency medical service	194,833	2,012,961	40,361	2,248,155
General government	139,780	43,209	69,199	252,188
<b>Capital outlay:</b>				
Fire and rescue	8,369	-	-	8,369
Emergency medical service	-	31,065	-	31,065
<b>Debt service:</b>				
Principal	113,134	-	-	113,134
Interest	11,488	-	-	11,488
	<u>4,999,583</u>	<u>2,087,235</u>	<u>378,629</u>	<u>7,465,447</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over (under) expenditures	(487,046)	(201,745)	24,984	(663,807)
Fund balances (deficit) at beginning of year	<u>970,872</u>	<u>779,582</u>	<u>(34,364)</u>	<u>1,716,090</u>
Fund balances (deficit) at end of year	<u>\$ 483,826</u>	<u>\$ 577,837</u>	<u>\$ (9,380)</u>	<u>\$ 1,052,283</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

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

Net change in fund balances (deficit) - total governmental funds	\$	(663,807)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$143,855) exceeded capitalized capital outlay (\$58,615) in the current period.		(85,240)
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Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Increase in other post-employment benefit obligation	\$	(270,453)	
Increase in compensated absences		<u>(63,762)</u>	

Total		(334,215)
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Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded District pension contributions in the current period.		(1,099,668)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		<u>113,134</u>
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Change in net position of governmental activities	\$	<u>(2,069,796)</u>
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See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>			
Property taxes	\$ 1,883,000	\$ 2,292,135	\$ 409,135
Intergovernmental revenue	1,615,000	1,548,277	(66,723)
Charges for service	600,000	571,789	(28,211)
Investment income	1,000	21,973	20,973
Grant revenue	-	9,651	9,651
Personal property replacement taxes	19,000	21,070	2,070
Foreign fire insurance	25,000	24,786	(214)
Other revenues	208,000	22,856	(185,144)
	<u>4,351,000</u>	<u>4,512,537</u>	<u>161,537</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
<b>Current:</b>			
Compensation and salaries	2,859,500	2,941,831	(82,331)
Employee benefits	655,000	1,132,848	(477,848)
Outside services	128,450	137,883	(9,433)
Administrative	42,000	59,901	(17,901)
Dues and fees	6,100	5,483	617
Education and training	45,100	17,965	27,135
Insurance	299,000	288,752	10,248
Equipment and maintenance	164,300	175,038	(10,738)
Buildings and grounds	93,400	103,758	(10,358)
Other	27,000	3,133	23,867
Capital outlay	20,566	8,369	12,197
<b>Debt service:</b>			
Principal	126,200	113,134	13,066
Interest	-	11,488	(11,488)
	<u>4,466,616</u>	<u>4,999,583</u>	<u>(532,967)</u>
<b>Total expenditures</b>			
Deficiency of revenues under expenditures	(115,616)	(487,046)	(371,430)
Fund balances at beginning of year	<u>970,872</u>	<u>970,872</u>	<u>-</u>
Fund balances at end of year	<u>\$ 855,256</u>	<u>\$ 483,826</u>	<u>\$ (371,430)</u>

See notes to basic financial statements.

Ambulance Fund

<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
\$ 1,469,000	\$ 1,313,308	\$ (155,692)
-	-	-
600,000	566,532	(33,468)
-	-	-
-	4,825	4,825
-	-	-
-	-	-
-	825	825
<u>2,069,000</u>	<u>1,885,490</u>	<u>(183,510)</u>
1,532,750	1,552,281	(19,531)
257,000	216,061	40,939
116,050	116,693	(643)
14,500	18,497	(3,997)
3,100	2,812	288
14,600	5,785	8,815
-	-	-
93,700	104,670	(10,970)
37,300	39,371	(2,071)
-	-	-
-	31,065	(31,065)
-	-	-
-	-	-
<u>2,069,000</u>	<u>2,087,235</u>	<u>(18,235)</u>
-	(201,745)	(201,745)
<u>779,582</u>	<u>779,582</u>	<u>-</u>
<u>\$ 779,582</u>	<u>\$ 577,837</u>	<u>\$ (201,745)</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF NET POSITION - FIDUCIARY FUND  
DECEMBER 31, 2015**

**ASSETS**

Cash	\$ 786,040
Accrued interest receivable	49,128
Due from other funds	57,956
Investments:	
Common stock	121,074
Corporate bonds	2,318,642
GNMA	6,221
Municipal bonds	460,151
Mutual funds	6,705,233
U.S. government agency obligations	2,082,475
U.S. Treasury notes	<u>200,371</u>
 Total assets	 <u>\$ 12,787,291</u>

**NET POSITION**

Net position restricted for pensions	<u>\$ 12,787,291</u>
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See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF CHANGES IN NET POSITION  
PENSION TRUST FUND  
YEAR ENDED DECEMBER 31, 2015**

Additions:	
Contributions:	
Employer	\$ 578,109
Member	<u>302,103</u>
Total contributions	<u>880,212</u>
Investment earnings:	
Investment income	32,714
Investment expense	<u>(51,903)</u>
Net investment earnings	<u>(19,189)</u>
Total additions	<u>861,023</u>
Deductions:	
Benefit payments	391,791
Refund of member contributions	12,305
Administrative expense	<u>8,058</u>
Total deductions	<u>412,154</u>
Net increase in net position	448,869
Net position at beginning of year	<u>12,338,422</u>
Net position at end of year	<u>\$ 12,787,291</u>

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

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

**B. Reporting Entity**

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

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

*Fiduciary-type component unit.* The District's fiduciary-type component unit consists of the North Palos Fire Protection District Firefighters' Pension Fund ("FPF").

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

**C. Basis of Presentation - Government-wide Financial Statements**

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**D. Basis of Presentation - Fund Financial Statements**

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

The District has the following major governmental funds:

The General Fund is the District's primary operating fund. It is comprised of two subfunds: the Corporate Fund and the Tort Liability Fund. The Corporate Fund accounts primarily for the direct costs of fire suppression and an allocation of administration costs. The Tort Liability Fund accounts for all costs of insurance and risk management.

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

The District has the following nonmajor governmental funds:

Special revenue funds:

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

Additionally, the District reports the following fiduciary fund type:

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

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**E. Measurement Focus and Basis of Accounting**

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

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

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

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

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

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

1. The Chief submits to the District Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them for the general, special revenue and pension trust funds.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance. The budget for the year ended December 31, 2015 was adopted through the passage of ordinance number 2014-10 on November 18, 2014.
4. The Chief is authorized to transfer appropriated amounts between line items within funds with proper Board approval.
5. Formal appropriation integration is employed as a management control device during the year.
6. Appropriation authority lapses at year-end.
7. State law requires that "expenditures be made in conformity with appropriation/budget." The level of legal control is generally considered the entire appropriation.
8. Budgeted revenue amounts are as originally adopted. Budgeted expenditure amounts reported in the financial statements represent the working budget as adopted. The appropriation as adopted for each fund is as follows:

General Fund:	
Corporate subfund	\$ 4,462,278
Tort Liability subfund	451,000
Special revenue funds:	
Ambulance	2,275,900
Audit	22,000
Emergency, Rescue, Crew and Equipment	214,500
Illinois Municipal Retirement	41,800
Social Security	179,300
Fiduciary fund:	
Pension Trust	649,000

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

**2. Excess of Expenditures over Working Budget**

The following fund had an excess of actual expenditures over the working budget amount for the year ended December 31, 2015:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental funds:			
General Fund:			
Corporate subfund	\$ 4,056,616	\$ 4,609,917	\$ (553,301)
Ambulance Fund	2,069,000	2,087,235	(18,235)
Nonmajor governmental funds:			
Illinois Municipal Retirement Fund	38,000	43,675	(5,675)
Audit Fund	20,000	23,000	(3,000)
Emergency, Rescue, Crew and Equipment Fund	195,000	197,872	(2,872)

The overexpenditure in the Corporate subfund was funded by greater than anticipated revenues and available fund balance. The overexpenditure in the Ambulance Fund was funded by available fund balance. The overexpenditure in the Illinois Municipal Retirement Fund was funded by available fund balance and an advance from another fund. The overexpenditures in the Audit Fund and the Emergency, Rescue, Crew and Equipment fund were funded by advances from other funds.

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

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

The District invests in the Illinois Funds Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the state Treasurer, although it is not registered with the SEC.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

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

**3. Receivables**

All property tax and accounts receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is \$135,210 (3% of the tax levy as is recommended by the County Clerk, except in the case of bond levies for which the allowance is equal to 5% of the tax levy as is recommended by the County Clerk). The allowance for uncollectible accounts receivable of \$67,000 is based on previous collection experience.

**4. Capital Assets**

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

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

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

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

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

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category in the statement of net position. It is the deferred outflows of resources related to pensions (see Notes III.E.1 and 2 for further discussion of deferred outflows of resources related to pensions).

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has two items that qualify for reporting in this category. One item, unavailable revenue, is reported in the balance sheet. The District reports unavailable revenue from one source - property tax revenue. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The other item, deferred inflows of resources related to pensions, is reported in the statement of net position (see Notes III.E.1 and 2 for further discussion of deferred inflows of resources related to pensions).

**6. *Long-term Obligations***

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

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

**7. *Net Position Flow Assumption***

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

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

**8. *Fund Balance Flow Assumptions***

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**9. *Fund Balance Policies***

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

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

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

**H. Revenues and Expenditures/Expenses**

**1. *Program revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. *Property Taxes***

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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**3. *Compensated Absences***

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

**I. Estimates**

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

**J. Comparative Data**

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

**K. Reclassifications**

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Balances**

The following funds had deficit fund balances at December 31, 2015:

Nonmajor governmental funds:	
Illinois Municipal Fund	\$ (233)
Audit Fund	(17,554)
Emergency, Rescue, Crew and Equipment Fund	(24,664)

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

*Deposits*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2015, \$1,067,544 of the District's bank balances of \$1,352,649 was uninsured and collateralized with securities held by the pledging financial institutions.

*Investments*

The District had the following investments as of December 31, 2015:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Average Credit Quality Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Governmental funds (3):			
Illinois Funds	<u>\$ 186,506</u>	AAAm	< 1
Fiduciary fund:			
Common stocks	\$ 121,074	N/A	N/A
Corporate bonds	2,318,642	Aaa - Baa2	4
GNMA	6,221	N/A	4
Municipal bonds *	460,151	Aa1 - A1	3
Mutual funds	6,705,233	N/A	N/A
U.S. government agency notes	2,082,475	Aaa	5
U.S. Treasury securities	<u>200,371</u>	N/A	1
Total	<u>\$ 11,894,167</u>		

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

***Investment Policies***

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

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

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

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

The District does not have a specific policy to address the above risks. At December 31, 2015, more than 5% of the fiduciary fund's investments were with the Federal Home Loan Bank.

**B. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at December 31, 2015 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds:		
General Fund:		
Corporate subfund	\$ 41,607	\$ 57,956
Nonmajor governmental funds	<u>-</u>	<u>41,607</u>
Total governmental funds	41,607	99,563
Fiduciary fund:		
Pension Trust Fund	<u>57,956</u>	<u>-</u>
Total all funds	<u>\$ 99,563</u>	<u>\$ 99,563</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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**C. Capital Assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 290,700	\$ -	\$ -	\$ 290,700
Capital assets, being depreciated:				
Buildings and improvements	1,228,000	17,740	-	1,245,740
Apparatus and vehicles	2,786,765	30,065	-	2,816,830
Equipment	268,573	10,810	-	279,383
Total capital assets, being depreciated	4,283,338	58,615	-	4,341,953
Less accumulated depreciation for:				
Buildings and improvements	807,520	24,837	-	832,357
Apparatus and vehicles	1,493,960	107,467	-	1,601,427
Equipment	125,602	11,551	-	137,153
Total accumulated depreciation	2,427,082	143,855	-	2,570,937
Total capital assets, being depreciated, net	1,856,256	(85,240)	-	1,771,016
Governmental activities capital assets, net	\$ 2,146,956	\$ (85,240)	\$ -	\$ 2,061,716

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Fire and rescue	\$ 72,673
Emergency medical service	64,228
General government	6,954
Total depreciation expense - governmental activities	\$ 143,855

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**D. Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 505,348	\$ -	\$ 113,134	\$ 392,214	\$ 117,082
Net pension liabilities:					
Firefighters' Pension Fund	6,318,792	1,712,766	(6,450,114)	14,481,672	-
Illinois Municipal Retirement Fund	546,651	6,953	(11,336)	564,940	-
Other post-employment benefit obligation	1,386,277	306,555	36,102	1,656,730	-
Compensated absences	<u>393,741</u>	<u>232,917</u>	<u>109,808</u>	<u>516,850</u>	<u>110,000</u>
Total	<u>\$ 9,150,809</u>	<u>\$ 2,259,191</u>	<u>\$(6,202,406)</u>	<u>\$17,612,406</u>	<u>\$ 227,082</u>

*Notes Payable*

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

Future maturities of the note payable are as follows:

2016	\$ 6,129
2017	6,129
2018	6,129
2019	6,129
2020	6,129
2021 - 2024	<u>24,512</u>
Total	<u>\$ 55,157</u>

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

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,966	\$ 179	\$ 12,145
2017	<u>2,003</u>	<u>-</u>	<u>2,003</u>
Total	<u>\$ 13,969</u>	<u>\$ 179</u>	<u>\$ 14,148</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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Note payable to a finance company, due in monthly installments of \$6,079 including interest at 2.625%, with the final payment due in December, 2019.

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 66,479	\$ 6,469	\$ 72,948
2017	68,245	4,703	72,948
2018	70,059	2,889	72,948
2019	<u>71,981</u>	<u>1,028</u>	<u>73,009</u>
Total	<u>\$ 276,764</u>	<u>\$ 15,089</u>	<u>\$ 291,853</u>

Note payable to a finance company, due in monthly installments of \$2,781 including interest at 2.73%, with the final payment due in May, 2017.

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 32,508	\$ 858	\$ 33,366
2017	<u>13,816</u>	<u>94</u>	<u>13,910</u>
Total	<u>\$ 46,324</u>	<u>\$ 952</u>	<u>\$ 47,276</u>

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

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 117,082	\$ 7,506	\$ 124,588
2017	90,193	4,797	94,990
2018	76,188	2,889	79,077
2019	78,110	1,028	79,138
2020	6,129	-	6,129
2021 - 2024	<u>24,512</u>	<u>-</u>	<u>24,512</u>
Total	<u>\$ 392,214</u>	<u>\$ 16,220</u>	<u>\$ 408,434</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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*Legal Debt Margin*

The legal debt margin of the District as of December 31, 2015 is determined as follows:

Assessed valuation - 2014 tax year (most recent year available)	<u>\$ 372,733,775</u>
Statutory debt limitation (5.75% of assessed valuation)	\$ 21,432,192
Less total debt outstanding	<u>392,214</u>
Legal debt margin	<u>\$ 21,039,978</u>

**E. Employee Retirement and Postemployment Benefit Plans**

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Fund) which covers its qualified Fire Department employees and participates in the statewide Illinois Municipal Retirement Fund, an agent multiple-employer defined benefit public employee pension plan which covers substantially all of the remaining qualified District employees. The District also administers the Health Insurance Plan for Retired Employees that provides limited health care insurance coverage for eligible retired employees. The information presented below is the most current information available as of December 31, 2015.

**1. Firefighters' Pension Plan**

*Description of Plan.* The Firefighters' Pension Plan is a single-employer defined benefit retirement plan that is administered by the Firefighters' Pension Fund Board of Trustees. The Firefighters' Pension Fund Board of Trustees consists of five members. Two members are appointed by the president of the board of trustees, two members are elected by the active sworn members, and one member is elected by retired and/or disabled participants.

The defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature.

The District accounts for the plan as a pension trust fund and a stand alone report is not issued by the Firefighters' Pension Fund.

*Benefits Provided.* The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a firefighter 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 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighter's salary for pension purposes is capped at \$106,800, plus the lesser of one-half of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the preceding calendar year.

*Employees Covered by Benefit Terms.* At December 31, 2015, the Firefighters' Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not receiving benefits	1
Active plan members	<u>31</u>
 Total	 <u>41</u>

*Contributions.* Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The District is required to contribute the remaining amounts necessary to finance the Firefighters Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the District has until the year 2040 to fund 90% of the past service cost for the Firefighters' Pension Plan. For the year ended December 31, 2015, the District's contribution was 20.88% of covered payroll.

*Investment Policy.* The Firefighters' Pension Plan investment program is derived from the terms and provisions of the Illinois Compiled Statutes (ILCS). ILCS requires the Firefighters' Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board. During the year, no changes to the investment policy were approved by the Board of Trustees.

The following investments are allowed as limited by the provisions of the ILCS:

- Direct obligations of the United States of America
- Obligations that are fully guaranteed or insured by the United States of America
- Obligations of agencies of the United States of America
- Insured savings accounts or certificates of deposit issued by banks or savings and loan associations
- Insured investments in credit unions
- Bonds of the state of Illinois

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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- Pooled accounts managed by the Illinois Public Treasurer's Investment Pool
- Funds and pooled accounts managed, operated and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies
- Obligations of any county, township, or municipal corporation of the state of Illinois
- Money market mutual funds
- General and separate accounts of life insurance companies
- Mutual funds
- Common and preferred stocks

*Net Pension Liability.* The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method - Entry-age

Inflation - 2.50%

Salary increases - 4.00 - 12.89%

Investment rate of return - 6.75%, compounded annually, net of pension plan investment expense, including inflation

Asset valuation method - Market

Mortality rates for active employees and pensioners were based on the L&A 2016 Illinois Firefighters Mortality Rates. The L&A 2016 Illinois Firefighters Disability Rates were used for disabled firefighters.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2015.

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 by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Firefighters' Pension Plan's target asset allocation as of December 31, 2015 (see the discussion of the Firefighters' Pension Plan's investment policy) are summarized in the following table:

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	5.8 %
U.S. Mid Cap Equity	6.8
U.S. Small Cap Equity	6.8
Non-U.S. Developed Large Equity Unhedged	5.9
Emerging Markets Equity Unhedged	8.0
U.S. Corporate Bonds	1.7
U.S. Government Fixed Income	0.7
U.S. Cash	0.5
Global Real Estate - REITS	5.8
Commodities - Long Only	2.4

<u>Asset Class</u>	<u>Target Allocation</u>
Core fixed income	44.8 %
Domestic equity	44.7
Cash	4.4
Real estate	4.0
High yield fixed income	1.1
International equity	<u>1.0</u>
Total	<u>100.0 %</u>

*Single Discount Rate.* A Single Discount Rate of 4.98% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate 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. The 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).

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Based on these assumptions, the Plan's fiduciary net position was projected to be depleted in 2051. For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.57%, and the resulting single discount rate is 4.98%.

*Changes in the Net Pension Liability.* Changes in the District's net pension liability for the year ended December 31, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 18,657,214	\$ 12,338,422	\$ 6,318,792
Changes for the year:			
Service cost	1,163,012	-	1,163,012
Interest	919,067	-	919,067
Differences between expected and actual experience	(245,963)	-	(245,963)
Changes in assumptions	7,179,729	-	7,179,729
Net investment income	-	(19,189)	19,189
Contributions - employees	-	302,103	(302,103)
Contributions - employer	-	578,109	(578,109)
Benefit payments, including refunds of employee contributions	(404,096)	(404,096)	-
Administrative expense	-	(8,058)	8,058
Net changes	<u>8,611,749</u>	<u>448,869</u>	<u>8,162,880</u>
Balances at December 31, 2015	<u>\$ 27,268,963</u>	<u>\$ 12,787,291</u>	<u>\$ 14,481,672</u>

The change in assumptions amount of \$7,179,729 was primarily the result of changes in demographic assumptions based on a study of firefighters and fire pension funds in Illinois.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the District, calculated using the discount rate of 4.98%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current rate:

	1% Decrease (3.98%)	Current Discount Rate (4.98%)	1% Increase (5.98%)
District's net pension liability	<u>\$ 20,018,343</u>	<u>\$ 14,481,672</u>	<u>\$ 10,131,312</u>

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in other locations in this report as the Plan is reported as a fiduciary fund of the District as well as in a separately issued financial report of the Plan.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
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*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended December 31, 2015, the District recognized pension expense of \$1,712,766. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 224,685
Changes of assumptions	6,558,645	-
Net difference between projected and actual earnings on Plan investments	<u>694,263</u>	<u>-</u>
Total	<u>\$ 7,252,908</u>	<u>\$ 224,685</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in years ending December 31 as follows:

2016	\$ 773,372
2017	773,372
2018	773,372
2019	773,371
2020	599,806
Thereafter	<u>3,334,930</u>
Total	<u>\$ 7,028,223</u>

The required supplementary information following the notes to basic financial statements presents additional information related to the funded status of the Plan.

**2. Illinois Municipal Retirement Fund**

*Plan Description.* The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. 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). Employees of the District who are eligible to participate in the plan participate in the RP.

The RP has 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.

*Employees Covered by Benefit Terms.* As of December 31, 2015, the following employees were covered by the benefit terms:

Active Plan members	2
Retirees and beneficiaries currently receiving benefits	1
Inactive Plan members entitled to but not yet receiving benefits	1
 Total	 4

*Contributions.* As set by statute, the District's RP plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar years 2014 and 2015 was 17.88 and 38.17 percent, respectively. The District paid \$41,942, the total required contribution for fiscal year 2015. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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YEAR ENDED DECEMBER 31, 2015**

*Net Pension Liability.* The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.49%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments 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 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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:

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38 %	7.39 %
Fixed income	27	3.00
International equity	17	7.59
Alternative investments	9	2.75-8.15
Real estate	8	6.00
Cash equivalents	1	2.25
Total	<u>100 %</u>	

*Single Discount Rate.* A Single Discount Rate of 7.39% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate 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. The 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).

Based on these assumptions, the Plan's fiduciary net position was projected to be depleted in 2078. For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.39%.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

*Changes in the Net Pension Liability.* Changes in the District's net pension liability for the year ended December 31, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 1,224,185	\$ 677,534	\$ 546,651
Changes for the year:			
Service cost	10,826	-	10,826
Interest	88,089	-	88,089
Differences between expected and actual experience	34,382	-	34,382
Changes in assumptions	(3,471)	-	(3,471)
Net investment income	-	3,333	(3,333)
Contributions - employees	-	4,945	(4,945)
Contributions - employer	-	41,942	(41,942)
Benefit payments, including refunds of employee contributions	(68,726)	(68,726)	-
Other changes	-	61,317	(61,317)
Net changes	61,100	42,811	18,289
Balances at December 31, 2015	\$ 1,285,285	\$ 720,345	\$ 564,940

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the District calculated using the discount rate of 7.39%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.39%) or 1-percentage-point higher (8.39%) than the current rate:

	1% Decrease (6.39%)	Current Discount Rate (7.39%)	1% Increase (8.39%)
District's net pension liability	\$ 759,348	\$ 564,940	\$ 409,428

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued IMRF financial report.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* For the year ended December 31, 2015, the District recognized pension expense of \$6,953. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,023	\$ -
Changes of assumptions	27,538	2,935
Net difference between projected and actual earnings on Plan investments	<u>44,799</u>	<u>-</u>
Total	<u>\$ 118,360</u>	<u>\$ 2,935</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in years ending December 31 as follows:

2016	\$ 26,595
2017	26,595
2018	26,596
2019	24,721
2020	8,669
Thereafter	<u>2,249</u>
Total	<u>\$ 115,425</u>

**2. Summary of Pension Information**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

Pension-related assets, deferred outflows of resources, liabilities, deferred inflows of resources, and pension expense/expenditures are summarized as follows:

	<u>FPP</u>	<u>IMRF</u>	<u>Total</u>
Deferred outflows of resources	\$ 7,252,908	\$ 118,360	\$ 7,371,268
Net pension liability	14,481,672	564,940	15,046,612
Deferred inflows of resources	224,685	2,935	227,620
Pension expense	1,712,766	6,953	1,719,719
Pension expenditures	578,109	41,942	620,051

**3. Health Insurance Plan for Retired Employees**

*Plan Description.* The Health Insurance Plan for Retired Employees (HIPRE) is a single-employer defined benefit healthcare plan administered by the District. The District provides limited health care insurance coverage for its eligible retired employees. Such coverage is provided for retired employees until they reach age 65. Retired firefighters are required to pay 25% of the premiums; all other employees pay 60% of the premiums for such coverage and the District pays the balance of the costs.

*Funding Policy.* The contribution requirements are established by the District, using an actuarial study that is based on projected pay-as-you-go financing. For fiscal year 2015, the District contributed \$36,102 to the plan. Plan members receiving benefits contributed \$0.

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

Annual required contribution	\$ 330,241
Interest on net OPEB obligation	12,478
Adjustment to annual required contribution	<u>(36,164)</u>
Annual OPEB cost (expense)	306,555
Contributions made	<u>36,102</u>
Change in net OPEB obligation	270,453
Net OPEB obligation at beginning of year	<u>1,386,277</u>
Net OPEB obligation at end of year	<u>\$ 1,656,730</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/15	\$ 306,555	11.78 %	\$ 1,656,730
12/31/14	337,473	10.70	1,386,277
12/31/13	225,929	5.22	1,084,906

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,647,345, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,647,345. The covered payroll (annual payroll of active employees covered by the plan) was \$2,676,626 and the ratio of the UAAL to covered payroll was 98.9%.

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

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

In the December 31, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 5.50%. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**F. Fund Balances**

As of December 31, 2015, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
Foreign fire	\$ 35,105	\$ -	\$ -	\$ 35,105
Retirement benefits	-	-	33,071	33,071
Tort immunity	15,004	-	-	15,004
Traffic preempt co-op	<u>52,973</u>	<u>-</u>	<u>-</u>	<u>52,973</u>
Total restricted	<u>103,082</u>	<u>-</u>	<u>33,071</u>	<u>136,153</u>
Assigned to:				
Benefit buyback	191,151	185,523	-	376,674
Capital expenditures	92,165	181,648	-	273,813
Retiree health insurance	<u>97,428</u>	<u>210,666</u>	<u>-</u>	<u>308,094</u>
Total assigned	<u>380,744</u>	<u>577,837</u>	<u>-</u>	<u>958,581</u>
Unassigned	<u>-</u>	<u>-</u>	<u>(42,451)</u>	<u>(42,451)</u>
Total fund balances (deficit)	<u>\$ 483,826</u>	<u>\$ 577,837</u>	<u>\$ (9,380)</u>	<u>\$ 1,052,283</u>

**H. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; employee medical coverage; and natural disasters. In order to protect against such losses, the District has purchased insurance from various sources. Insurance policies for coverage other than workers' compensation were purchased from private insurance companies. Workers' compensation coverage was obtained by through the Illinois Public Risk Fund. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three years.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

**I. Tort Immunity Expenditures**

Tort immunity expenditures for the year ended December 31, 2015 are summarized as follows:

Personnel	\$ 92,105
Liability and workers' compensation insurance	288,752
Buildings and grounds	1,965
Education and training	1,325
Other	<u>5,519</u>
 Total	 <u>\$ 389,666</u>

**J. Subsequent Events**

Management has evaluated subsequent events through December 29, 2016, which is the date the financial statements were available to be issued.

**K. Change in Accounting Principle / Correction of an Error**

*Change in Accounting Principle*

During the year ended December 31, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. The primary 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.

The implementation of GASB 68 resulted in the restatement of beginning net position in the government-wide financial statements. Under GASB 68, the liability of employers to employees for defined benefit pensions (net pension liability) is required to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. Prior to the issuance of GASB 68, employers reported a pension liability equal to the cumulative difference between the actuarial required contribution, as adjusted, and the actual employer contributions made.

*Correction of an Error*

Net position as of the beginning of the year has been decreased by \$59,347 to correct an understatement of compensated absences. The understatement did not affect the change in net position for the year ended December 31, 2014.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

The restatement of beginning net position is summarized as follows:

Net deficit at December 31, 2014, as previously reported	<u>\$ (859,970)</u>
Change in reporting of:	
Prior net pension benefit obligation:	
Firefighters' Pension Fund	2,437,650
Net pension liability:	
Firefighters' Pension Fund	(6,318,792)
Illinois Municipal Retirement Fund	(546,651)
Deferred outflows of resources related to pensions:	
Illinois Municipal Retirement Fund	<u>62,147</u>
Total	(4,424,993)
Correction of an understatement of compensated absences	<u>(59,347)</u>
Total	<u>(4,484,340)</u>
Net deficit at December 31, 2014, as restated	<u>\$ (5,284,963)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION -  
FIREFIGHTERS' PENSION PLAN  
DECEMBER 31, 2015  
(SCHEDULE TO BE BUILT PROSPECTIVELY)**

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

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 1,163,012	\$ 847,651
Interest	919,067	1,037,408
Differences between expected and actual experience	(245,963)	1,429,162
Changes of assumptions	7,179,729	701,778
Benefit payments, including refunds of member contributions	<u>(404,096)</u>	<u>(357,795)</u>
Net change in total pension liability	8,611,749	3,658,204
Total pension liability at beginning of year	<u>18,657,214</u>	<u>14,999,010</u>
Total pension liability at end of year	<u>\$ 27,268,963</u>	<u>\$ 18,657,214</u>
Plan fiduciary net position:		
Contributions - employer	\$ 578,109	\$ 528,580
Contributions - member	302,103	322,894
Net investment income	(19,189)	508,095
Benefit payments, including refunds of member contributions	(404,096)	(357,795)
Administrative expense	<u>(8,058)</u>	<u>(16,707)</u>
Net change in plan fiduciary net position	448,869	1,027,002
Plan fiduciary net position at beginning of year	<u>12,338,422</u>	<u>11,311,420</u>
Plan fiduciary net position at end of year	<u>\$ 12,787,291</u>	<u>\$ 12,338,422</u>
District's net pension liability at end of year	<u>\$ 14,481,672</u>	<u>\$ 6,318,792</u>
Plan fiduciary net position as a percentage of total pension liability	<u>46.89 %</u>	<u>66.13 %</u>
Covered-employee payroll	<u>\$ 2,769,045</u>	<u>\$ 2,965,866</u>
District's net pension liability as a percentage of covered-employee payroll	<u>522.98 %</u>	<u>213.05 %</u>

Notes to Schedule:

*Changes in Assumptions.* There was a change in actuarial assumptions to reflect revised expectations with respect to mortality rates, disability rates, turnover rates, and retirement rates. The mortality rates, disability rates, turnover rates, and retirement rates were changed to the new rates most recently published by the Illinois Department of Insurance (September, 2012).

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 FIREFIGHTERS' PENSION PLAN  
 DECEMBER 31, 2015  
 (SCHEDULE TO BE BUILT PROSPECTIVELY)**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

	2015	2014
Actuarially determined contribution	\$ 834,526	\$ 692,538
Contributions in relation to the actuarially determined contribution	578,109	528,580
Contribution deficiency	\$ 256,417	\$ 163,958
Covered-employee payroll	\$ 2,769,045	\$ 2,965,866
Contributions as a percentage of covered-employee payroll	20.88 %	17.82 %

Notes to Schedule:

*Valuation Date.* Actuarially determined contribution rates are calculated as of December 31, 2014.

*Methods and Assumptions used to Determine Contribution Rates.*

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	5.5%, average, including inflation
Investment rate of return	7.0%, compounded annually, net of pension plan investment expense, including inflation

**SCHEDULE OF INVESTMENT RETURNS**

	2015	2014
Annual money-weighted rate of return, net of investment expense	- %	4.19 %

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST TEN CALENDAR YEARS  
(SCHEDULE TO BE BUILT PROSPECTIVELY)**

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

	2015
Total pension liability:	
Service cost	\$ 10,826
Interest	88,089
Differences between expected and actual experience	34,382
Changes of assumptions	(3,471)
Benefit payments, including refunds of employee contributions	(68,726)
Net change in total pension liability	61,100
Total pension liability at beginning of year	1,224,185
Total pension liability at end of year	\$ 1,285,285
Plan fiduciary net position:	
Contributions - employer	\$ 41,942
Contributions - employees	4,945
Net investment income	3,333
Benefit payments, including refunds of employee contributions	(68,726)
Other	61,317
Net change in plan fiduciary net position	42,811
Plan fiduciary net position at beginning of year	677,534
Plan fiduciary net position at end of year	\$ 720,345
District's net pension liability at end of year	\$ 564,940
Plan fiduciary net position as a percentage of total pension liability	56.05 %
Covered-employee payroll	\$ 109,883
District's net pension liability as a percentage of covered-employee payroll	514.13 %

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 LAST TEN CALENDAR YEARS  
 (SCHEDULE TO BE BUILT PROSPECTIVELY)**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

	2015
Actuarially determined contribution	\$ 19,302
Contributions in relation to the actuarially determined contribution	16,750
Contribution DEFICIENCY	\$ 2,552
Covered-employee payroll	\$ 97,043
Contributions as a percentage of covered-employee payroll	17.26 %

Notes to Schedule:

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

*Methods and Assumptions used to Determine Contribution Rates.*

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28-year closed period
Asset valuation method	5-Year smoothed market; 20% corridor
Wage growth	4%
Price inflation	3%, approximate; no explicit price inflation assumption is used in this valuation.
Salary increases	4.4% to 16.0%, including inflation
Investment rate of return	7.5%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women 92% of the table rates were used. For disable lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES  
 DECEMBER 31, 2015**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2014	\$ 0	\$ 2,647,345	\$ 2,647,345	0.00 %	\$ 2,676,626	98.91 %
December 31, 2013	0	2,647,345	2,647,345	0.00	2,676,626	98.91
December 31, 2012	0	2,647,345	2,647,345	0.00	2,676,626	98.91

Information provided above is the most current information available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
December 31, 2015	\$ 330,241	10.93 %
December 31, 2014	330,241	10.93
December 31, 2013	220,123	5.35
December 31, 2012	220,123	5.35
December 31, 2011	197,673	5.96

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

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING SCHEDULE OF GENERAL FUND  
 BALANCE SHEET ACCOUNTS  
 DECEMBER 31, 2015  
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	<b>Corporate</b>	<b>Tort Liability</b>	<b>Totals</b>	
			<b>2015</b>	<b>2014</b>
<b>ASSETS</b>				
Cash and investments	\$ 560,358	\$ 14,032	\$ 574,390	\$ 1,175,459
Receivables:				
Property taxes receivable	2,117,775	424,390	2,542,165	2,404,925
Due from other funds	41,607	-	41,607	51,146
 Total assets	 \$ 2,719,740	 \$ 438,422	 \$ 3,158,162	 \$ 3,631,530
 <b>LIABILITIES</b>				
Accounts payable	\$ 44,887	\$ -	\$ 44,887	\$ 31,989
Accrued costs	38,325	1,468	39,793	204,095
Due to other funds	57,956	-	57,956	25,764
 Total liabilities	 141,168	 1,468	 142,636	 261,848
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	2,109,750	421,950	2,531,700	2,398,810
 <b>FUND BALANCES</b>				
Restricted	88,078	15,004	103,082	98,500
Assigned	380,744	-	380,744	872,372
 Total fund balances	 468,822	 15,004	 483,826	 970,872
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 2,719,740	 \$ 438,422	 \$ 3,158,162	 \$ 3,631,530

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING SCHEDULE OF GENERAL FUND  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 2015  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
Revenues:				
Property taxes	\$ 1,891,549	\$ 400,586	\$ 2,292,135	\$ 2,332,868
Intergovernmental revenue	1,548,277	-	1,548,277	1,578,027
Charges for service	571,789	-	571,789	561,359
Investment income	21,973	-	21,973	1,380
Grant revenue	9,651	-	9,651	-
Personal property replacement taxes	21,070	-	21,070	19,766
Foreign fire insurance	24,786	-	24,786	24,411
Other revenues	21,766	1,090	22,856	15,089
	<u>4,110,861</u>	<u>401,676</u>	<u>4,512,537</u>	<u>4,532,900</u>
Total revenues				
Expenditures:				
Current:				
Compensation and salaries	2,849,726	92,105	2,941,831	2,976,299
Employee benefits	1,132,848	-	1,132,848	868,769
Outside services	135,742	2,141	137,883	116,484
Administrative	59,901	-	59,901	29,307
Dues and fees	5,483	-	5,483	21,012
Education and training	16,640	1,325	17,965	19,338
Insurance	-	288,752	288,752	252,578
Equipment and maintenance	171,660	3,378	175,038	167,866
Buildings and grounds	101,793	1,965	103,758	95,001
Other	3,133	-	3,133	3,452
Capital outlay	8,369	-	8,369	453,832
Debt service:				
Principal	113,134	-	113,134	56,729
Interest	11,488	-	11,488	2,752
	<u>4,609,917</u>	<u>389,666</u>	<u>4,999,583</u>	<u>5,063,419</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(499,056)	12,010	(487,046)	(530,519)
Other financing sources:				
Proceeds from note payable	-	-	-	437,452
Net change in fund balances	(499,056)	12,010	(487,046)	(93,067)
Fund balances at beginning of year	<u>967,878</u>	<u>2,994</u>	<u>970,872</u>	<u>1,063,939</u>
Fund balances at end of year	<u>\$ 468,822</u>	<u>\$ 15,004</u>	<u>\$ 483,826</u>	<u>\$ 970,872</u>

**CORPORATE FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
CORPORATE FUND  
BALANCE SHEET  
DECEMBER 31, 2015  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 560,358	\$ 1,157,173
Receivables:		
Property taxes receivable	2,117,775	2,005,324
Due from other funds	<u>41,607</u>	<u>51,146</u>
 Total assets	 <u>\$ 2,719,740</u>	 <u>\$ 3,213,643</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 44,887	\$ 29,076
Accrued costs	38,325	189,815
Due to other funds	<u>57,956</u>	<u>25,764</u>
 Total liabilities	 <u>141,168</u>	 <u>244,655</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	<u>2,109,750</u>	<u>2,001,110</u>
 <b>FUND BALANCES</b>		
Restricted	88,078	95,506
Assigned	<u>380,744</u>	<u>872,372</u>
 Total fund balances	 <u>468,822</u>	 <u>967,878</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,719,740</u>	 <u>\$ 3,213,643</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
CORPORATE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 1,473,000	\$ 1,891,549	\$ 418,549	\$ 1,777,004
Intergovernmental revenue	1,615,000	1,548,277	(66,723)	1,578,027
Charges for service	600,000	571,789	(28,211)	561,359
Investment income	1,000	21,973	20,973	1,380
Grant revenue	-	9,651	9,651	-
Personal property replacement taxes	19,000	21,070	2,070	19,766
Foreign fire insurance	25,000	24,786	(214)	24,411
Other revenues	<u>208,000</u>	<u>21,766</u>	<u>(186,234)</u>	<u>15,089</u>
Total revenues	<u>3,941,000</u>	<u>4,110,861</u>	<u>169,861</u>	<u>3,977,036</u>
Expenditures:				
Current:				
Compensation and salaries	2,757,200	2,849,726	(92,526)	2,666,282
Employee benefits	655,000	1,132,848	(477,848)	868,769
Outside services	125,850	135,742	(9,892)	111,565
Administrative	42,000	59,901	(17,901)	29,307
Dues and fees	6,100	5,483	617	21,012
Education and training	41,500	16,640	24,860	11,787
Equipment and maintenance	161,800	171,660	(9,860)	164,458
Buildings and grounds	93,400	101,793	(8,393)	94,341
Other	27,000	3,133	23,867	3,452
Capital outlay	20,566	8,369	12,197	453,832
Debt service:				
Principal	126,200	113,134	13,066	56,729
Interest	<u>-</u>	<u>11,488</u>	<u>(11,488)</u>	<u>2,752</u>
Total expenditures	<u>4,056,616</u>	<u>4,609,917</u>	<u>(553,301)</u>	<u>4,484,286</u>
Deficiency of revenues under expenditures	(115,616)	(499,056)	(383,440)	(507,250)
Other financing sources:				
Proceeds from note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,452</u>
Net change in fund balances	(115,616)	(499,056)	(383,440)	(69,798)
Fund balances at beginning of year	<u>967,878</u>	<u>967,878</u>	<u>-</u>	<u>1,037,676</u>
Fund balances at end of year	<u>\$ 852,262</u>	<u>\$ 468,822</u>	<u>\$ (383,440)</u>	<u>\$ 967,878</u>

**TORT LIABILITY FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
TORT LIABILITY FUND  
BALANCE SHEET  
DECEMBER 31, 2015  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 14,032	\$ 18,286
Property taxes receivable	<u>424,390</u>	<u>399,601</u>
 Total assets	 <u>\$ 438,422</u>	 <u>\$ 417,887</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 2,913
Accrued costs	<u>1,468</u>	<u>14,280</u>
 Total liabilities	 1,468	 17,193
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	421,950	397,700
<b>FUND BALANCES</b>		
Restricted	<u>15,004</u>	<u>2,994</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 438,422</u>	 <u>\$ 417,887</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
TORT LIABILITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 410,000	\$ 400,586	\$ (9,414)	\$ 555,864
Other revenues	-	1,090	1,090	-
Total revenues	<u>410,000</u>	<u>401,676</u>	<u>(8,324)</u>	<u>555,864</u>
Expenditures:				
Current:				
Compensation and salaries	102,300	92,105	10,195	310,017
Outside services	2,600	2,141	459	4,919
Education and training	3,600	1,325	2,275	7,551
Insurance	299,000	288,752	10,248	252,578
Equipment and maintenance	2,500	3,378	(878)	3,408
Buildings and grounds	-	1,965	(1,965)	660
Total expenditures	<u>410,000</u>	<u>389,666</u>	<u>20,334</u>	<u>579,133</u>
Excess (deficiency) of revenues over (under) expenditures	-	12,010	12,010	(23,269)
Fund balances at beginning of year	<u>2,994</u>	<u>2,994</u>	<u>-</u>	<u>26,263</u>
Fund balances at end of year	<u>\$ 2,994</u>	<u>\$ 15,004</u>	<u>\$ 12,010</u>	<u>\$ 2,994</u>

**AMBULANCE FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 AMBULANCE FUND  
 BALANCE SHEET  
 DECEMBER 31, 2015  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 83,891	\$ 386,474
Receivables:		
Property taxes	1,463,025	1,429,075
Accounts	<u>525,902</u>	<u>477,880</u>
Total assets	<u>\$ 2,072,818</u>	<u>\$ 2,293,429</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 18,831	\$ 20,685
Accrued costs	<u>21,150</u>	<u>68,232</u>
Total liabilities	39,981	88,917
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	1,455,000	1,424,930
<b>FUND BALANCES</b>		
Assigned	<u>577,837</u>	<u>779,582</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,072,818</u>	<u>\$ 2,293,429</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
AMBULANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>		<u>2014</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
<b>Revenues:</b>				
Property taxes	\$ 1,469,000	\$ 1,313,308	\$ (155,692)	\$ 1,222,667
Charges for service	600,000	566,532	(33,468)	549,739
Grant revenue	-	4,825	4,825	-
Other revenues	-	825	825	1,250
	<u>2,069,000</u>	<u>1,885,490</u>	<u>(183,510)</u>	<u>1,773,656</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
<b>Current:</b>				
Compensation and salaries	1,532,750	1,552,281	(19,531)	1,395,346
Employee benefits	257,000	216,061	40,939	201,251
Outside services	116,050	116,693	(643)	114,813
Administrative	14,500	18,497	(3,997)	10,776
Dues and fees	3,100	2,812	288	3,972
Education and training	14,600	5,785	8,815	4,607
Equipment and maintenance	93,700	104,670	(10,970)	113,391
Buildings and grounds	37,300	39,371	(2,071)	37,601
Capital outlay	-	31,065	(31,065)	95,570
	<u>2,069,000</u>	<u>2,087,235</u>	<u>(18,235)</u>	<u>1,977,327</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over (under) expenditures	-	(201,745)	(201,745)	(203,671)
Fund balances at beginning of year	<u>779,582</u>	<u>779,582</u>	<u>-</u>	<u>983,253</u>
Fund balances at end of year	<u>\$ 779,582</u>	<u>\$ 577,837</u>	<u>\$ (201,745)</u>	<u>\$ 779,582</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015**

	<b>Special Revenue Funds</b>			
	<b>Illinois Municipal Retirement</b>	<b>Social Security</b>	<b>Audit</b>	<b>Emergency, Rescue, Crew and Equipment</b>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 36,891	\$ -	\$ -
Property taxes receivable	19,579	158,158	19,508	190,313
<b>Total assets</b>	<b><u>\$ 19,579</u></b>	<b><u>\$ 195,049</u></b>	<b><u>\$ 19,508</u></b>	<b><u>\$ 190,313</u></b>
<b>LIABILITIES</b>				
Accrued costs	\$ -	\$ 4,838	\$ -	\$ 2,294
Due to other funds	412	-	17,662	23,533
<b>Total liabilities</b>	<b><u>412</u></b>	<b><u>4,838</u></b>	<b><u>17,662</u></b>	<b><u>25,827</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	19,400	157,140	19,400	189,150
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	-	33,071	-	-
Unassigned	(233)	-	(17,554)	(24,664)
<b>Total fund balance (deficits)</b>	<b><u>(233)</u></b>	<b><u>33,071</u></b>	<b><u>(17,554)</u></b>	<b><u>(24,664)</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance (deficits)</b>	<b><u>\$ 19,579</u></b>	<b><u>\$ 195,049</u></b>	<b><u>\$ 19,508</u></b>	<b><u>\$ 190,313</u></b>

**Total  
Nonmajor  
Governmental  
Funds**

\$ 36,891  
387,558

\$ 424,449

\$ 7,132  
41,607

48,739

385,090

33,071  
(42,451)

(9,380)

\$ 424,449

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (DEFICITS) -  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2015**

	<u>Special Revenue Funds</u>			
	<u>Illinois Municipal Retirement</u>	<u>Social Security</u>	<u>Audit</u>	<u>Emergency, Rescue, Crew and Equipment</u>
Revenues:				
Property taxes	\$ 29,157	\$ 166,425	\$ 17,673	\$ 190,358
Expenditures:				
Current:				
Compensation and salaries	-	-	-	197,872
Employee benefits	43,675	114,082	-	-
Outside services	-	-	23,000	-
Total expenditures	<u>43,675</u>	<u>114,082</u>	<u>23,000</u>	<u>197,872</u>
Excess (deficiency) of revenues over (under) expenditures	(14,518)	52,343	(5,327)	(7,514)
Fund balances (deficits) at beginning of year	<u>14,285</u>	<u>(19,272)</u>	<u>(12,227)</u>	<u>(17,150)</u>
Fund balance (deficits) at end of year	<u>\$ (233)</u>	<u>\$ 33,071</u>	<u>\$ (17,554)</u>	<u>\$ (24,664)</u>

**Total  
Nonmajor  
Governmental  
Funds**

\$ 403,613

197,872  
157,757  
23,000

378,629

24,984

(34,364)

\$ (9,380)

**SPECIAL REVENUE FUNDS**

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
BALANCE SHEET  
DECEMBER 31, 2015  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 14,228
Property taxes receivable	<u>19,579</u>	<u>29,157</u>
 Total assets	 <u>\$ 19,579</u>	 <u>\$ 43,385</u>
 <b>LIABILITIES</b>		
Due to other funds	<u>\$ 412</u>	<u>\$ -</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	<u>19,400</u>	<u>29,100</u>
 <b>FUND BALANCE (DEFICIT)</b>		
Restricted	-	14,285
Unrestricted	<u>(233)</u>	<u>-</u>
 Total fund balance (deficit)	 <u>(233)</u>	 <u>14,285</u>
 Total liabilities, deferred inflows of resources and fund balance (deficit)	 <u>\$ 19,579</u>	 <u>\$ 43,385</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 30,000	\$ 29,157	\$ (843)	\$ 16,919
Expenditures:				
Current:				
Employee benefits	<u>38,000</u>	<u>43,675</u>	<u>(5,675)</u>	<u>16,705</u>
Excess (deficiency) of revenues over (under) expenditures	(8,000)	(14,518)	(6,518)	214
Fund balances at beginning of year	<u>14,285</u>	<u>14,285</u>	<u>-</u>	<u>14,071</u>
Fund balance (deficit) at end of year	<u>\$ 6,285</u>	<u>\$ (233)</u>	<u>\$ (6,518)</u>	<u>\$ 14,285</u>

**SOCIAL SECURITY FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 SOCIAL SECURITY FUND  
 BALANCE SHEET  
 DECEMBER 31, 2015  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 36,891	\$ 32,016
Property taxes receivable	<u>158,158</u>	<u>166,322</u>
 Total assets	 <u>\$ 195,049</u>	 <u>\$ 198,338</u>
<b>LIABILITIES</b>		
Accrued costs	\$ 4,838	\$ 18,336
Due to other funds	<u>-</u>	<u>33,404</u>
 Total liabilities	 <u>4,838</u>	 <u>51,740</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	<u>157,140</u>	<u>165,870</u>
<b>FUND BALANCE (DEFICIT)</b>		
Restricted	33,071	-
Unassigned	<u>-</u>	<u>(19,272)</u>
 Total fund balance (deficit)	 <u>33,071</u>	 <u>(19,272)</u>
 Total liabilities, deferred inflows of resources, and fund balance (deficit)	 <u>\$ 195,049</u>	 <u>\$ 198,338</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
SOCIAL SECURITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 171,000	\$ 166,425	\$ (4,575)	\$ 133,420
Expenditures:				
Current:				
Employee benefits	<u>163,000</u>	<u>114,082</u>	<u>48,918</u>	<u>121,302</u>
Excess of revenues over expenditures	8,000	52,343	44,343	12,118
Fund deficits at beginning of year	<u>(19,272)</u>	<u>(19,272)</u>	<u>-</u>	<u>(31,390)</u>
Fund balance (deficit) at end of year	<u>\$ (11,272)</u>	<u>\$ 33,071</u>	<u>\$ 44,343</u>	<u>\$ (19,272)</u>

**AUDIT FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 AUDIT FUND  
 BALANCE SHEET  
 DECEMBER 31, 2015  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 432
Property taxes receivable	<u>19,508</u>	<u>19,461</u>
 Total assets	 <u>\$ 19,508</u>	 <u>\$ 19,893</u>
 <b>LIABILITIES</b>		
Due to other funds	\$ 17,662	\$ 12,720
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	19,400	19,400
 <b>FUND DEFICITS</b>		
Unassigned	<u>(17,554)</u>	<u>(12,227)</u>
 Total liabilities, deferred inflows of resources, and fund deficits	 <u>\$ 19,508</u>	 <u>\$ 19,893</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
AUDIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND DEFICITS - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 20,000	\$ 17,673	\$ (2,327)	\$ 18,143
Expenditures:				
Current:				
Outside services	<u>20,000</u>	<u>23,000</u>	<u>(3,000)</u>	<u>17,815</u>
Excess (deficiency) of revenues over expenditures	-	(5,327)	(5,327)	328
Fund deficits at beginning of year	<u>(12,227)</u>	<u>(12,227)</u>	<u>-</u>	<u>(12,555)</u>
Fund deficits at end of year	<u>\$ (12,227)</u>	<u>\$ (17,554)</u>	<u>\$ (5,327)</u>	<u>\$ (12,227)</u>

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND  
BALANCE SHEET  
DECEMBER 31, 2015  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Property taxes receivable	<u>\$ 190,313</u>	<u>\$ 189,764</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 2,790
Accrued costs	2,294	9,952
Due to other funds	<u>23,533</u>	<u>5,022</u>
Total liabilities	25,827	17,764
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	189,150	189,150
<b>FUND DEFICITS</b>		
Unassigned	<u>(24,664)</u>	<u>(17,150)</u>
Total liabilities, deferred inflows of resources, and fund deficits	<u>\$ 190,313</u>	<u>\$ 189,764</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE (DEFICITS) - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>		<u>2014</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 195,000	\$ 190,358	\$ (4,642)	\$ 181,474
Expenditures:				
Current:				
Compensation and salaries	195,000	197,872	(2,872)	177,928
Equipment and maintenance	-	-	-	21,555
Total expenditures	<u>195,000</u>	<u>197,872</u>	<u>(2,872)</u>	<u>199,483</u>
Deficiency of revenues under expenditures	-	(7,514)	(7,514)	(18,009)
Fund balance (deficit) at beginning of year	<u>(17,150)</u>	<u>(17,150)</u>	-	<u>859</u>
Fund deficits at end of year	<u>\$ (17,150)</u>	<u>\$ (24,664)</u>	<u>\$ (7,514)</u>	<u>\$ (17,150)</u>

**FIDUCIARY FUND**

**PENSION TRUST FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
PENSION TRUST FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash	\$ 786,040	\$ 538,159
Accrued interest receivable	49,128	92,168
Due from other funds	57,956	25,764
Investments:		
Common stocks	121,074	-
Corporate bonds	2,318,642	2,284,165
GNMA	6,221	10,182
Municipal bonds	460,151	644,072
Mutual funds	6,705,233	6,202,621
U.S. government agency notes	2,082,475	2,336,543
U.S. Treasury securities	200,371	204,748
 Total assets	 \$ 12,787,291	 \$ 12,338,422
 <b>NET POSITION</b>		
Net position restricted for pensions	\$ 12,787,291	\$ 12,338,422

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
PENSION TRUST FUND  
SCHEDULE OF CHANGES IN NET POSITION - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE  
YEAR ENDED DECEMBER 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 590,000	\$ 578,109	\$ (11,891)	\$ 528,580
Member	-	302,103	302,103	322,894
Buyback	-	-	-	41,885
Other	-	-	-	50
<b>Total contributions</b>	<u>590,000</u>	<u>880,212</u>	<u>290,212</u>	<u>893,409</u>
<b>Investment earnings:</b>				
Investment income	-	32,714	32,714	557,262
Investment expense	-	(51,903)	(51,903)	(49,167)
<b>Net investment earnings</b>	<u>-</u>	<u>(19,189)</u>	<u>(19,189)</u>	<u>508,095</u>
<b>Total additions</b>	<u>590,000</u>	<u>861,023</u>	<u>271,023</u>	<u>1,401,504</u>
<b>Deductions:</b>				
Benefit payments	590,000	391,791	198,209	348,756
Refund of member contributions	-	12,305	(12,305)	9,039
Administrative expense	-	8,058	(8,058)	16,707
<b>Total deductions</b>	<u>590,000</u>	<u>412,154</u>	<u>177,846</u>	<u>374,502</u>
<b>Net increase in net position</b>	<u>-</u>	<u>448,869</u>	<u>448,869</u>	<u>1,027,002</u>
<b>Net position at beginning of year</b>	<u>12,338,422</u>	<u>12,338,422</u>	<u>-</u>	<u>11,311,420</u>
<b>Net position at end of year</b>	<u>\$ 12,338,422</u>	<u>\$ 12,787,291</u>	<u>\$ 448,869</u>	<u>\$ 12,338,422</u>

**OTHER INFORMATION SECTION**

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

Tax levy year	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Equalized assessed valuation	<u>\$ 372,733,775</u>	<u>\$ 386,038,884</u>	<u>\$ 418,219,614</u>	<u>\$ 454,834,323</u>	<u>\$ 554,996,968</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.3718	0.3431	0.4000	0.3838	0.2873
Tort liability	0.1131	0.1548	0.0525	0.0464	0.0371
Ambulance	0.3718	0.3375	0.3000	0.2967	0.2259
Firefighters' pension	0.1628	0.1436	0.1293	0.0709	0.0788
Illinois municipal retirement	0.0083	0.0047	0.0042	0.0013	0.0032
Social security	0.0472	0.0368	0.0330	0.0169	0.0223
Audit	0.0050	0.0050	0.0049	0.0026	0.0049
Emergency, rescue, crew and equipment	<u>0.0539</u>	<u>0.0500</u>	<u>0.0500</u>	<u>0.0500</u>	<u>0.0412</u>
Total	<u>1.1339</u>	<u>1.0755</u>	<u>0.9739</u>	<u>0.8686</u>	<u>0.7007</u>
Percent difference	<u>0.0584</u>	<u>0.1016</u>	<u>0.1053</u>	<u>0.1679</u>	<u>0.0257</u>
Tax extensions:					
Corporate	\$ 1,385,824	\$ 1,324,499	\$ 1,672,878	\$ 1,745,654	\$ 1,594,506
Tort liability	421,562	597,588	219,390	211,043	205,904
Ambulance	1,385,824	1,302,881	1,254,659	1,349,493	1,253,738
Firefighters' pension	606,811	554,352	540,750	322,478	437,338
Illinois municipal retirement	30,937	18,144	17,510	5,913	17,760
Social security	175,930	142,062	138,020	76,867	123,764
Audit	18,637	19,302	20,600	11,826	27,195
Emergency, rescue, crew and equipment	<u>200,904</u>	<u>193,019</u>	<u>209,110</u>	<u>227,417</u>	<u>228,659</u>
Total	<u>\$ 4,226,429</u>	<u>\$ 4,151,847</u>	<u>\$ 4,072,917</u>	<u>\$ 3,950,691</u>	<u>\$ 3,888,864</u>
Tax collections	<u>\$ 3,967,808</u>	<u>\$ 3,901,568</u>	<u>\$ 3,967,361</u>	<u>\$ 3,766,350</u>	<u>\$ 3,780,113</u>
Percent collected	<u>93.88%</u>	<u>93.97%</u>	<u>97.41%</u>	<u>95.33%</u>	<u>97.20%</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>\$ 547,007,419</u>	<u>\$ 542,405,102</u>	<u>\$ 481,908,618</u>	<u>\$ 455,645,836</u>	<u>\$ 462,521,991</u>
0.2976	0.2811	0.3145	0.3199	0.3095
0.0262	0.0541	0.0564	0.0588	0.0557
0.2241	0.2121	0.2366	0.2335	0.2242
0.0595	0.0816	0.0619	0.0700	0.0611
0.0046	0.0042	0.0038	0.0041	0.0038
0.0138	0.0133	0.0096	0.0099	0.0089
0.0030	0.0028	0.0028	0.0032	0.0024
<u>0.0462</u>	<u>0.0447</u>	<u>0.0477</u>	<u>0.0500</u>	<u>0.0426</u>
<u>0.6750</u>	<u>0.6939</u>	<u>0.7333</u>	<u>0.7494</u>	<u>0.7082</u>
<u>(0.0189)</u>	<u>(0.0394)</u>	<u>(0.0161)</u>	<u>0.0412</u>	<u>(0.0945)</u>
\$ 1,627,894	\$ 1,524,701	\$ 1,515,603	\$ 1,457,611	\$ 1,431,399
143,316	293,441	271,796	267,920	257,500
1,225,844	1,150,441	1,140,196	1,063,933	1,037,126
325,469	442,603	298,301	318,952	282,220
25,162	22,781	18,313	18,681	17,510
75,487	72,140	46,263	45,109	41,200
16,410	15,187	13,493	14,581	11,330
<u>252,717</u>	<u>242,455</u>	<u>229,870</u>	<u>227,823</u>	<u>197,137</u>
<u>\$ 3,692,299</u>	<u>\$ 3,763,749</u>	<u>\$ 3,533,835</u>	<u>\$ 3,414,610</u>	<u>\$ 3,275,422</u>
<u>\$ 3,536,494</u>	<u>\$ 3,623,647</u>	<u>\$ 3,182,666</u>	<u>\$ 3,118,352</u>	<u>\$ 3,084,351</u>
<u>95.78%</u>	<u>96.28%</u>	<u>90.06%</u>	<u>91.32%</u>	<u>94.17%</u>