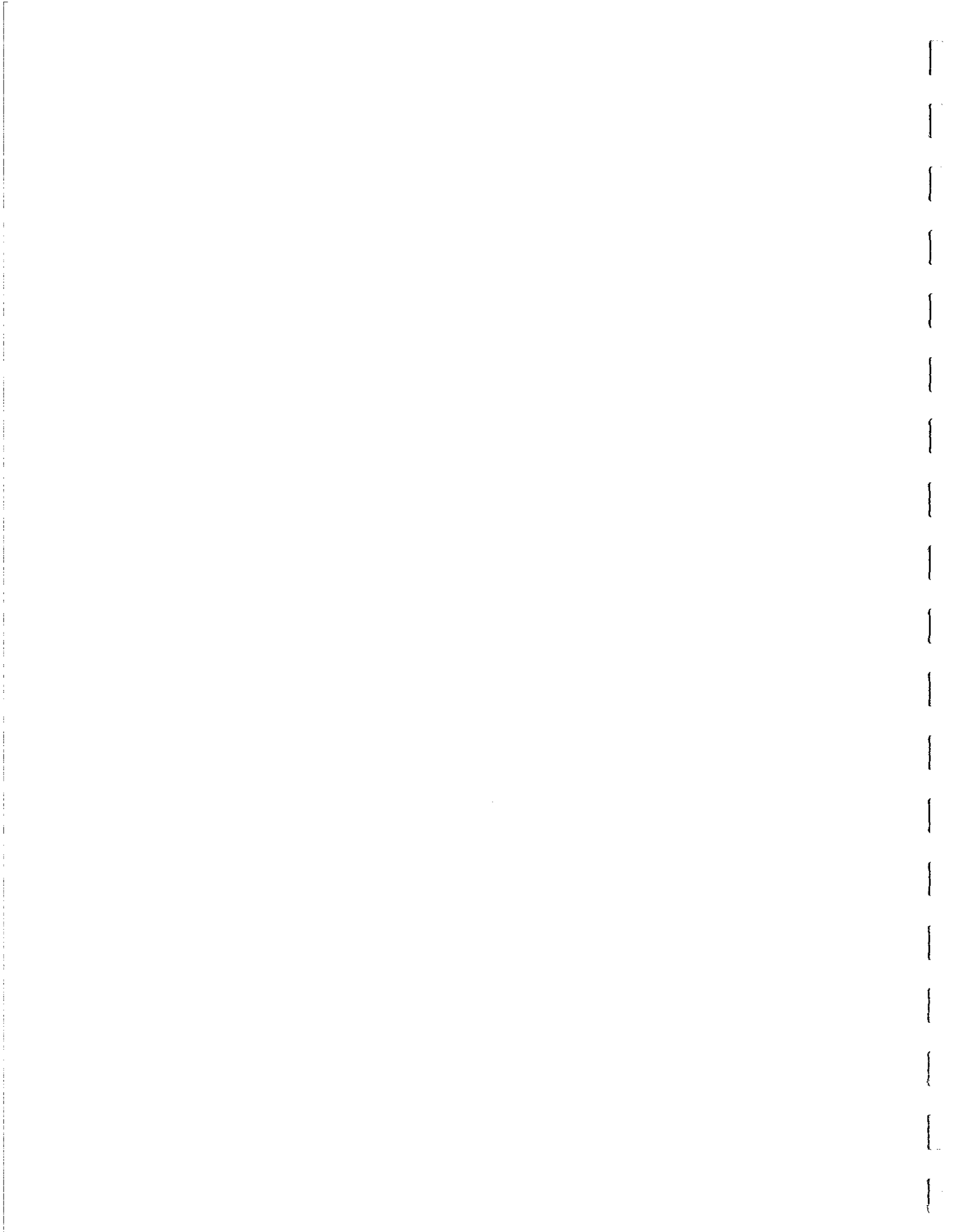


**NORTH PALOS FIRE PROTECTION
DISTRICT, ILLINOIS**

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011



**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011**

CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Names and Titles of Principal Officials	i
FINANCIAL SECTION:	
Independent Auditor's Report	ii - iii
Management's Discussion and Analysis	iv - x
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) to the Statement of Activities	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Major Special Revenue Fund	7 - 8
Statement of Fiduciary Net Assets - Pension Trust Fund	9
Statement of Changes in Fiduciary Net Assets - Pension Trust Fund	10
Notes to Basic Financial Statements	11 - 29

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011**

CONTENTS

	<u>Page</u>
Required Supplementary Information:	
Schedule of Funding Progress - Illinois Municipal Retirement Fund	30 - 31
Schedule of Funding Progress - Firefighters' Pension Fund	32
Schedule of Funding Progress - Health Insurance Plan for Retired Employees	33
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Combining Schedule of General Fund Balance Sheet Accounts	34
Combining Schedule of General Fund Revenues, Expenditures and Changes in Fund Balances	35
Corporate Fund:	
Balance Sheet	36
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	37
Tort Liability Fund:	
Balance Sheet	38
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	39
Ambulance Fund:	
Balance Sheet	40
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	41

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011**

CONTENTS

	<u>Page</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	42 - 43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficits) - Nonmajor Governmental Funds	44 - 45
Special Revenue Funds:	
Illinois Municipal Retirement Fund:	
Balance Sheet	46
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	47
Social Security Fund:	
Balance Sheet	48
Schedule of Revenues, Expenditures and Changes in Fund Deficits - Budget and Actual	49
Audit Fund:	
Balance Sheet	50
Schedule of Revenues, Expenditures and Changes in Fund Deficits - Budget and Actual	51
Emergency, Rescue, Crew and Equipment Fund:	
Balance Sheet	52
Schedule of Revenues, Expenditures and Changes in Fund Deficits - Budget and Actual	53

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011**

CONTENTS

	<u>Page</u>
Fiduciary Fund:	
Pension Trust Fund:	
Statement of Fiduciary Net Assets	54
Schedule of Changes in Fiduciary Net Assets - Budget and Actual	55
OTHER INFORMATION SECTION:	
Schedule of Assessed Valuation, Rates, Extensions and Collections	56 - 57

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS

NAMES AND TITLES OF PRINCIPAL OFFICIALS

DECEMBER 31, 2011

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

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of North Palos Fire Protection District, Illinois, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of North Palos Fire Protection District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of North Palos Fire Protection District, Illinois, and the net assets of the District's Firefighters' Pension Fund, as of December 31, 2011, 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 conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through x and schedules of funding progress on pages 30 through 33 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.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements of North Palos Fire Protection District, Illinois as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Mulcahey, Pauritsch, Salvador: Co, Ltd.

Orland Park, Illinois
July 31, 2012

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS as of and for the year ended December 31, 2011

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, 2011.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,174,706 (net assets).
- Governmental activities have unrestricted net assets of (\$833,291).
- The total net assets of the District decreased by \$606,692 during fiscal year 2011.
- Fund balance of the District's governmental funds increased by \$24,391 resulting in an ending fund balance of \$1,507,955. The fund balance of the General Fund decreased by \$47,423.
- The District's long-term obligations increased this year due to the increase in the pension benefit obligation and the other post-employment benefit obligation.

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 - 29 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 government-wide financial statements include the statement of net assets and the statement of activities.

The statement of net assets presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, changes in net assets 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 assets of the District changed during the current fiscal year. Changes in net assets 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.

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). Governmental activities consolidate governmental funds including general, special revenue and debt service funds.

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

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include governmental and fiduciary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided in the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

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 the General Fund and the Ambulance Fund are included in the fund financial statements section of this report to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported in the combining and individual fund financial statements and schedules section of this report.

The fund financial statements can be found of pages 3 - 10 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 11 - 29 of this report.

Government-wide Financial Analysis

The assets of the District are classified as current assets and capital 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 95% of the annual property tax assessment for 2010 in 2011.

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.

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, accrued salaries and benefits, and unearned revenues. 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 2012.

The assets of the District, including cash, investments, receivables, and capital assets, exceed its liabilities by \$1,174,706, with an unrestricted balance of (\$833,291). Total net assets of the District do not include internal balances.

A net investment of \$1,746,992 in land, buildings and improvements, apparatus and vehicles, and equipment, to provide the services to the District's residents represents 149% percent of the District's net assets.

North Palos Fire Protection District, Illinois
Net Assets
as of December 31, 2011 and 2010

	<u>Government-wide</u>	
	<u>2011</u>	<u>2010</u>
Assets:		
Current assets	\$5,903,002	\$ 6,934,102
Capital assets	<u>1,869,669</u>	<u>1,973,099</u>
Total assets	<u>7,772,671</u>	<u>8,907,201</u>
Liabilities:		
Current liabilities	4,395,047	5,450,538
Noncurrent liabilities	<u>2,202,918</u>	<u>1,675,265</u>
Total liabilities	<u>6,597,965</u>	<u>7,125,803</u>
Net assets:		
Invested in capital assets, net of related debt	1,746,992	1,816,490
Restricted	261,005	302,280
Unrestricted	<u>(833,291)</u>	<u>(337,372)</u>
Total net assets	<u>1,174,706</u>	<u>1,781,398</u>

Government-wide Activities

Governmental activities decreased the net assets of the District by \$606,692.

North Palos Fire Protection District, Illinois
Changes in Net Assets
for the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for service	\$ 2,196,428	\$ 2,532,448
Grants and contributions	0	1,000
General revenues:		
Property taxes	3,821,348	3,627,651
Foreign fire insurance	19,555	13,464
Personal property replacement taxes	17,289	19,619
Unrestricted investment earnings	569	2,480
Other income	<u>111,795</u>	<u>119,969</u>
Total revenues	<u>6,166,984</u>	<u>6,316,631</u>
Expenses:		
Governmental activities:		
Fire and rescue	4,760,712	4,529,200
Emergency medical service	1,921,645	1,863,335
General government	85,361	83,466
Interest	<u>5,958</u>	<u>20,153</u>
Total expenses	<u>6,773,676</u>	<u>6,496,154</u>
Decrease in net assets	(606,692)	(179,523)
Net assets at beginning of year	<u>1,781,398</u>	<u>1,960,921</u>
Net assets at end of year	<u>\$ 1,174,706</u>	<u>\$ 1,781,398</u>

Key elements of the decrease in net assets for governmental activities are as follows:

- Expenses for governmental activities increased, while supporting revenues decreased from 2010.
- The District's expenses for the fire and rescue function increased for this fiscal year. The increase is primarily related to an increase in salaries.

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 \$1,507,955, an increase of \$24,391 in comparison with the prior year. 17%, or \$261,005, of the fund balance is restricted due to external limitations on its use. 84%, or \$1,261,781, has been assigned, meaning that there are limitations on its intended use. The District had an unassigned fund deficit of (\$14,831) at December 31, 2011.

The General Fund is the main operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Actual expenditures of the General Fund amounted to \$4,220,415. Total fund balance represents approximately two months of expenditures. The District had no unassigned fund balance in the General Fund at December 31, 2011.

General Fund Budgetary Highlights

During the current fiscal year, the operations of the General Fund resulted in a positive budget variance of \$33,877. The positive variance was primarily due to greater than anticipated property tax revenue.

The budget as adopted was not amended during the year.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$1,869,669 (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 \$103,430.

North Palos Fire Protection District, Illinois
 Capital Assets (net of accumulated depreciation)
 December 31, 2011 and 2010

Government-wide

	<u>2011</u>	<u>2010</u>
Land	\$ 290,700	\$ 290,700
Buildings and improvements	491,760	515,520
Apparatus and vehicles	934,162	1,005,032
Equipment	<u>153,047</u>	<u>161,847</u>
 Total capital assets	 <u>\$1,869,669</u>	 <u>\$1,973,099</u>

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 \$122,677 at the end of the current year. Also, the District has obligations related to employee costs at December 31, 2011 of \$2,080,241. 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 62% 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 2012 is \$6,723,550. Property taxes are assumed to increase for existing property by the Consumer Price Index of 2% and new construction property of 3%. Other sources of budgeted revenue include fees for ambulance and other miscellaneous services.

Budgeted expenditures for 2012 are \$6,704,550. Expenditures include salaries and benefits to maintain staffing levels; facility expenses to operate and maintain existing buildings; maintenance expenses to maintain existing apparatus; debt payments; and other miscellaneous expenditures.

Requests for Information

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011**

ASSETS

Cash and investments	\$ 1,350,679
Receivables, net of allowance for uncollectibles:	
Property taxes	4,021,455
Accounts	510,450
Due from other governments	20,418
Capital assets not being depreciated:	
Land	290,700
Capital assets net of accumulated depreciation:	
Buildings and improvements	491,760
Apparatus and vehicles	934,162
Equipment	<u>153,047</u>
Total assets	<u>7,772,671</u>

LIABILITIES

Accounts payable and other current liabilities	433,316
Due to other fund	881
Unearned revenue	3,960,850
Noncurrent liabilities:	
Due within one year	77,686
Due in more than one year	<u>2,125,232</u>
Total liabilities	<u>6,597,965</u>

NET ASSETS

Invested in capital assets, net of related debt	1,746,992
Restricted for:	
Foreign fire	18,556
Tort immunity	165,825
Other purposes	76,624
Unrestricted	<u>(833,291)</u>
Total net assets	<u>\$ 1,174,706</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

	<u>Expenses</u>	<u>Program Revenues Charges for Service</u>	<u>Net (Expense) Revenue and Changes in Net assets</u>
Functions/programs:			
Governmental activities:			
Fire and rescue	\$ 4,760,712	\$ 1,825,278	\$ (2,935,434)
Emergency medical service	1,921,645	371,150	(1,550,495)
General government	85,361	-	(85,361)
Interest expense	5,958	-	(5,958)
Total governmental activities	\$ 6,773,676	\$ 2,196,428	(4,577,248)
General revenues:			
Taxes:			
Property			3,821,348
Personal property replacement			17,289
Foreign fire insurance			19,555
Investment income			569
Other income			111,795
Total general revenues			3,970,556
Change in net assets			(606,692)
Net assets at beginning of year			1,781,398
Net assets at end of year			\$ 1,174,706

See notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

FUND FINANCIAL STATEMENTS

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 1,093,361	\$ 153,794	\$ 103,524	\$ 1,350,679
Receivables:				
Property taxes	2,346,759	1,290,213	384,483	4,021,455
Accounts	-	510,450	-	510,450
Due from other funds	69,254	18,607	-	87,861
Due from other governments	<u>20,418</u>	<u>-</u>	<u>-</u>	<u>20,418</u>
 Total assets	 <u>\$ 3,529,792</u>	 <u>\$ 1,973,064</u>	 <u>\$ 488,007</u>	 <u>\$ 5,990,863</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 117,765	\$ 14,421	\$ 4,360	\$ 136,546
Accrued costs	236,076	41,776	18,918	296,770
Due to other funds	8,381	-	80,361	88,742
Deferred property taxes	<u>2,311,850</u>	<u>1,270,700</u>	<u>378,300</u>	<u>3,960,850</u>
 Total liabilities	 <u>2,674,072</u>	 <u>1,326,897</u>	 <u>481,939</u>	 <u>4,482,908</u>
Fund balances:				
Restricted	240,106	-	20,899	261,005
Assigned	615,614	646,167	-	1,261,781
Unassigned	<u>-</u>	<u>-</u>	<u>(14,831)</u>	<u>(14,831)</u>
 Total fund balances	 <u>855,720</u>	 <u>646,167</u>	 <u>6,068</u>	 <u>1,507,955</u>
 Total liabilities and fund balances	 <u>\$ 3,529,792</u>	 <u>\$ 1,973,064</u>	 <u>\$ 488,007</u>	 <u>\$ 5,990,863</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Total fund balances - governmental funds \$ 1,507,955

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 1,869,669

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	\$	(122,677)
Member's equity deficiency - insurance cooperative		(67,662)
Pension benefit obligation		(1,112,479)
Other post-employment benefit obligation		(611,576)
Compensated absences		<u>(288,524)</u>

Total (2,202,918)

Total net assets - governmental activities \$ 1,174,706

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, 2011

	<u>General</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 2,200,366	\$ 1,231,530	\$ 389,452	\$ 3,821,348
Intergovernmental revenue	1,445,266	-	-	1,445,266
Charges for service	380,012	371,150	-	751,162
Investment income	569	-	-	569
Personal property replacement taxes	17,289	-	-	17,289
Foreign fire insurance	19,555	-	-	19,555
Other revenues	<u>109,935</u>	<u>1,860</u>	<u>-</u>	<u>111,795</u>
Total revenues	<u>4,172,992</u>	<u>1,604,540</u>	<u>389,452</u>	<u>6,166,984</u>
Expenditures:				
Current:				
Compensation and salaries	2,680,100	1,082,264	172,783	3,935,147
Employee benefits	839,242	290,580	120,025	1,249,847
Outside services	82,188	48,142	22,037	152,367
Administrative	49,118	9,938	-	59,056
Dues and fees	5,242	2,822	-	8,064
Education and training	16,713	4,132	-	20,845
Insurance	255,769	-	-	255,769
Equipment and maintenance	195,585	84,416	19,144	299,145
Buildings and grounds	70,335	21,853	-	92,188
Debt service:				
Principal	-	33,932	-	33,932
Interest	1,980	3,978	-	5,958
Capital outlay	<u>24,143</u>	<u>4,097</u>	<u>2,035</u>	<u>30,275</u>
Total expenditures	<u>4,220,415</u>	<u>1,586,154</u>	<u>336,024</u>	<u>6,142,593</u>
Excess (deficiency) of revenues over (under) expenditures	(47,423)	18,386	53,428	24,391
Fund balances (deficit) at beginning of year	<u>903,143</u>	<u>627,781</u>	<u>(47,360)</u>	<u>1,483,564</u>
Fund balances at end of year	<u>\$ 855,720</u>	<u>\$ 646,167</u>	<u>\$ 6,068</u>	<u>\$ 1,507,955</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(DEFICIT) TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

Net change in fund balances (deficit) - governmental funds \$ 24,391

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

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 (\$127,404) exceeded capitalized capital outlays (\$23,974) in the current period. (103,430)

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.

Decrease in member's equity deficiency - insurance cooperative	\$ 13,406	
Increase in pension benefit obligation	(330,828)	
Increase in other post-employment benefit obligation	(206,158)	
Increase in compensated absences	<u>(38,005)</u>	
Total		(561,585)

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 assets. 33,932

Change in net assets of governmental activities \$ (606,692)

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, 2011

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 1,850,000	\$ 2,200,366	\$ 350,366
Intergovernmental revenue	1,576,000	1,445,266	(130,734)
Charges for service	490,000	380,012	(109,988)
Investment income	4,000	569	(3,431)
Personal property replacement taxes	16,500	17,289	789
Foreign fire insurance	22,600	19,555	(3,045)
Other revenues	<u>51,000</u>	<u>109,935</u>	<u>58,935</u>
Total revenues	<u>4,010,100</u>	<u>4,172,992</u>	<u>162,892</u>
Expenditures:			
Current:			
Compensation and salaries	2,752,200	2,680,100	72,100
Employee benefits	555,000	839,242	(284,242)
Outside services	109,300	82,188	27,112
Administrative	38,300	49,118	(10,818)
Dues and fees	6,500	5,242	1,258
Education and training	18,400	16,713	1,687
Insurance	300,000	255,769	44,231
Equipment and maintenance	170,700	195,585	(24,885)
Buildings and grounds	105,000	70,335	34,665
Debt service:			
Principal	-	-	-
Interest	6,000	1,980	4,020
Capital outlay	<u>30,000</u>	<u>24,143</u>	<u>5,857</u>
Total expenditures	<u>4,091,400</u>	<u>4,220,415</u>	<u>(129,015)</u>
Excess (deficiency) of revenues over (under) expenditures	(81,300)	(47,423)	33,877
Fund balances at beginning of year	<u>903,143</u>	<u>903,143</u>	<u>-</u>
Fund balances at end of year	<u>\$ 821,843</u>	<u>\$ 855,720</u>	<u>\$ 33,877</u>

See notes to basic financial statements.

Ambulance Fund

<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 1,250,000	\$ 1,231,530	\$ (18,470)
-	-	-
490,000	371,150	(118,850)
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>1,860</u>	<u>1,860</u>
<u>1,740,000</u>	<u>1,604,540</u>	<u>(135,460)</u>
1,082,050	1,082,264	(214)
367,000	290,580	76,420
56,200	48,142	8,058
10,700	9,938	762
3,500	2,822	678
8,700	4,132	4,568
-	-	-
82,250	84,416	(2,166)
33,000	21,853	11,147
33,700	33,932	(232)
7,000	3,978	3,022
<u>1,000</u>	<u>4,097</u>	<u>(3,097)</u>
<u>1,685,100</u>	<u>1,586,154</u>	<u>98,946</u>
54,900	18,386	(36,514)
<u>627,781</u>	<u>627,781</u>	<u>-</u>
<u>\$ 682,681</u>	<u>\$ 646,167</u>	<u>\$ (36,514)</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
DECEMBER 31, 2011**

ASSETS

Cash	\$ 171,338
Accrued interest receivable	39,734
Due from other funds	6,881
Investments	<u>8,466,369</u>
Total assets	<u>8,684,322</u>

LIABILITIES

Due to other funds	<u>6,000</u>
--------------------	--------------

NET ASSETS

Held in trust for pension benefits and other purposes	<u>\$ 8,678,322</u>
---	---------------------

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
YEAR ENDED DECEMBER 31, 2011**

Additions:	
Contributions:	
Employer	\$ 431,009
Plan members	<u>249,397</u>
Total contributions	<u>680,406</u>
Investment earnings:	
Investment earnings	266,516
Investment expense	<u>(36,119)</u>
Net investment earnings	<u>230,397</u>
Total additions	<u>910,803</u>
Deductions:	
Benefits	290,472
Administrative expense	<u>9,386</u>
Total deductions	<u>299,858</u>
Change in net assets	610,945
Net assets at beginning of year	<u>8,067,377</u>
Net assets at end of year	<u><u>\$ 8,678,322</u></u>

See notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

North Palos Fire Protection District, Illinois (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.

As required by accounting principles generally accepted in the United States of America, these financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units that have a significant operational or financial relationship with the District.

Blended component units are separate legal entities that meet the component unit criteria and whose governing board is the same or substantially the same as the District or provide services entirely to the District. These component unit's funds are blended into those of the District's by appropriate activity type to complete the primary government presentation.

At December 31, 2011, the District's financial reporting entity comprises the following:

Primary government:	North Palos Fire Protection District, Illinois
Blended component unit:	North Palos Fire Protection District Firefighters' Pension Plan

Blended Component Unit

The District's sworn firefighters participate in the North Palos Fire Protection District Firefighters' Pension Plan. The Plan functions for the benefit of these employees and is governed by a pension board. The District and the Plan participants are obligated to fund all Plan 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 Plan 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 Plan is reported as a pension trust fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* are those that are primarily supported by taxes and intergovernmental revenues.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to users who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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 as revenues in accordance with the District's appropriation ordinance.

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.

Property taxes, personal property replacement taxes, investment income and entitlements 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.

All other revenue items are considered to be measurable and available only when cash is received by the District.

The District has the following major governmental funds:

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

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.

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

Amounts reported as *program revenues* include 1) charges for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011**

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All property tax and accounts receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is \$122,505 (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 \$375,000 is based on previous collection experience.

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 October 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.

3. Capital Assets

Capital assets, which include land, buildings and improvements, apparatus and 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 estimated fair value at the date of donation.

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

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

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. Upon retirement, sick pay is paid out at a rate of one day's pay for one day of sick pay accumulated. All sick pay benefits are accrued in the government-wide financial statements. A liability for sick pay benefits is reported in the governmental funds only if they are payable as a result of employee retirements.

5. 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 assets. Bond and note premiums and discounts are deferred and amortized over the life of the related debt using the effective interest method. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

6. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an individual or body to which the District delegates the authority.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

7. 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.

8. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

1. The Chief submits to the District Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them for the general, special revenue and pension trust funds.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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, 2011 was adopted through the passage of ordinance number 2010-06 on November 16, 2010.
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." Transfers between line items, departments and funds may be made by administrative action. The level of legal control is generally considered the entire appropriation.
8. Budgeted revenue amounts are as originally adopted. Budgeted amounts reported in the financial statements represent the working budget as adopted. The appropriation as adopted for each fund is as follows:

General Fund:	
Corporate subfund	\$ 4,185,566
Tort Liability subfund	330,000
Special revenue funds:	
Ambulance	1,900,250
Audit	20,900
Emergency, Rescue, Crew and Equipment	220,000
Illinois Municipal Retirement	9,900
Social Security	122,100
Fiduciary fund:	
Pension Trust	467,500

B. Excess of Expenditures over Working Budget

The following funds had an excess of actual expenditures over the working budget amount for the year ended December 31, 2011:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund:			
General Fund:			
Corporate subfund	\$ 3,791,400	\$ 3,964,297	\$ (172,897)
Nonmajor governmental funds:			
Social Security Fund	111,000	111,590	(590)
Audit Fund	19,000	20,500	(1,500)

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011**

The overexpenditure in the Corporate subfund was funded by greater than anticipated revenues and available fund balance. The overexpenditures in the Social Security Fund and the Audit Fund were funded by current year revenues.

C. Deficit Fund Equity

The following funds had deficit fund balances at December 31, 2011:

Nonmajor governmental funds:		
Social Security Fund	\$	(10,032)
Audit Fund		(4,799)

The District plans to transfer funds from another fund to cover these deficits.

III. DETAILED NOTES ON ALL 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, 2011, \$989,128 of the District's bank balances of \$1,417,638 was uninsured and collateralized with securities held by the pledging financial institutions.

Investments

The District had the following investments as of December 31, 2011:

<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>\$ 111,633</u>	AAAm	< 1

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Average Credit Quality Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Fiduciary fund:			
Corporate bonds	\$ 298,619	N/A	5
GNMA	28,656	N/A	7
Municipal bonds	823,958	A1/A2/Aa2	7
Mutual funds	3,937,782	N/A	N/A
U.S. government agency notes	2,913,058	Aaa	5
U.S. Treasury securities	<u>464,296</u>	Aaa	4
Total	<u>\$ 8,466,369</u>		

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

Investment Policies

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

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

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

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

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

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

B. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 290,700	\$ -	\$ -	\$ 290,700
Capital assets, being depreciated:				
Buildings and improvements	1,228,000	-	-	1,228,000
Apparatus and vehicles	2,110,319	23,974	-	2,134,293
Equipment	250,998	-	-	250,998
Total capital assets, being depreciated	<u>3,589,317</u>	<u>23,974</u>	<u>-</u>	<u>3,613,291</u>
Less accumulated depreciation for:				
Buildings and improvements	712,480	23,760	-	736,240
Apparatus and vehicles	1,105,287	94,844	-	1,200,131
Equipment	89,151	8,800	-	97,951
Total accumulated depreciation	<u>1,906,918</u>	<u>127,404</u>	<u>-</u>	<u>2,034,322</u>
Total capital assets, being depreciated, net	<u>1,682,399</u>	<u>(103,430)</u>	<u>-</u>	<u>1,578,969</u>
Governmental activities capital assets, net	<u>\$ 1,973,099</u>	<u>\$ (103,430)</u>	<u>\$ -</u>	<u>\$ 1,869,669</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Fire and rescue	\$ 64,415
Emergency medical service	56,337
General government	<u>6,652</u>
Total depreciation expense - governmental activities	<u>\$ 127,404</u>

C. Tax Anticipation Warrants

The District repaid tax anticipation warrants of \$1,000,000 during the year ended December 31, 2011. The debt was issued for interim financing of General Fund and Ambulance Fund operations.

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Tax anticipation warrant activity during the year was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

D. Line of Credit

The District has a \$900,000 working capital line of credit with a bank. Interest is payable monthly at 0.25% over the prime rate, with a 2.98% floor. The line of credit was unused at December 31, 2011.

E. Long-term Liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 156,609	\$ -	\$ 33,932	\$ 122,677	\$ 35,124
Member's equity deficiency - insurance cooperative	81,068	-	13,406	67,662	-
Pension benefit obligation	781,651	761,837	431,009	1,112,479	-
Other post-employment benefit obligation	405,418	217,944	11,786	611,576	-
Compensated absences	<u>250,519</u>	<u>38,005</u>	<u>-</u>	<u>288,524</u>	<u>42,562</u>
Total	<u>\$ 1,675,265</u>	<u>\$ 1,017,786</u>	<u>\$ 490,133</u>	<u>\$ 2,202,918</u>	<u>\$ 77,686</u>

Notes Payable

Note payable 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:

2012	\$ 6,129
2013	6,129
2014	6,129
2015	6,129
2016	6,129
2017 - 2021	30,643
2022 - 2024	<u>18,385</u>
Total	<u>\$ 79,673</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

Note payable to a finance company, due in monthly installments of \$2,525 including interest at 4.25%, with the final payment due in July, 2013.

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 28,995	\$ 1,308	\$ 30,303
2013	<u>14,009</u>	<u>186</u>	<u>14,195</u>
Total	<u>\$ 43,004</u>	<u>\$ 1,494</u>	<u>\$ 44,498</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>
2012	\$ 35,124	\$ 1,308	\$ 36,432
2013	20,133	186	20,319
2014	6,129	-	6,129
2015	6,129	-	6,129
2016	6,129	-	6,129
2017 - 2021	30,643	-	30,643
2022 - 2024	<u>18,390</u>	<u>-</u>	<u>18,390</u>
Total	<u>\$ 122,677</u>	<u>\$ 1,494</u>	<u>\$ 124,171</u>

F. Legal Debt Margin

The legal debt margin of the District as of December 31, 2011 is determined as follows:

Assessed valuation - 2010 tax year (most recent year available)	<u>\$ 554,996,968</u>
Statutory debt limitation (5.75% of assessed valuation)	\$ 31,912,326
Total bonded debt outstanding	<u>-</u>
Legal debt margin	<u>\$ 31,912,326</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

G. Fund Balances

As of December 31, 2011, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:				
Emergency, rescue, crew and equipment	\$ -	\$ -	\$ 3,771	\$ 3,771
Foreign fire	18,556	-	-	18,556
Illinois municipal retirement	-	-	17,128	17,128
Tort immunity	165,825	-	-	165,825
Traffic preempt co-op	<u>55,725</u>	<u>-</u>	<u>-</u>	<u>55,725</u>
Total restricted	<u>240,106</u>	<u>-</u>	<u>20,899</u>	<u>261,005</u>
Assigned:				
Benefit buy back	270,200	115,800	-	386,000
Capital expenditures	194,401	178,023	-	372,424
Other purposes	-	219,330	-	219,330
Retiree health insurance	<u>151,013</u>	<u>133,014</u>	<u>-</u>	<u>284,027</u>
Total assigned	<u>615,614</u>	<u>646,167</u>	<u>-</u>	<u>1,261,781</u>
Unassigned	<u>-</u>	<u>-</u>	<u>(14,831)</u>	<u>(14,831)</u>
Total fund balances	<u>\$ 855,720</u>	<u>\$ 646,167</u>	<u>\$ 6,068</u>	<u>\$ 1,507,955</u>

IV. OTHER INFORMATION

A. 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; and natural disasters. In order to protect against such losses, the District has purchased insurance from various sources. Property, liability and loss policies were purchased from a private insurance company. Workers' compensation coverage was obtained by membership in McClure and Associates. 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, 2011**

Employee health insurance coverage was obtained by membership in a pooled common risk management and insurance program for local governmental entities in the State of Illinois. The agreement for formation of the fund provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for losses in excess of various limits established for each type of coverage. As is reported in the December 31, 2010 audited financial statements, the District has a member's equity deficiency of \$67,662 recorded on the books of the Illinois Fire District Employee Benefit Cooperative.

B. Employee Retirement Systems and Plans

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Plan) which covers its qualified Fire Department employees and participates in the statewide Illinois Municipal Retirement Fund, an agent-multiple-employer public employee pension plan which covers substantially all of the remaining qualified District employees. The District also administers the Health Insurance Plan for Retired Employees that provides limited health care insurance coverage for eligible retired employees. The information presented below is the most current information available as of December 31, 2011.

1. Firefighters' Pension Plan

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

At December 31, 2010, the Firefighters' Pension Plan membership consisted of:

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

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

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

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

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

Annual Pension Cost and Net Pension Obligation. The District's annual pension cost and net pension obligation for the year ended December 31, 2011 were as follows:

Annual required contribution	\$ 491,865
Interest on net pension obligation	45,306
Adjustment to annual required contribution	<u>224,666</u>
Annual pension cost	761,837
Contributions made	<u>431,009</u>
Increase in net pension obligation	330,828
Net pension obligation at beginning of year	<u>781,651</u>
Net pension obligation at end of year	<u>\$ 1,112,479</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 761,837	56.6 %	\$ 1,112,479
12/31/10	602,368	67.2	781,651
12/31/09	602,368	70.4	584,045

Actuarial Methods and Assumptions. The annual required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses), (b) projected salary increases of 5.5%, and (c) cost-of-living adjustments of 3.0% per year. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of assets is not adjusted for short-term volatility in the market value of investments. The Firefighters' Pension Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 30 years.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Plan was 68 percent funded. The actuarial accrued liability for benefits was \$11,893,977 and the actuarial value of assets was \$8,067,377, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,826,600. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,376,761 and the ratio of the UAAL to the covered payroll was 161 percent.

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

2. Illinois Municipal Retirement Fund

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

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Funding Policy. As set by statute, the District's Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the employers was 11.80 percent of annual covered payroll. The employer annual contribution rate for calendar year 2010 was 11.81 percent. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For calendar year ending December 31, 2011, the District's actual contributions for pension cost for the Regular plan were \$8,843. Its required contribution for calendar year 2011 was \$8,851.

Three Year Trend Information for the Regular Plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 8,851	100.00 %	\$ -
12/31/10	22,604	100.00	-
12/31/09	18,377	100.00	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 76.40 percent funded. The actuarial accrued liability for benefits was \$678,113 and the actuarial value of the assets was \$518,102, resulting in an underfunded actuarial accrued liability (UAAL) of \$160,011. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$74,942 and the ratio of the UAAL to the covered payroll was 214 percent.

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

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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 2011, the District contributed \$11,786 to the plan. Plan members receiving benefits contributed \$0.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the annual required contribution of the employer (ARC), and 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	\$ 197,673
Interest on net OPEB obligation	20,271
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	217,944
Contributions made	<u>11,786</u>
Change in net OPEB obligation	206,158
Net OPEB obligation at beginning of year	<u>405,418</u>
Net OPEB obligation at end of year	<u>\$ 611,576</u>

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

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/11	\$ 217,944	5.41 %	\$ 611,576
12/31/10	215,786	5.46	405,418
12/31/09	213,204	5.50	201,418

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011**

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,386,960, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,386,960. The covered payroll (annual payroll of active employees covered by the plan) was \$2,495,424 and the ratio of the UAAL to covered payroll was 55.6 percent.

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, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.00 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 6.00 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

C. Tort Immunity Expenditures

Tort immunity expenditures for the year ended December 31, 2011 are summarized as follows:

Liability and workers' compensation insurance	\$ 255,769
Buildings and grounds	330
Education and training	<u>19</u>
Total	<u>\$ 256,118</u>

D. Subsequent Events

Management has evaluated subsequent events through July 31, 2012, which is the date the financial statements were available to be issued.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SCHEDULE OF FUNDING PROGRESS -
ILLINOIS MUNICIPAL RETIREMENT FUND
DECEMBER 31, 2011

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>
December 31, 2006	\$ 343,762	\$ 392,004	\$ 48,242
December 31, 2007	395,126	432,053	36,927
December 31, 2008	407,477	487,291	79,814
December 31, 2009	441,166	563,133	121,967
December 31, 2010	493,303	620,180	126,877
December 31, 2011	518,102	678,113	160,011

<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>	<u>District's Annual Required Contribution</u>	<u>Percent Contributed</u>
87.69 %	\$ 148,994	32.38 %	\$ 16,494	100.00 %
91.45	151,813	24.32	15,986	100.00
83.62	165,311	48.28	16,845	100.00
78.34	188,487	64.71	18,377	100.00
79.54	205,493	61.74	22,604	100.00
76.40	74,942	213.51	8,851	100.00

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SCHEDULE OF FUNDING PROGRESS -
FIREFIGHTERS' PENSION FUND
DECEMBER 31, 2011**

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, 2005	\$ 4,784,920	\$ 6,011,227	\$ 1,226,307	79.60 %	\$ 995,383	123.20 %
December 31, 2006	5,203,782	7,014,704	1,810,922	74.18	1,301,729	139.12
December 31, 2007	5,938,427	7,979,845	2,041,418	74.42	1,416,413	144.13
December 31, 2008	5,530,776	8,774,511	3,243,735	63.03	1,442,830	224.82
December 31, 2009	6,841,120	9,327,000	2,485,880	73.35	2,322,562	107.03
December 31, 2010	8,067,377	11,893,977	3,826,600	67.83	2,376,761	161.00

Information provided above is the most current information available.

EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
December 31, 2006	\$ 281,333	97.01 %
December 31, 2007	298,498	02.90
December 31, 2008	301,289	98.49
December 31, 2009	477,174	88.83
December 31, 2010	470,245	86.07
December 31, 2011	491,865	87.63

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS -
 HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES
 DECEMBER 31, 2011**

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, 2009	\$ 0	\$ 1,386,960	\$ 1,386,960	0.00 %	\$ 2,495,424	55.58 %

Information provided above is the most current information available.

EMPLOYER CONTRIBUTIONS

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

THIS PAGE INTENTIONALLY LEFT BLANK

MAJOR GOVERNMENTAL FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL FUND

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 COMBINING SCHEDULE OF GENERAL FUND
 BALANCE SHEET ACCOUNTS
 DECEMBER 31, 2011
 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010**

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
ASSETS				
Cash and investments	\$ 873,296	\$ 220,065	\$ 1,093,361	\$ 876,489
Receivables:				
Property taxes	2,144,703	202,056	2,346,759	2,398,128
Other	-	-	-	732
Due from other funds	69,254	-	69,254	69,254
Due from other governments	<u>20,418</u>	<u>-</u>	<u>20,418</u>	<u>866,732</u>
 Total assets	 <u>\$ 3,107,671</u>	 <u>\$ 422,121</u>	 <u>\$ 3,529,792</u>	 <u>\$ 4,211,335</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 60,319	\$ 57,446	\$ 117,765	\$ 263,557
Accrued costs	236,076	-	236,076	223,415
Due to other funds	8,381	-	8,381	37,530
Deferred property taxes	2,113,000	198,850	2,311,850	2,208,690
Tax anticipation warrant payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,000</u>
 Total liabilities	 <u>2,417,776</u>	 <u>256,296</u>	 <u>2,674,072</u>	 <u>3,308,192</u>
Fund balances:				
Restricted	74,281	165,825	240,106	236,495
Assigned	615,614	-	615,614	471,078
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,570</u>
 Total fund balances	 <u>689,895</u>	 <u>165,825</u>	 <u>855,720</u>	 <u>903,143</u>
 Total liabilities and fund balances	 <u>\$ 3,107,671</u>	 <u>\$ 422,121</u>	 <u>\$ 3,529,792</u>	 <u>\$ 4,211,335</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 COMBINING SCHEDULE OF GENERAL FUND
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2011
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Revenues:				
Property taxes	\$ 2,000,253	\$ 200,113	\$ 2,200,366	\$ 2,103,770
Intergovernmental revenue	1,445,266	-	1,445,266	1,537,686
Charges for service	380,012	-	380,012	499,631
Investment income	569	-	569	2,480
Grant revenue	-	-	-	1,000
Personal property replacement taxes	17,289	-	17,289	19,619
Foreign fire insurance	19,555	-	19,555	13,464
Other revenues	109,935	-	109,935	118,637
Total revenues	<u>3,972,879</u>	<u>200,113</u>	<u>4,172,992</u>	<u>4,296,287</u>
Expenditures:				
Current:				
Compensation and salaries	2,680,100	-	2,680,100	2,376,878
Employee benefits	839,242	-	839,242	892,731
Outside services	82,188	-	82,188	280,486
Administrative	49,118	-	49,118	24,268
Dues and fees	5,242	-	5,242	5,707
Education and training	16,694	19	16,713	10,623
Insurance	-	255,769	255,769	187,405
Equipment and maintenance	195,585	-	195,585	162,641
Buildings and grounds	70,005	330	70,335	86,128
Debt service:				
Principal	-	-	-	6,129
Interest	1,980	-	1,980	11,738
Capital outlay	24,143	-	24,143	-
Total expenditures	<u>3,964,297</u>	<u>256,118</u>	<u>4,220,415</u>	<u>4,044,734</u>
Excess (deficiency) of revenues over (under) expenditures	8,582	(56,005)	(47,423)	251,553
Fund balances at beginning of year	<u>681,313</u>	<u>221,830</u>	<u>903,143</u>	<u>651,590</u>
Fund balances at end of year	<u>\$ 689,895</u>	<u>\$ 165,825</u>	<u>\$ 855,720</u>	<u>\$ 903,143</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CORPORATE FUND

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
CORPORATE FUND
BALANCE SHEET
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010**

ASSETS	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 873,296	\$ 614,278
Receivables:		
Property taxes	2,144,703	2,191,715
Other	-	732
Due from other funds	69,254	69,254
Due from other governments	<u>20,418</u>	<u>866,732</u>
 Total assets	 <u>\$ 3,107,671</u>	 <u>\$ 3,742,711</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 60,319	\$ 210,763
Accrued costs	236,076	223,415
Due to other funds	8,381	37,530
Deferred revenue	2,113,000	2,014,690
Tax anticipation warrant payable	<u>-</u>	<u>575,000</u>
 Total liabilities	 <u>2,417,776</u>	 <u>3,061,398</u>
Fund balances:		
Restricted	74,281	80,450
Assigned	615,614	471,078
Unassigned	<u>-</u>	<u>129,785</u>
 Total fund balances	 <u>689,895</u>	 <u>681,313</u>
 Total liabilities and fund balances	 <u>\$ 3,107,671</u>	 <u>\$ 3,742,711</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 1,650,000	\$ 2,000,253	\$ 350,253	\$ 1,959,054
Intergovernmental revenue	1,576,000	1,445,266	(130,734)	1,537,686
Charges for service	490,000	380,012	(109,988)	499,631
Investment income	4,000	569	(3,431)	2,480
Grant revenue	-	-	-	1,000
Personal property replacement taxes	16,500	17,289	789	19,619
Foreign fire insurance	22,600	19,555	(3,045)	13,464
Other revenues	<u>51,000</u>	<u>109,935</u>	<u>58,935</u>	<u>9,471</u>
Total revenues	<u>3,810,100</u>	<u>3,972,879</u>	<u>162,779</u>	<u>4,042,405</u>
Expenditures:				
Current:				
Compensation and salaries	2,752,200	2,680,100	72,100	2,376,878
Employee benefits	555,000	839,242	(284,242)	892,731
Outside services	109,300	82,188	27,112	280,486
Administrative	38,300	49,118	(10,818)	24,268
Dues and fees	6,500	5,242	1,258	5,707
Education and training	18,400	16,694	1,706	10,591
Equipment and maintenance	170,700	195,585	(24,885)	162,641
Buildings and grounds	105,000	70,005	34,995	85,468
Debt service:				
Principal	-	-	-	6,129
Interest	6,000	1,980	4,020	11,738
Capital outlay	<u>30,000</u>	<u>24,143</u>	<u>5,857</u>	<u>-</u>
Total expenditures	<u>3,791,400</u>	<u>3,964,297</u>	<u>(172,897)</u>	<u>3,856,637</u>
Excess (deficiency) of revenues over (under) expenditures	18,700	8,582	(10,118)	185,768
Fund balances at beginning of year	<u>681,313</u>	<u>681,313</u>	<u>-</u>	<u>495,545</u>
Fund balances at end of year	<u>\$ 700,013</u>	<u>\$ 689,895</u>	<u>\$ (10,118)</u>	<u>\$ 681,313</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TORT LIABILITY FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
TORT LIABILITY FUND
BALANCE SHEET
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 220,065	\$ 262,211
Property taxes receivable	<u>202,056</u>	<u>206,413</u>
Total assets	<u>\$ 422,121</u>	<u>\$ 468,624</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 57,446	\$ 52,794
Deferred property taxes	<u>198,850</u>	<u>194,000</u>
Total liabilities	256,296	246,794
Fund balances:		
Restricted	<u>165,825</u>	<u>221,830</u>
Total liabilities and fund balances	<u>\$ 422,121</u>	<u>\$ 468,624</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 200,000	\$ 200,113	\$ 113	\$ 144,716
Grant revenue	-	-	-	109,166
Total revenues	<u>200,000</u>	<u>200,113</u>	<u>113</u>	<u>253,882</u>
Expenditures:				
Current:				
Education and training	-	19	(19)	32
Insurance	300,000	255,769	44,231	187,405
Buildings and grounds	-	330	(330)	660
Total expenditures	<u>300,000</u>	<u>256,118</u>	<u>43,882</u>	<u>188,097</u>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(56,005)	43,995	65,785
Fund balances at beginning of year	<u>221,830</u>	<u>221,830</u>	<u>-</u>	<u>156,045</u>
Fund balances at end of year	<u>\$ 121,830</u>	<u>\$ 165,825</u>	<u>\$ 43,995</u>	<u>\$ 221,830</u>

THIS PAGE INTENTIONALLY LEFT BLANK

AMBULANCE FUND

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 AMBULANCE FUND
 BALANCE SHEET
 DECEMBER 31, 2011
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010**

ASSETS	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 153,794	\$ 253,630
Receivables:		
Property taxes	1,290,213	1,369,112
Accounts	510,450	736,589
Due from other funds	<u>18,607</u>	<u>18,607</u>
 Total assets	 <u>\$ 1,973,064</u>	 <u>\$ 2,377,938</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 14,421	\$ 27,308
Accrued costs	41,776	34,909
Deferred property taxes	1,270,700	1,262,940
Tax anticipation warrant payable	<u>-</u>	<u>425,000</u>
 Total liabilities	 1,326,897	 1,750,157
Fund balances:		
Assigned	<u>646,167</u>	<u>627,781</u>
 Total liabilities and fund balances	 <u>\$ 1,973,064</u>	 <u>\$ 2,377,938</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2011</u>		<u>Variance with Final Budget Positive (Negative)</u>	<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 1,250,000	\$ 1,231,530	\$ (18,470)	\$ 1,170,523
Charges for service	490,000	371,150	(118,850)	495,131
Other revenues	-	1,860	1,860	1,332
Total revenues	<u>1,740,000</u>	<u>1,604,540</u>	<u>(135,460)</u>	<u>1,666,986</u>
Expenditures:				
Current:				
Compensation and salaries	1,082,050	1,082,264	(214)	854,456
Employee benefits	367,000	290,580	76,420	209,693
Outside services	56,200	48,142	8,058	337,774
Administrative	10,700	9,938	762	8,137
Dues and fees	3,500	2,822	678	3,126
Education and training	8,700	4,132	4,568	5,710
Equipment and maintenance	82,250	84,416	(2,166)	106,058
Buildings and grounds	33,000	21,853	11,147	25,061
Debt service:				
Principal	33,700	33,932	(232)	14,403
Interest	7,000	3,978	3,022	5,200
Capital outlay	1,000	4,097	(3,097)	79,291
Total expenditures	<u>1,685,100</u>	<u>1,586,154</u>	<u>98,946</u>	<u>1,648,909</u>
Excess of revenues over expenditures	54,900	18,386	(36,514)	18,077
Other financing sources:				
Proceeds from note payable	-	-	-	85,210
Net change in fund balances	54,900	18,386	(36,514)	103,287
Fund balances at beginning of year	<u>627,781</u>	<u>627,781</u>	<u>-</u>	<u>524,494</u>
Fund balances at end of year	<u>\$ 682,681</u>	<u>\$ 646,167</u>	<u>\$ (36,514)</u>	<u>\$ 627,781</u>

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011**

	Special Revenue Funds			
	Illinois Municipal Retirement	Social Security	Audit	Emergency, Rescue, Crew and Equipment
ASSETS				
Cash and investments	\$ 21,363	\$ 14,386	\$ 5,517	\$ 62,258
Property taxes receivable	9,973	128,024	19,827	226,659
Total assets	<u>\$ 31,336</u>	<u>\$ 142,410</u>	<u>\$ 25,344</u>	<u>\$ 288,917</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,360
Accrued costs	-	12,045	-	6,873
Due to other funds	4,508	14,297	10,743	50,813
Deferred property taxes	9,700	126,100	19,400	223,100
Total liabilities	14,208	152,442	30,143	285,146
Fund balance (deficits):				
Restricted	17,128	-	-	3,771
Unassigned	-	(10,032)	(4,799)	-
Total fund balance (deficits)	17,128	(10,032)	(4,799)	3,771
Total liabilities and fund balances (deficits)	<u>\$ 31,336</u>	<u>\$ 142,410</u>	<u>\$ 25,344</u>	<u>\$ 288,917</u>

**Total
Nonmajor
Governmental
Funds**

\$ 103,524

384,483

\$ 488,007

\$ 4,360
18,918
80,361

378,300

481,939

20,899

(14,831)

6,068

\$ 488,007

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE (DEFICITS)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2011**

	Special Revenue Funds			
	Illinois Municipal Retirement	Social Security	Audit	Emergency, Rescue, Crew and Equipment
Revenues:				
Property taxes	\$ 17,513	\$ 119,661	\$ 26,523	\$ 225,755
Expenditures:				
Current:				
Compensation and salaries	-	-	-	172,783
Employee benefits	8,435	111,590	-	-
Outside services	-	-	20,500	1,537
Equipment and maintenance	-	-	-	19,144
Capital outlay	-	-	-	2,035
Total expenditures	8,435	111,590	20,500	195,499
Excess of revenues over expenditures	9,078	8,071	6,023	30,256
Fund balance (deficits) at beginning of year	8,050	(18,103)	(10,822)	(26,485)
Fund balances (deficits) at end of year	\$ 17,128	\$ (10,032)	\$ (4,799)	\$ 3,771

**Total
Nonmajor
Governmental
Funds**

\$ 389,452

172,783

120,025

22,037

19,144

2,035

336,024

53,428

(47,360)

\$ 6,068

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL REVENUE FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

ILLINOIS MUNICIPAL RETIREMENT FUND

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
BALANCE SHEET
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and investments	\$ 21,363	\$ 10,379
Property taxes receivable	<u>9,973</u>	<u>18,669</u>
Total assets	<u>\$ 31,336</u>	<u>\$ 29,048</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ 4,508	\$ 4,508
Deferred property taxes	<u>9,700</u>	<u>16,490</u>
Total liabilities	14,208	20,998
Fund balances:		
Restricted	<u>17,128</u>	<u>8,050</u>
Total liabilities and fund balances	<u>\$ 31,336</u>	<u>\$ 29,048</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 17,000	\$ 17,513	\$ 513	\$ 23,980
Expenditures:				
Current:				
Employee benefits	<u>9,000</u>	<u>8,435</u>	<u>565</u>	<u>18,239</u>
Excess of revenues over expenditures	8,000	9,078	1,078	5,741
Fund balances at beginning of year	<u>8,050</u>	<u>8,050</u>	<u>-</u>	<u>2,309</u>
Fund balances at end of year	<u>\$ 16,050</u>	<u>\$ 17,128</u>	<u>\$ 1,078</u>	<u>\$ 8,050</u>

THIS PAGE INTENTIONALLY LEFT BLANK

SOCIAL SECURITY FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SOCIAL SECURITY FUND
BALANCE SHEET
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 14,386	\$ -
Property taxes receivable	<u>128,024</u>	<u>122,938</u>
Total assets	<u>\$ 142,410</u>	<u>\$ 122,938</u>
LIABILITIES AND FUND DEFICITS		
Liabilities:		
Accrued costs	\$ 12,045	\$ 10,344
Due to other funds	14,297	14,297
Deferred property taxes	<u>126,100</u>	<u>116,400</u>
Total liabilities	152,442	141,041
Fund deficits:		
Unassigned	<u>(10,032)</u>	<u>(18,103)</u>
Total liabilities and fund deficits	<u>\$ 142,410</u>	<u>\$ 122,938</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND DEFICITS - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2011			2010
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Property taxes	\$ 120,000	\$ 119,661	\$ (339)	\$ 72,144
Expenditures:				
Current:				
Employee benefits	<u>111,000</u>	<u>111,590</u>	<u>(590)</u>	<u>84,276</u>
Excess (deficiency) of revenues over (under) expenditures	9,000	8,071	(929)	(12,132)
Fund deficits at beginning of year	<u>(18,103)</u>	<u>(18,103)</u>	<u>-</u>	<u>(5,971)</u>
Fund deficits at end of year	<u>\$ (9,103)</u>	<u>\$ (10,032)</u>	<u>\$ (929)</u>	<u>\$ (18,103)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

AUDIT FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AUDIT FUND
BALANCE SHEET
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 5,517	\$ -
Property taxes receivable	<u>19,827</u>	<u>29,551</u>
Total assets	<u>\$ 25,344</u>	<u>\$ 29,551</u>
LIABILITIES AND FUND DEFICITS		
Liabilities:		
Accounts payable	\$ -	\$ 1,500
Due to other funds	10,743	10,743
Deferred property taxes	<u>19,400</u>	<u>28,130</u>
Total liabilities	30,143	40,373
Fund deficits:		
Unassigned	<u>(4,799)</u>	<u>(10,822)</u>
Total liabilities and fund deficits	<u>\$ 25,344</u>	<u>\$ 29,551</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 29,000	\$ 26,523	\$ (2,477)	\$ 15,672
Expenditures:				
Current:				
Outside services	<u>19,000</u>	<u>20,500</u>	<u>(1,500)</u>	<u>20,670</u>
Excess (deficiency) of revenues over (under) expenditures	10,000	6,023	(3,977)	(4,998)
Fund deficits at beginning of year	<u>(10,822)</u>	<u>(10,822)</u>	<u>-</u>	<u>(5,824)</u>
Fund deficits at end of year	<u>\$ (822)</u>	<u>\$ (4,799)</u>	<u>\$ (3,977)</u>	<u>\$ (10,822)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND
BALANCE SHEET
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010**

	2011	2010
ASSETS		
Cash and investments	\$ 62,258	\$ 13,925
Property taxes receivable	226,659	237,228
Total assets	\$ 288,917	\$ 251,153
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities:		
Accounts payable	\$ 4,360	\$ 3,281
Accrued costs	6,873	8,204
Due to other funds	50,813	50,813
Deferred property taxes	223,100	215,340
Total liabilities	285,146	277,638
Fund balance (deficit):		
Restricted	3,771	-
Unassigned	-	(26,485)
Total fund balance (deficit)	3,771	(26,485)
Total liabilities and fund balance (deficit)	\$ 288,917	\$ 251,153

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND DEFICITS - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>		<u>Variance with Final Budget Positive (Negative)</u>	<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 222,000	\$ 225,755	\$ 3,755	\$ 241,562
Expenditures:				
Current:				
Compensation and salaries	177,550	172,783	4,767	204,837
Outside services	2,000	1,537	463	2,725
Equipment and maintenance	19,450	19,144	306	39,533
Debt service:				
Interest	-	-	-	3,215
Capital outlay	1,000	2,035	(1,035)	16,240
Total expenditures	<u>200,000</u>	<u>195,499</u>	<u>4,501</u>	<u>266,550</u>
Excess (deficiency) of revenues over (under) expenditures	22,000	30,256	8,256	(24,988)
Fund deficits at beginning of year	<u>(26,485)</u>	<u>(26,485)</u>	<u>-</u>	<u>(1,497)</u>
Fund balance (deficits) at end of year	<u>\$ (4,485)</u>	<u>\$ 3,771</u>	<u>\$ 8,256</u>	<u>\$ (26,485)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

FIDUCIARY FUND

THIS PAGE INTENTIONALLY LEFT BLANK

PENSION TRUST FUND

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
PENSION TRUST FUND
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2011
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 171,338	\$ 377,017
Accrued interest receivable	39,734	40,235
Accrued plan member contributions receivable	-	147,663
Due from other funds	6,881	36,030
Investments	<u>8,466,369</u>	<u>7,472,432</u>
Total assets	<u>8,684,322</u>	<u>8,073,377</u>
LIABILITIES		
Due to other funds	<u>6,000</u>	<u>6,000</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ 8,678,322</u>	<u>\$ 8,067,377</u>

NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS
PENSION TRUST FUND
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2010

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Additions:				
Contributions:				
Employer	\$ 425,000	\$ 431,009	\$ 6,009	\$ 404,762
Plan members	<u>-</u>	<u>249,397</u>	<u>249,397</u>	<u>212,853</u>
Total contributions	<u>425,000</u>	<u>680,406</u>	<u>255,406</u>	<u>617,615</u>
Investment earnings:				
Investment earnings	-	266,516	266,516	821,381
Investment expense	<u>-</u>	<u>(36,119)</u>	<u>(36,119)</u>	<u>(32,864)</u>
Net investment earnings	<u>-</u>	<u>230,397</u>	<u>230,397</u>	<u>788,517</u>
Total additions	<u>425,000</u>	<u>910,803</u>	<u>485,803</u>	<u>1,406,132</u>
Deductions:				
Benefits	-	290,472	(290,472)	265,268
Administrative expense	<u>425,000</u>	<u>9,386</u>	<u>415,614</u>	<u>12,768</u>
Total deductions	<u>425,000</u>	<u>299,858</u>	<u>125,142</u>	<u>278,036</u>
Change in net assets	-	610,945	610,945	1,128,096
Net assets at beginning of year	<u>8,067,377</u>	<u>8,067,377</u>	<u>-</u>	<u>6,939,281</u>
Net assets at end of year	<u>\$ 8,067,377</u>	<u>\$ 8,678,322</u>	<u>\$ 610,945</u>	<u>\$ 8,067,377</u>

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER INFORMATION SECTION

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

Tax levy year	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Equalized assessed valuation	<u>\$ 554,996,968</u>	<u>\$ 547,007,419</u>	<u>\$ 542,405,102</u>	<u>\$ 481,908,618</u>	<u>\$ 455,645,836</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.2873	0.2976	0.2811	0.3145	0.3199
Tort liability	0.0371	0.0262	0.0541	0.0564	0.0588
Ambulance	0.2259	0.2241	0.2121	0.2366	0.2335
Firefighters' pension	0.0788	0.0595	0.0816	0.0619	0.0700
Illinois municipal retirement	0.0032	0.0046	0.0042	0.0038	0.0041
Social security	0.0223	0.0138	0.0133	0.0096	0.0099
Audit	0.0049	0.0030	0.0028	0.0028	0.0032
Emergency, rescue, crew and equipment	<u>0.0412</u>	<u>0.0462</u>	<u>0.0447</u>	<u>0.0477</u>	<u>0.0500</u>
Total	<u>0.7007</u>	<u>0.6750</u>	<u>0.6939</u>	<u>0.7333</u>	<u>0.7494</u>
Percent difference	<u>0.0257</u>	<u>(0.0189)</u>	<u>(0.0394)</u>	<u>(0.0161)</u>	<u>0.0412</u>
Tax extensions:					
Corporate	\$ 1,594,506	\$ 1,627,894	\$ 1,524,701	\$ 1,515,603	\$ 1,457,611
Tort liability	205,904	143,316	293,441	271,796	267,920
Ambulance	1,253,738	1,225,844	1,150,441	1,140,196	1,063,933
Firefighters' pension	437,338	325,469	442,603	298,301	318,952
Illinois municipal retirement	17,760	25,162	22,781	18,313	18,681
Social security	123,764	75,487	72,140	46,263	45,109
Audit	27,195	16,410	15,187	13,493	14,581
Emergency, rescue, crew and equipment	<u>228,659</u>	<u>252,717</u>	<u>242,455</u>	<u>229,870</u>	<u>227,823</u>
Total	<u>\$ 3,888,864</u>	<u>\$ 3,692,299</u>	<u>\$ 3,763,749</u>	<u>\$ 3,533,835</u>	<u>\$ 3,414,610</u>
Tax collections	<u>\$ 3,674,417</u>	<u>\$ 3,536,494</u>	<u>\$ 3,623,647</u>	<u>\$ 3,182,666</u>	<u>\$ 3,118,352</u>
Percent collected	<u>94.49</u>	<u>95.78</u>	<u>96.28</u>	<u>90.06</u>	<u>91.32</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>\$ 462,521,991</u>	<u>\$ 391,822,557</u>	<u>\$ 379,748,777</u>	<u>\$ 383,397,615</u>	<u>\$ 312,638,698</u>
0.3095	0.3409	0.3561	0.3266	0.3878
0.0557	0.0576	0.0617	0.0870	0.1191
0.2242	0.2880	0.2679	0.2449	0.2909
0.0611	0.0541	0.0526	0.0503	0.0516
0.0038	0.0039	0.0051	0.0047	0.0059
0.0089	0.0104	0.0106	0.0118	0.0142
0.0024	0.0021	0.0027	0.0031	0.0041
<u>0.0426</u>	<u>0.0457</u>	<u>0.0443</u>	<u>0.0408</u>	<u>0.0485</u>
<u>0.7082</u>	<u>0.8027</u>	<u>0.8010</u>	<u>0.7692</u>	<u>0.9221</u>
<u>(0.0945)</u>	<u>0.0017</u>	<u>0.0318</u>	<u>(0.1529)</u>	<u>0.0017</u>
\$ 1,431,399	\$ 1,335,723	\$ 1,352,285	\$ 1,252,114	\$ 1,212,466
257,500	225,689	234,304	333,509	372,378
1,037,126	1,128,488	1,017,346	939,085	909,350
282,220	211,943	199,747	192,725	161,333
17,510	15,281	19,367	18,090	18,540
41,200	40,749	40,253	45,224	44,290
11,330	8,228	10,253	12,060	12,669
<u>197,137</u>	<u>179,062</u>	<u>168,228</u>	<u>156,515</u>	<u>151,558</u>
<u>\$ 3,275,422</u>	<u>\$ 3,145,123</u>	<u>\$ 3,041,783</u>	<u>\$ 2,949,322</u>	<u>\$ 2,882,584</u>
<u>\$ 3,084,351</u>	<u>\$ 3,114,574</u>	<u>\$ 2,996,189</u>	<u>\$ 2,846,985</u>	<u>\$ 2,843,969</u>
<u>94.17</u>	<u>99.03</u>	<u>98.50</u>	<u>96.53</u>	<u>98.66</u>

THIS PAGE INTENTIONALLY LEFT BLANK