

**NORTH PALOS FIRE PROTECTION  
DISTRICT, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2012**



**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2012**

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## **INTRODUCTORY SECTION**

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**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**

**NAMES AND TITLES OF PRINCIPAL OFFICIALS**

**DECEMBER 31, 2012**

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

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**FINANCIAL SECTION**

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of North Palos Fire Protection District, Illinois, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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





## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of North Palos Fire Protection District, Illinois, as of December 31, 2012, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through xi and schedules of funding progress and employer contributions on pages 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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



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

*Mulcahy, Pawitsch, Salvator Co., Ltd.*

Orland Park, Illinois  
June 27, 2013



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

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

as of and for the year ended December 31, 2012

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, 2012.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,109,066 (net position).
- Governmental activities have unrestricted net position of (\$809,354).
- The total net position of the District decreased by (\$65,640) during fiscal year 2012.
- Fund balance of the District's governmental funds increased by \$739,328 resulting in an ending fund balance of \$2,312,954. The fund balance of the General Fund increased by \$489,694.
- The District's long-term obligations increased this year due to a note payable relating to a capital asset addition, and due to increases in the pension benefit and other post-employment benefit obligations.

### **Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented on pages 1 - 31 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

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

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

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

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 on 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 - 31 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 94% of the annual property tax assessment for 2011 in 2012.

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 2013.

The assets of the District, including cash, investments, receivables, and capital assets, exceed its liabilities by \$1,109,066, with an unrestricted balance of (\$809,354). Total net position of the District does not include internal balances.

A net investment of \$1,668,216 in land, buildings and improvements, apparatus and vehicles, and equipment, to provide the services to the District’s residents represents 150% percent of the District’s net position.

North Palos Fire Protection District, Illinois  
Net Position  
as of December 31, 2012 and 2011

	<u>Government-wide</u>	
	<u>2012</u>	<u>2011</u>
Assets:		
Current assets	\$ 6,657,172	\$ 5,903,002
Capital assets	<u>1,799,262</u>	<u>1,869,669</u>
Total assets	<u>8,456,434</u>	<u>7,772,671</u>
Liabilities:		
Current liabilities	4,344,218	4,329,376
Noncurrent liabilities	<u>3,003,150</u>	<u>2,268,589</u>
Total liabilities	<u>7,347,368</u>	<u>6,597,965</u>
Net position:		
Net investment in capital assets	1,668,216	1,746,992
Restricted	250,204	261,005
Unrestricted	<u>(809,354)</u>	<u>(833,291)</u>
Total net position	<u>1,109,066</u>	<u>1,174,706</u>

## Government-wide Activities

Governmental activities decreased the net position of the District by (\$65,640).

North Palos Fire Protection District, Illinois  
Changes in Net Position  
for the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for service	\$ 2,598,438	\$ 2,196,428
Grants and contributions	149,706	0
General revenues:		
Property taxes	3,832,914	3,821,348
Foreign fire insurance	12,220	19,555
Personal property replacement taxes	17,321	17,289
Unrestricted investment earnings	1,596	569
Other income	<u>66,863</u>	<u>111,795</u>
Total revenues	<u>6,679,058</u>	<u>6,166,984</u>
Expenses:		
Governmental activities:		
Fire and rescue	4,825,284	4,760,712
Emergency medical service	1,854,114	1,921,645
General government	62,813	85,361
Interest	<u>2,487</u>	<u>5,958</u>
Total expenses	<u>6,744,698</u>	<u>6,773,676</u>
Decrease in net position	(65,640)	(606,692)
Net position at beginning of year	<u>1,174,706</u>	<u>1,781,398</u>
Net position at end of year	<u>\$ 1,109,066</u>	<u>\$ 1,174,706</u>

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

- Expenses related to emergency medical service and general government activities decreased, while supporting revenues increased from 2011.
- The District's general revenues decreased slightly from 2011.

### **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. The District had an unassigned fund deficit of (\$63,041) at December 31, 2012.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,312,954, an increase of \$739,328 in comparison with the prior year. 11%, or \$250,148, of the fund balance is restricted due to external limitations on its use. 92%, or \$2,125,847, has been assigned, meaning that there are limitations on its intended use. As previously mentioned, the district had an unassigned fund deficit at December 31, 2012.

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 \$4,115,214. Total fund balance represents approximately four months of expenditures. The District had no unassigned fund balance in the General Fund at December 31, 2012.

### **General Fund Budgetary Highlights**

During the current fiscal year, the operations of the General Fund resulted in a positive budget variance of \$579,044. The positive variance was primarily due to lower than expected compensation and employee benefits expenditures and the receipt of grant revenue that had not been anticipated when the budget was prepared.

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, 2012 amounts to \$1,799,262 (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 \$70,407.

North Palos Fire Protection District, Illinois  
 Capital Assets (net of accumulated depreciation)  
 December 31, 2012 and 2011

Government-wide

	<u>2012</u>	<u>2011</u>
Land	\$ 290,700	\$ 290,700
Buildings and improvements	468,000	491,760
Apparatus and vehicles	896,317	934,162
Equipment	<u>144,245</u>	<u>153,047</u>
Total capital assets	<u>\$ 1,799,262</u>	<u>\$ 1,869,669</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 \$131,046 at the end of the current year. Also, the District has obligations related to employee benefits at December 31, 2012 of \$2,806,433. Additional information on the District's long-term debt can be found in the notes to basic financial statements.

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

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

Budgeted revenue for 2013 is \$6,744,000. Property taxes are assumed to increase for existing property by the Consumer Price Index of 3% and new construction property of 3%. Other sources of budgeted revenue include fees for ambulance and other miscellaneous services.

Budgeted expenditures for 2013 are \$6,847,230. 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

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**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2012**

**ASSETS**

Cash and investments	\$ 2,027,769
Receivables, net of allowance for uncollectibles:	
Property taxes	4,035,655
Accounts	567,330
Due from other governments	20,418
Due from Pension Trust Fund	6,000
Capital assets not being depreciated:	
Land	290,700
Capital assets net of accumulated depreciation:	
Buildings and improvements	468,000
Apparatus and vehicles	896,317
Equipment	<u>144,245</u>
Total assets	<u>8,456,434</u>

**LIABILITIES**

Accounts payable and other current liabilities	319,203
Unearned revenue	4,025,015
Noncurrent liabilities:	
Due within one year	84,052
Due in more than one year	<u>2,919,098</u>
Total liabilities	<u>7,347,368</u>

**NET POSITION**

Net investment in capital assets	1,668,216
Restricted for:	
Foreign fire	46,795
Tort immunity	136,312
Other purposes	67,097
Unrestricted	<u>(809,354)</u>
Total net position	<u>\$ 1,109,066</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Expenses</u>	<u>Program Revenues Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Functions/programs:				
Governmental activities:				
Fire and rescue	\$ 4,825,284	\$ 2,084,632	\$ 149,706	\$ (2,590,946)
Emergency medical service	1,854,114	513,806	-	(1,340,308)
General government	62,813	-	-	(62,813)
Interest expense	<u>2,487</u>	<u>-</u>	<u>-</u>	<u>(2,487)</u>
Total governmental activities	<u>\$ 6,744,698</u>	<u>\$ 2,598,438</u>	<u>\$ 149,706</u>	<u>(3,996,554)</u>
General revenues:				
Taxes:				
Property				3,832,914
Personal property replacement				17,321
Foreign fire insurance				12,220
Investment income				1,596
Other income				<u>66,863</u>
Total general revenues				<u>3,930,914</u>
Change in net position				(65,640)
Net position at beginning of year				<u>1,174,706</u>
Net position at end of year				<u>\$ 1,109,066</u>

See notes to basic financial statements.

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**FUND FINANCIAL STATEMENTS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,553,657	\$ 459,050	\$ 15,062	\$ 2,027,769
Receivables:				
Property taxes	2,398,244	1,261,077	376,334	4,035,655
Accounts	-	567,330	-	567,330
Due from other funds	49,977	-	-	49,977
Due from other governments	<u>20,418</u>	<u>-</u>	<u>-</u>	<u>20,418</u>
 Total assets	 <u>\$ 4,022,296</u>	 <u>\$ 2,287,457</u>	 <u>\$ 391,396</u>	 <u>\$ 6,701,149</u>
 <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
Liabilities:				
Accounts payable	\$ 91,860	\$ 27,465	\$ 519	\$ 119,844
Accrued costs	126,846	49,334	23,179	199,359
Due to other funds	-	-	43,977	43,977
Deferred property taxes	<u>2,392,505</u>	<u>1,257,120</u>	<u>375,390</u>	<u>4,025,015</u>
 Total liabilities	 <u>2,611,211</u>	 <u>1,333,919</u>	 <u>443,065</u>	 <u>4,388,195</u>
Fund balances (deficit):				
Restricted	238,776	-	11,372	250,148
Assigned	1,172,309	953,538	-	2,125,847
Unassigned	<u>-</u>	<u>-</u>	<u>(63,041)</u>	<u>(63,041)</u>
 Total fund balances (deficit)	 <u>1,411,085</u>	 <u>953,538</u>	 <u>(51,669)</u>	 <u>2,312,954</u>
 Total liabilities and fund balances (deficit)	 <u>\$ 4,022,296</u>	 <u>\$ 2,287,457</u>	 <u>\$ 391,396</u>	 <u>\$ 6,701,149</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

Total fund balances - governmental funds \$ 2,312,954

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 1,799,262

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	\$	(131,046)
Pension benefit obligation		(1,629,664)
Other post-employment benefit obligation		(870,763)
Compensated absences		<u>(371,677)</u>

Total (3,003,150)

Net position of governmental activities \$ 1,109,066

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 2,210,890	\$ 1,308,570	\$ 313,454	\$ 3,832,914
Intergovernmental revenue	1,550,062	-	-	1,550,062
Charges for service	534,570	513,806	-	1,048,376
Investment income	1,596	-	-	1,596
Grant revenue	149,706	-	-	149,706
Personal property replacement taxes	17,321	-	-	17,321
Foreign fire insurance	12,220	-	-	12,220
Other revenues	<u>64,543</u>	<u>2,320</u>	<u>-</u>	<u>66,863</u>
<b>Total revenues</b>	<u>4,540,908</u>	<u>1,824,696</u>	<u>313,454</u>	<u>6,679,058</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Compensation and salaries	2,678,677	1,097,129	212,776	3,988,582
Employee benefits	571,868	169,283	124,851	866,002
Outside services	126,227	65,855	18,797	210,879
Administrative	29,382	12,942	-	42,324
Dues and fees	6,304	3,097	-	9,401
Education and training	18,100	7,920	-	26,020
Insurance	233,248	-	-	233,248
Equipment and maintenance	335,342	90,525	13,862	439,729
Buildings and grounds	79,633	32,607	-	112,240
<b>Debt service:</b>				
Principal	20,467	35,164	-	55,631
Interest	1,087	1,400	-	2,487
Capital outlay	<u>14,879</u>	<u>1,403</u>	<u>905</u>	<u>17,187</u>
<b>Total expenditures</b>	<u>4,115,214</u>	<u>1,517,325</u>	<u>371,191</u>	<u>6,003,730</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	425,694	307,371	(57,737)	675,328
<b>Other financing sources:</b>				
Proceeds from note payable	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>64,000</u>
<b>Net change in fund balances</b>	489,694	307,371	(57,737)	739,328
<b>Fund balances at beginning of year (as restated for the General Fund)</b>	<u>921,391</u>	<u>646,167</u>	<u>6,068</u>	<u>1,573,626</u>
<b>Fund balances (deficit) at end of year</b>	<u>\$ 1,411,085</u>	<u>\$ 953,538</u>	<u>\$ (51,669)</u>	<u>\$ 2,312,954</u>

See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances - total governmental funds \$ 739,328

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 (\$134,407) exceeded capitalized capital outlays (\$64,000) in the current period. (70,407)

Proceeds from the note payable provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (64,000)

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

Decrease in member's equity deficiency - insurance cooperative	\$ 67,662	
Increase in pension benefit obligation	(517,185)	
Increase in other post-employment benefit obligation	(259,187)	
Increase in compensated absences	<u>(17,482)</u>	
Total		(726,192)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 55,631

Change in net position of governmental activities \$ (65,640)

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, 2012**

	<u>General Fund</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Property taxes	\$ 2,383,350	\$ 2,210,890	\$ (172,460)
Intergovernmental revenue	1,516,000	1,550,062	34,062
Charges for service	490,000	534,570	44,570
Investment income	32,000	1,596	(30,404)
Grant revenue	-	149,706	149,706
Personal property replacement taxes	18,000	17,321	(679)
Foreign fire insurance	19,000	12,220	(6,780)
Other revenues	<u>30,200</u>	<u>64,543</u>	<u>34,343</u>
Total revenues	<u>4,488,550</u>	<u>4,540,908</u>	<u>52,358</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Compensation and salaries	2,786,050	2,678,677	107,373
Employee benefits	1,056,400	571,868	484,532
Outside services	134,000	126,227	7,773
Administrative	34,800	29,382	5,418
Dues and fees	5,300	6,304	(1,004)
Education and training	18,800	18,100	700
Insurance	219,450	233,248	(13,798)
Equipment and maintenance	199,000	335,342	(136,342)
Buildings and grounds	93,400	79,633	13,767
<b>Debt service:</b>			
Principal	26,200	20,467	5,733
Interest	3,000	1,087	1,913
Capital outlay	<u>1,500</u>	<u>14,879</u>	<u>(13,379)</u>
Total expenditures	<u>4,577,900</u>	<u>4,115,214</u>	<u>462,686</u>
Excess (deficiency) of revenues over (under) expenditures	(89,350)	425,694	515,044
<b>Other financing sources:</b>			
Proceeds from note payable	<u>-</u>	<u>64,000</u>	<u>64,000</u>
Net change in fund balances	(89,350)	489,694	579,044
Fund balances at beginning of year (as restated for the General Fund)	<u>921,391</u>	<u>921,391</u>	<u>-</u>
Fund balances at end of year	<u>\$ 832,041</u>	<u>\$ 1,411,085</u>	<u>\$ 579,044</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>
\$ 1,310,000	\$ 1,308,570	\$ (1,430)
-	-	-
490,000	513,806	23,806
-	-	-
-	-	-
-	-	-
-	-	-
-	2,320	2,320
<u>1,800,000</u>	<u>1,824,696</u>	<u>24,696</u>
1,188,750	1,097,129	91,621
349,000	169,283	179,717
64,600	65,855	(1,255)
13,700	12,942	758
2,600	3,097	(497)
9,400	7,920	1,480
-	-	-
103,650	90,525	13,125
37,300	32,607	4,693
27,500	35,164	(7,664)
3,500	1,400	2,100
-	1,403	(1,403)
<u>1,800,000</u>	<u>1,517,325</u>	<u>282,675</u>
-	307,371	307,371
-	-	-
-	307,371	307,371
<u>646,167</u>	<u>646,167</u>	<u>-</u>
<u>\$ 646,167</u>	<u>\$ 953,538</u>	<u>\$ 307,371</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF NET POSITION  
PENSION TRUST FUND  
DECEMBER 31, 2012**

**ASSETS**

Cash	\$ 155,424
Accrued interest receivable	46,857
Investments	<u>9,601,780</u>
Total assets	<u>9,804,061</u>

**LIABILITIES**

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

Held in trust for pension benefits and other purposes	<u>\$ 9,798,061</u>
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See notes to basic financial statements.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
STATEMENT OF CHANGES IN NET POSITION  
PENSION TRUST FUND  
YEAR ENDED DECEMBER 31, 2012**

Additions:	
Contributions:	
Employer	\$ 313,168
Plan members	<u>272,934</u>
Total contributions	<u>586,102</u>
Investment earnings:	
Investment earnings	872,608
Investment expense	<u>(38,515)</u>
Net investment earnings	<u>834,093</u>
Total additions	<u>1,420,195</u>
Deductions:	
Benefits	286,461
Administrative expense	<u>13,995</u>
Total deductions	<u>300,456</u>
Change in net position	1,119,739
Net position at beginning of year	<u>8,678,322</u>
Net position at end of year	<u>\$ 9,798,061</u>

See notes to basic financial statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**B. Reporting Entity**

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

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

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

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

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

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

The District has the following major governmental funds:

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

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

The District has the following nonmajor governmental funds:

Special revenue funds:

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

Additionally, the District reports the following fiduciary fund type:

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

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**F. Assets, Liabilities and Net Position/Fund Balance**

*1. Cash and Cash Equivalents*

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

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

*2. Investments*

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

*3. Receivables*

All property tax and accounts receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is \$124,485 (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.

*4. 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 their estimated fair value at the date of donation.

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

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

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

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

*5. Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond 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. Net Position Flow Assumption*

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

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

*7. Fund Balance Flow Assumptions*

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**8. *Fund Balance Policies***

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

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

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

**G. Revenues and Expenditures/Expenses**

**1. *Program revenues***

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

**2. *Property Taxes***

Property taxes are levied as of January 1 on property values assessed on the same date. The tax levy is divided into two billings: the first billing (mailed on or about February 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on or about 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.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

*3. Compensated Absences*

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

**H. 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.

**I. 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.
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, 2012 was adopted through the passage of ordinance number 2011-06 on November 15, 2011.
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.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

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	\$ 4,230,655
Tort Liability subfund	241,395
Special revenue funds:	
Ambulance	1,980,000
Audit	20,900
Emergency, Rescue, Crew and Equipment	222,145
Illinois Municipal Retirement	10,670
Social Security	126,500
Fiduciary fund:	
Pension Trust	563,640

**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, 2012:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund:			
General Fund:			
Tort Liability subfund	\$ 219,450	\$ 234,403	\$ (14,953)
Nonmajor governmental funds:			
Illinois Municipal Retirement Fund	9,700	11,631	(1,931)
Emergency, Rescue, Crew and Equipment Fund	201,950	228,940	(26,990)

The overexpenditures in the Tort Liability subfund and the Illinois Municipal Retirement Fund were funded by available fund balance. The overexpenditure in the Emergency, Rescue, Crew and Equipment Fund were funded by available cash.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**C. Deficit Fund Balances**

The following funds had deficit fund balances at December 31, 2012:

Nonmajor governmental funds:	
Social Security Fund	\$ (48,087)
Audit Fund	(10,538)
Emergency, Rescue, Crew and Equipment Fund	(4,416)

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

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

*Deposits*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2012, \$1,632,380 of the District's bank balances of \$2,138,596 was uninsured and collateralized with securities held by the pledging financial institutions.

*Investments*

The District had the following investments as of December 31, 2012:

<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>\$ 129,077</u>	AAAm	< 1
Fiduciary fund:			
Corporate bonds	\$ 1,542,913	N/A	5
GNMA	21,298	N/A	7
Municipal bonds	464,363	A1/A2/Aa2	8
Mutual funds	4,472,909	N/A	N/A
U.S. government agency notes	2,768,194	Aaa	7
U.S. Treasury securities	<u>332,103</u>	Aaa	4
Total	<u>\$ 9,601,780</u>		

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

- (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.

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2012 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	2,134,293	64,000	-	2,198,293
Equipment	250,998	-	-	250,998
Total capital assets, being depreciated	<u>3,613,291</u>	<u>64,000</u>	<u>-</u>	<u>3,677,291</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	736,240	23,760	-	760,000
Apparatus and vehicles	1,200,131	101,845	-	1,301,976
Equipment	<u>97,951</u>	<u>8,802</u>	-	<u>106,753</u>
Total accumulated depreciation	<u>2,034,322</u>	<u>134,407</u>	-	<u>2,168,729</u>
Total capital assets, being depreciated, net	<u>1,578,969</u>	<u>(70,407)</u>	-	<u>1,508,562</u>
Governmental activities capital assets, net	<u>\$ 1,869,669</u>	<u>\$ (70,407)</u>	<u>\$ -</u>	<u>\$ 1,799,262</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Fire and rescue	\$ 67,916
Emergency medical service	59,837
General government	<u>6,654</u>
Total depreciation expense - governmental activities	<u>\$ 134,407</u>

**C. Line of Credit**

The District has a \$900,000 working capital line of credit with a bank. Interest is payable monthly at 0.25% over the prime rate, with a 2.98% floor. The line of credit was unused at December 31, 2012.

**D. Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2012 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	\$ 122,677	\$ 64,000	\$ 55,631	\$ 131,046	\$ 41,442
Member's equity deficiency - insurance cooperative	67,662	-	67,662	-	-
Pension benefit obligation	1,112,479	837,234	320,049	1,629,664	-
Other post-employment benefit obligation	611,576	270,973	11,786	870,763	-
Compensated absences	<u>288,524</u>	<u>44,977</u>	<u>27,495</u>	<u>306,006</u>	<u>42,610</u>
Total	<u>\$ 2,202,918</u>	<u>\$ 1,217,184</u>	<u>\$ 482,623</u>	<u>\$ 2,937,479</u>	<u>\$ 84,052</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

*Notes Payable*

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

Future maturities of the note payable are as follows:

2013	\$	6,129
2014		6,129
2015		6,129
2016		6,129
2017		6,129
2018 - 2022		30,643
2023 - 2024		<u>12,256</u>
Total	\$	<u>73,544</u>

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>
2013	\$ <u>13,969</u>	\$ <u>186</u>	\$ <u>14,155</u>

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

Future maturities of the note payable are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 21,344	\$ 1,351	\$ 22,695
2014	<u>22,189</u>	<u>482</u>	<u>22,671</u>
Total	\$ <u>43,533</u>	\$ <u>1,833</u>	\$ <u>45,366</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

Fiscal Year Due	Principal	Interest	Total
2013	\$ 41,442	\$ 1,537	\$ 42,979
2014	28,318	482	28,800
2015	6,129	-	6,129
2016	6,129	-	6,129
2017	6,129	-	6,129
2018 - 2022	30,643	-	30,643
2023 - 2024	<u>12,256</u>	<u>-</u>	<u>12,256</u>
Total	<u>\$ 131,046</u>	<u>\$ 2,019</u>	<u>\$ 133,065</u>

**E. Legal Debt Margin**

The legal debt margin of the District as of December 31, 2012 is determined as follows:

Assessed valuation - 2011 tax year (most recent year available)	<u>\$ 454,834,323</u>
Statutory debt limitation (5.75% of assessed valuation)	\$ 26,152,974
Total bonded debt outstanding	<u>-</u>
Legal debt margin	<u>\$ 26,152,974</u>

**F. Employee Retirement Systems and Plans**

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Fund) which covers its qualified Fire Department employees and participates in the statewide Illinois Municipal Retirement Fund, an agent-multiple-employer public employee pension plan which covers substantially all of the remaining qualified District employees. The District also administers the Health Insurance Plan for Retired Employees that provides limited health care insurance coverage for eligible retired employees. The information presented below is the most current information available as of December 31, 2012.

**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.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

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.

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.

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

The significant actuarial assumptions are as follows:

Actuarial valuation date	December 31, 2010
Actuarial cost method	Entry Age
Asset valuation method	Market Value
Amortization method	Level percentage of pay, closed
Amortization period	30 years
Rate of return on present and future assets *	7.0%
Projected salary increases *	5.5%
* Includes inflation at	3.0%
Cost-of-living adjustments	3.0% per year

*Annual Pension Cost and Net Pension Obligation.* The District's annual pension cost and net pension obligation for the year ended December 31, 2012 were as follows:

Annual required contribution	\$ 704,645
Interest on net pension obligation	77,874
Adjustment to annual required contribution	<u>54,716</u>
Annual pension cost	837,235
Contributions made	<u>320,049</u>
Increase in net pension obligation	517,186
Net pension obligation at beginning of year	<u>1,112,479</u>
Net pension obligation at end of year	<u>\$ 1,629,665</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

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>
12/31/12	\$ 837,234	38.2 %	\$ 1,629,665
12/31/11	761,837	56.6	1,112,479
12/31/10	602,368	67.2	781,651

*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](http://www.imrf.org).

*Funding Policy.* As set by statute, the District's Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 17.51%. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The District's required contribution for calendar year 2012 was \$14,178.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

*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>
12/31/12	\$ 14,178	100.00 %	\$ -
12/31/11	8,851	100.00	-
12/31/10	22,604	100.00	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 75.62% funded. The actuarial accrued liability for benefits was \$746,691 and the actuarial value of the assets was \$564,665, resulting in an underfunded actuarial accrued liability (UAAL) of \$182,026. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$80,969 and the ratio of the UAAL to the covered payroll was 225 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.

**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 2012, the District contributed \$11,786 to the plan. Plan members receiving benefits contributed \$0.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

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

Annual required contribution	\$ 220,123
Interest on net OPEB obligation	30,579
Adjustment to annual required contribution	<u>20,271</u>
Annual OPEB cost (expense)	270,973
Contributions made	<u>11,786</u>
Change in net OPEB obligation	259,187
Net OPEB obligation at beginning of year	<u>611,576</u>
Net OPEB obligation at end of year	<u>\$ 870,763</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/12	\$ 270,973	4.35 %	\$ 870,763
12/31/11	217,944	5.41	611,576
12/31/10	215,786	5.46	405,418

*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.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

*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.

**G. Fund Balances**

As of December 31, 2012, 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 for:				
Foreign fire	\$ 46,795	\$ -	\$ -	\$ 46,795
Retirement benefits	-	-	11,372	11,372
Tort immunity	136,312	-	-	136,312
Traffic preempt co-op	<u>55,669</u>	<u>-</u>	<u>-</u>	<u>55,669</u>
Total restricted	<u>238,776</u>	<u>-</u>	<u>11,372</u>	<u>250,148</u>
Assigned to:				
Benefit buy back	350,200	135,800	-	486,000
Capital expenditures	631,096	178,023	-	809,119
Other purposes	-	481,701	-	481,701
Retiree health insurance	<u>191,013</u>	<u>158,014</u>	<u>-</u>	<u>349,027</u>
Total assigned	<u>1,172,309</u>	<u>953,538</u>	<u>-</u>	<u>2,125,847</u>
Unassigned	<u>-</u>	<u>-</u>	<u>(63,041)</u>	<u>(63,041)</u>
Total fund balances	<u>\$ 1,411,085</u>	<u>\$ 953,538</u>	<u>\$ (51,669)</u>	<u>\$ 2,312,954</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**H. Prior Period Adjustment**

*Fund Financial Statements*

Fund balance as of the beginning of the year for the General Fund has been increased by \$65,671 to correct an overstatement of accrued costs made in a prior year. The overstatement of accrued costs did not affect the change in fund balance for the year ended December 31, 2011.

**I. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at December 31, 2012 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds:		
Major fund:		
General Fund:		
Corporate subfund	\$ 49,977	\$ -
Nonmajor funds	<u>-</u>	<u>43,977</u>
Total governmental funds	49,977	43,977
Fiduciary fund:		
Pension Trust Fund	<u>-</u>	<u>6,000</u>
Total all funds	<u>\$ 49,977</u>	<u>\$ 49,977</u>

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

**J. 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 through the Illinois Public Risk Fund. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three years.

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**K. Tort Immunity Expenditures**

Tort immunity expenditures for the year ended December 31, 2012 are summarized as follows:

Liability and workers' compensation insurance	\$ 233,248
Buildings and grounds	660
Education and training	<u>495</u>
Total	<u>\$ 234,403</u>

**L. Subsequent Events**

Management has evaluated subsequent events through June 27, 2013, which is the date the financial statements were available to be issued.

**M. New Accounting Standard**

The Governmental Accounting Standards Board recently issued Statement No. 65 - *Items Previously Reported as Assets and Liabilities*, which will be effective for fiscal year 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effects on the financial statements of adopting the new standard are not currently known by the District.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION-  
 FIREFIGHTERS' PENSION FUND  
 DECEMBER 31, 2012**

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

Information provided above is the most current information available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
December 31, 2012	\$ 704,645	45.42 %
December 31, 2011	692,538	62.24
December 31, 2010	602,368	67.20
December 31, 2009	602,368	70.37
December 31, 2008	459,029	64.65
December 31, 2007	394,513	77.86

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 DECEMBER 31, 2012**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2012	\$ 564,665	\$ 746,691	\$ 182,026	75.62 %	\$ 80,969	224.81 %
December 31, 2011	518,102	678,113	160,011	76.40	74,942	213.51
December 31, 2010	493,303	620,180	126,877	79.54	205,493	61.74
December 31, 2009	441,166	563,133	121,967	78.34	188,487	64.71
December 31, 2008	407,477	487,291	79,814	83.62	165,311	48.28
December 31, 2007	395,126	432,053	36,927	91.45	151,813	24.32

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$576,146. On a market basis, the funded ratio would be 77.16%.

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
December 31, 2012	\$ 14,178	100.00 %
December 31, 2011	8,851	100.00
December 31, 2010	22,604	100.00
December 31, 2009	18,377	100.00
December 31, 2008	16,845	100.00
December 31, 2007	15,986	100.00

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES  
 DECEMBER 31, 2012**

**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.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

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

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**MAJOR GOVERNMENTAL FUNDS**

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**GENERAL FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**COMBINING SCHEDULE OF GENERAL FUND**  
**BALANCE SHEET ACCOUNTS**  
**DECEMBER 31, 2012**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011**

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,374,127	\$ 179,530	\$ 1,553,657	\$ 1,093,361
Property taxes receivable	2,191,015	207,229	2,398,244	2,346,759
Due from other funds	49,977	-	49,977	69,254
Due from other governments	<u>20,418</u>	<u>-</u>	<u>20,418</u>	<u>20,418</u>
Total assets	<u>\$ 3,635,537</u>	<u>\$ 386,759</u>	<u>\$ 4,022,296</u>	<u>\$ 3,529,792</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 48,023	\$ 43,837	\$ 91,860	\$ 117,765
Accrued costs	126,846	-	126,846	170,405
Due to other funds	-	-	-	8,381
Deferred property taxes	<u>2,185,895</u>	<u>206,610</u>	<u>2,392,505</u>	<u>2,311,850</u>
Total liabilities	<u>2,360,764</u>	<u>250,447</u>	<u>2,611,211</u>	<u>2,608,401</u>
Fund balances:				
Restricted	102,464	136,312	238,776	240,106
Assigned	<u>1,172,309</u>	<u>-</u>	<u>1,172,309</u>	<u>681,285</u>
Total fund balances	<u>1,274,773</u>	<u>136,312</u>	<u>1,411,085</u>	<u>921,391</u>
Total liabilities and fund balances	<u>\$ 3,635,537</u>	<u>\$ 386,759</u>	<u>\$ 4,022,296</u>	<u>\$ 3,529,792</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING SCHEDULE OF GENERAL FUND  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 2012  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011**

	Corporate	Tort Liability	Totals	
			2012	2011
<b>Revenues:</b>				
Property taxes	\$ 2,006,000	\$ 204,890	\$ 2,210,890	\$ 2,200,366
Intergovernmental revenue	1,550,062	-	1,550,062	1,445,266
Charges for service	534,570	-	534,570	380,012
Investment income	1,596	-	1,596	569
Grant revenue	149,706	-	149,706	-
Personal property replacement taxes	17,321	-	17,321	17,289
Foreign fire insurance	12,220	-	12,220	19,555
Other revenues	64,543	-	64,543	109,935
<b>Total revenues</b>	<b>4,336,018</b>	<b>204,890</b>	<b>4,540,908</b>	<b>4,172,992</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Compensation and salaries	2,678,677	-	2,678,677	2,680,100
Employee benefits	571,868	-	571,868	839,242
Outside services	126,227	-	126,227	82,188
Administrative	29,382	-	29,382	49,118
Dues and fees	6,304	-	6,304	5,242
Education and training	17,605	495	18,100	16,713
Insurance	-	233,248	233,248	255,769
Equipment and maintenance	335,342	-	335,342	195,585
Buildings and grounds	78,973	660	79,633	70,335
<b>Debt service:</b>				
Principal	20,467	-	20,467	-
Interest	1,087	-	1,087	1,980
Capital outlay	14,879	-	14,879	24,143
<b>Total expenditures</b>	<b>3,880,811</b>	<b>234,403</b>	<b>4,115,214</b>	<b>4,220,415</b>
Excess (deficiency) of revenues over (under) expenditures	455,207	(29,513)	425,694	(47,423)
<b>Other financing sources:</b>				
Proceeds from note payable	64,000	-	64,000	-
<b>Net change in fund balances</b>	<b>519,207</b>	<b>(29,513)</b>	<b>489,694</b>	<b>(47,423)</b>
Fund balances at beginning of year (as restated for 2011)	755,566	165,825	921,391	968,814
<b>Fund balances at end of year</b>	<b>\$ 1,274,773</b>	<b>\$ 136,312</b>	<b>\$ 1,411,085</b>	<b>\$ 921,391</b>

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**CORPORATE FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
CORPORATE FUND  
BALANCE SHEET  
DECEMBER 31, 2012  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 1,374,127	\$ 873,296
Property taxes receivable	2,191,015	2,144,703
Due from other funds	49,977	69,254
Due from other governments	<u>20,418</u>	<u>20,418</u>
 Total assets	 <u>\$ 3,635,537</u>	 <u>\$ 3,107,671</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 48,023	\$ 60,319
Accrued costs	126,846	170,405
Due to other funds	-	8,381
Deferred property taxes	<u>2,185,895</u>	<u>2,113,000</u>
 Total liabilities	 <u>2,360,764</u>	 <u>2,352,105</u>
Fund balances:		
Restricted	102,464	74,281
Assigned	<u>1,172,309</u>	<u>681,285</u>
 Total fund balances	 <u>1,274,773</u>	 <u>755,566</u>
 Total liabilities and fund balances	 <u>\$ 3,635,537</u>	 <u>\$ 3,107,671</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Property taxes	\$ 2,178,350	\$ 2,006,000	\$ (172,350)	\$ 2,000,253
Intergovernmental revenue	1,516,000	1,550,062	34,062	1,445,266
Charges for service	490,000	534,570	44,570	380,012
Investment income	32,000	1,596	(30,404)	569
Grant revenue	-	149,706	149,706	-
Personal property replacement taxes	18,000	17,321	(679)	17,289
Foreign fire insurance	19,000	12,220	(6,780)	19,555
Other revenues	<u>30,200</u>	<u>64,543</u>	<u>34,343</u>	<u>109,935</u>
Total revenues	<u>4,283,550</u>	<u>4,336,018</u>	<u>52,468</u>	<u>3,972,879</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Compensation and salaries	2,786,050	2,678,677	107,373	2,680,100
Employee benefits	1,056,400	571,868	484,532	839,242
Outside services	134,000	126,227	7,773	82,188
Administrative	34,800	29,382	5,418	49,118
Dues and fees	5,300	6,304	(1,004)	5,242
Education and training	18,800	17,605	1,195	16,694
Equipment and maintenance	199,000	335,342	(136,342)	195,585
Buildings and grounds	93,400	78,973	14,427	70,005
<b>Debt service:</b>				
Principal	26,200	20,467	5,733	-
Interest	3,000	1,087	1,913	1,980
<b>Capital outlay</b>	<u>1,500</u>	<u>14,879</u>	<u>(13,379)</u>	<u>24,143</u>
Total expenditures	<u>4,358,450</u>	<u>3,880,811</u>	<u>477,639</u>	<u>3,964,297</u>
Excess (deficiency) of revenues over (under) expenditures	(74,900)	455,207	530,107	8,582
Other financing sources:				
Proceeds from note payable	<u>-</u>	<u>64,000</u>	<u>64,000</u>	<u>-</u>
Net change in fund balances	(74,900)	519,207	594,107	8,582
Fund balances at beginning of year (as restated for 2011)	<u>755,566</u>	<u>755,566</u>	<u>-</u>	<u>746,984</u>
Fund balances at end of year	<u>\$ 680,666</u>	<u>\$ 1,274,773</u>	<u>\$ 594,107</u>	<u>\$ 755,566</u>

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**TORT LIABILITY FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
TORT LIABILITY FUND  
BALANCE SHEET  
DECEMBER 31, 2012  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and investments	\$ 179,530	\$ 220,065
Property taxes receivable	<u>207,229</u>	<u>202,056</u>
Total assets	<u>\$ 386,759</u>	<u>\$ 422,121</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 43,837	\$ 57,446
Deferred property taxes	<u>206,610</u>	<u>198,850</u>
Total liabilities	250,447	256,296
Fund balances:		
Restricted	<u>136,312</u>	<u>165,825</u>
Total liabilities and fund balances	<u>\$ 386,759</u>	<u>\$ 422,121</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>		<u>Variance with Final Budget Positive (Negative)</u>	<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Property taxes	\$ 205,000	\$ 204,890	\$ (110)	\$ 200,113
Expenditures:				
Current:				
Education and training	-	495	(495)	19
Insurance	219,450	233,248	(13,798)	255,769
Buildings and grounds	-	660	(660)	330
Total expenditures	<u>219,450</u>	<u>234,403</u>	<u>(14,953)</u>	<u>256,118</u>
Deficiency of revenues under expenditures	(14,450)	(29,513)	(15,063)	(56,005)
Fund balances at beginning of year	<u>165,825</u>	<u>165,825</u>	<u>-</u>	<u>221,830</u>
Fund balances at end of year	<u>\$ 151,375</u>	<u>\$ 136,312</u>	<u>\$ (15,063)</u>	<u>\$ 165,825</u>

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**AMBULANCE FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 AMBULANCE FUND  
 BALANCE SHEET  
 DECEMBER 31, 2012  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
Cash and investments	\$ 459,050	\$ 153,794
Receivables:		
Property taxes	1,261,077	1,290,213
Accounts	567,330	510,450
Due from other funds	-	18,607
Total assets	\$ 2,287,457	\$ 1,973,064

**LIABILITIES AND FUND BALANCES**

Liabilities:		
Accounts payable	\$ 27,465	\$ 14,421
Accrued costs	49,334	41,776
Deferred property taxes	1,257,120	1,270,700
Total liabilities	1,333,919	1,326,897
Fund balances:		
Assigned	953,538	646,167
Total liabilities and fund balances	\$ 2,287,457	\$ 1,973,064

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 AMBULANCE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>		<u>Variance with</u>	<u>2011</u>
	<u>Original</u>		<u>Final Budget</u>	
	<u>and Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
	<u>Budget</u>		<u>(Negative)</u>	
Revenues:				
Property taxes	\$ 1,310,000	\$ 1,308,570	\$ (1,430)	\$ 1,231,530
Charges for service	490,000	513,806	23,806	371,150
Other revenues	-	2,320	2,320	1,860
	<u>1,800,000</u>	<u>1,824,696</u>	<u>24,696</u>	<u>1,604,540</u>
Total revenues				
Expenditures:				
Current:				
Compensation and salaries	1,188,750	1,097,129	91,621	1,082,264
Employee benefits	349,000	169,283	179,717	290,580
Outside services	64,600	65,855	(1,255)	48,142
Administrative	13,700	12,942	758	9,938
Dues and fees	2,600	3,097	(497)	2,822
Education and training	9,400	7,920	1,480	4,132
Equipment and maintenance	103,650	90,525	13,125	84,416
Buildings and grounds	37,300	32,607	4,693	21,853
Debt service:				
Principal	27,500	35,164	(7,664)	33,932
Interest	3,500	1,400	2,100	3,978
Capital outlay	-	1,403	(1,403)	4,097
	<u>1,800,000</u>	<u>1,517,325</u>	<u>282,675</u>	<u>1,586,154</u>
Total expenditures				
Excess of revenues over expenditures	-	307,371	307,371	18,386
Fund balances at beginning of year	<u>646,167</u>	<u>646,167</u>	<u>-</u>	<u>627,781</u>
Fund balances at end of year	<u>\$ 646,167</u>	<u>\$ 953,538</u>	<u>\$ 307,371</u>	<u>\$ 646,167</u>

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**NONMAJOR GOVERNMENTAL FUNDS**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012**

	<b>Special Revenue Funds</b>			
	<b>Illinois Municipal Retirement</b>	<b>Social Security</b>	<b>Audit</b>	<b>Emergency, Rescue, Crew and Equipment</b>
<b>ASSETS</b>				
Cash and investments	\$ 11,355	\$ -	\$ -	\$ 3,707
Property taxes receivable	<u>16,507</u>	<u>130,205</u>	<u>19,435</u>	<u>210,187</u>
Total assets	<u>\$ 27,862</u>	<u>\$ 130,205</u>	<u>\$ 19,435</u>	<u>\$ 213,894</u>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 519
Accrued costs	-	14,908	-	8,271
Due to other funds	-	33,404	10,573	-
Deferred property taxes	<u>16,490</u>	<u>129,980</u>	<u>19,400</u>	<u>209,520</u>
Total liabilities	<u>16,490</u>	<u>178,292</u>	<u>29,973</u>	<u>218,310</u>
<b>Fund balance (deficits):</b>				
Restricted	11,372	-	-	-
Unassigned	<u>-</u>	<u>(48,087)</u>	<u>(10,538)</u>	<u>(4,416)</u>
Total fund balance (deficits)	<u>11,372</u>	<u>(48,087)</u>	<u>(10,538)</u>	<u>(4,416)</u>
Total liabilities and fund balance (deficits)	<u>\$ 27,862</u>	<u>\$ 130,205</u>	<u>\$ 19,435</u>	<u>\$ 213,894</u>

**Total  
Nonmajor  
Governmental  
Funds**

\$ 15,062  
376,334

\$ 391,396

\$ 519  
23,179  
43,977  
375,390

443,065

11,372  
(63,041)

(51,669)

\$ 391,396

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (DEFICITS) -  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2012**

	<u>Special Revenue Funds</u>			
	<u>Illinois Municipal Retirement</u>	<u>Social Security</u>	<u>Audit</u>	<u>Emergency, Rescue, Crew and Equipment</u>
Revenues:				
Property taxes	\$ 5,875	\$ 75,165	\$ 11,661	\$ 220,753
Expenditures:				
Current:				
Compensation and salaries	-	-	-	212,776
Employee benefits	11,631	113,220	-	-
Outside services	-	-	17,400	1,397
Equipment and maintenance	-	-	-	13,862
Capital outlay	-	-	-	905
Total expenditures	<u>11,631</u>	<u>113,220</u>	<u>17,400</u>	<u>228,940</u>
Deficiency of revenues under expenditures	(5,756)	(38,055)	(5,739)	(8,187)
Fund balances (deficits) at beginning of year	<u>17,128</u>	<u>(10,032)</u>	<u>(4,799)</u>	<u>3,771</u>
Fund balance (deficits) at end of year	<u>\$ 11,372</u>	<u>\$ (48,087)</u>	<u>\$ (10,538)</u>	<u>\$ (4,416)</u>

**Total  
Nonmajor  
Governmental  
Funds**

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\$ 313,454

212,776

124,851

18,797

13,862

905

371,191

(57,737)

6,068

\$ (51,669)

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**SPECIAL REVENUE FUNDS**

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**ILLINOIS MUNICIPAL RETIREMENT FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
BALANCE SHEET  
DECEMBER 31, 2012  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and investments	\$ 11,355	\$ 21,363
Property taxes receivable	<u>16,507</u>	<u>9,973</u>
Total assets	<u>\$ 27,862</u>	<u>\$ 31,336</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Due to other funds	\$ -	\$ 4,508
Deferred property taxes	<u>16,490</u>	<u>9,700</u>
Total liabilities	16,490	14,208
Fund balances:		
Restricted	<u>11,372</u>	<u>17,128</u>
Total liabilities and fund balances	<u>\$ 27,862</u>	<u>\$ 31,336</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, 2012**  
**WITH COMPARATIVE ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 10,000	\$ 5,875	\$ (4,125)	\$ 17,513
Expenditures:				
Current:				
Employee benefits	<u>9,700</u>	<u>11,631</u>	<u>(1,931)</u>	<u>8,435</u>
Excess (deficiency) of revenues over (under) expenditures	300	(5,756)	(6,056)	9,078
Fund balances at beginning of year	<u>17,128</u>	<u>17,128</u>	<u>-</u>	<u>8,050</u>
Fund balances at end of year	<u>\$ 17,428</u>	<u>\$ 11,372</u>	<u>\$ (6,056)</u>	<u>\$ 17,128</u>

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**SOCIAL SECURITY FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 SOCIAL SECURITY FUND  
 BALANCE SHEET  
 DECEMBER 31, 2012  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ -	\$ 14,386
Property taxes receivable	<u>130,205</u>	<u>128,024</u>
Total assets	<u>\$ 130,205</u>	<u>\$ 142,410</u>
<b>LIABILITIES AND FUND DEFICITS</b>		
Liabilities:		
Accrued costs	\$ 14,908	\$ 12,045
Due to other funds	33,404	14,297
Deferred property taxes	<u>129,980</u>	<u>126,100</u>
Total liabilities	178,292	152,442
Fund deficits:		
Unassigned	<u>(48,087)</u>	<u>(10,032)</u>
Total liabilities and fund deficits	<u>\$ 130,205</u>	<u>\$ 142,410</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 130,000	\$ 75,165	\$ (54,835)	\$ 119,661
Expenditures:				
Current:				
Employee benefits	<u>115,000</u>	<u>113,220</u>	<u>1,780</u>	<u>111,590</u>
Excess (deficiency) of revenues over (under) expenditures	15,000	(38,055)	(53,055)	8,071
Fund deficits at beginning of year	<u>(10,032)</u>	<u>(10,032)</u>	<u>-</u>	<u>(18,103)</u>
Fund balance (deficits) at end of year	<u>\$ 4,968</u>	<u>\$ (48,087)</u>	<u>\$ (53,055)</u>	<u>\$ (10,032)</u>

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**AUDIT FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
 AUDIT FUND  
 BALANCE SHEET  
 DECEMBER 31, 2012  
 WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ -	\$ 5,517
Property taxes receivable	<u>19,435</u>	<u>19,827</u>
Total assets	<u>\$ 19,435</u>	<u>\$ 25,344</u>
<b>LIABILITIES AND FUND DEFICITS</b>		
Liabilities:		
Due to other funds	\$ 10,573	\$ 10,743
Deferred property taxes	<u>19,400</u>	<u>19,400</u>
Total liabilities	29,973	30,143
Fund deficits:		
Unassigned	<u>(10,538)</u>	<u>(4,799)</u>
Total liabilities and fund deficits	<u>\$ 19,435</u>	<u>\$ 25,344</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, 2012  
 WITH COMPARATIVE ACTUAL AMOUNTS  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 20,000	\$ 11,661	\$ (8,339)	\$ 26,523
Expenditures:				
Current:				
Outside services	<u>19,000</u>	<u>17,400</u>	<u>1,600</u>	<u>20,500</u>
Excess (deficiency) of revenues over (under) expenditures	1,000	(5,739)	(6,739)	6,023
Fund deficits at beginning of year	<u>(4,799)</u>	<u>(4,799)</u>	<u>-</u>	<u>(10,822)</u>
Fund deficits at end of year	<u>\$ (3,799)</u>	<u>\$ (10,538)</u>	<u>\$ (6,739)</u>	<u>\$ (4,799)</u>

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

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND  
BALANCE SHEET  
DECEMBER 31, 2012  
WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and investments	\$ 3,707	\$ 62,258
Property taxes receivable	210,187	226,659
Total assets	\$ 213,894	\$ 288,917
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities:		
Accounts payable	\$ 519	\$ 4,360
Accrued costs	8,271	6,873
Due to other funds	-	50,813
Deferred property taxes	209,520	223,100
Total liabilities	218,310	285,146
Fund balance (deficit):		
Restricted	-	3,771
Unassigned	(4,416)	-
Total fund balance (deficit)	(4,416)	3,771
Total liabilities and fund balance (deficit)	\$ 213,894	\$ 288,917

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
EMERGENCY, RESCUE, CREW AND EQUIPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 230,000	\$ 220,753	\$ (9,247)	\$ 225,755
Expenditures:				
Current:				
Compensation and salaries	182,700	212,776	(30,076)	172,783
Outside services	1,500	1,397	103	1,537
Equipment and maintenance	17,750	13,862	3,888	19,144
Capital outlay	-	905	(905)	2,035
Total expenditures	<u>201,950</u>	<u>228,940</u>	<u>(26,990)</u>	<u>195,499</u>
Excess (deficiency) of revenues over (under) expenditures	28,050	(8,187)	(36,237)	30,256
Fund balances (deficit) at beginning of year	<u>3,771</u>	<u>3,771</u>	<u>-</u>	<u>(26,485)</u>
Fund balances (deficit) at end of year	<u>\$ 31,821</u>	<u>\$ (4,416)</u>	<u>\$ (36,237)</u>	<u>\$ 3,771</u>

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**FIDUCIARY FUND**

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**PENSION TRUST FUND**

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS**  
**PENSION TRUST FUND**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**  
**WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash	\$ 155,424	\$ 171,338
Accrued interest receivable	46,857	39,734
Due from other funds	-	6,881
Investments	<u>9,601,780</u>	<u>8,466,369</u>
Total assets	<u>9,804,061</u>	<u>8,684,322</u>
<b>LIABILITIES</b>		
Due to other funds	<u>6,000</u>	<u>6,000</u>
<b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	<u>\$ 9,798,061</u>	<u>\$ 8,678,322</u>

**NORTH PALOS FIRE PROTECTION DISTRICT, ILLINOIS  
PENSION TRUST FUND  
SCHEDULE OF CHANGES IN NET POSITION -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE  
YEAR ENDED DECEMBER 31, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Additions:				
Contributions:				
Employer	\$ 483,350	\$ 313,168	\$ (170,182)	\$ 431,009
Plan members	-	272,934	272,934	249,397
Total contributions	<u>483,350</u>	<u>586,102</u>	<u>102,752</u>	<u>680,406</u>
Investment earnings:				
Investment earnings	-	872,608	872,608	266,516
Investment expense	-	(38,515)	(38,515)	(36,119)
Net investment earnings	<u>-</u>	<u>834,093</u>	<u>834,093</u>	<u>230,397</u>
Total additions	<u>483,350</u>	<u>1,420,195</u>	<u>936,845</u>	<u>910,803</u>
Deductions:				
Benefits	512,400	286,461	225,939	290,472
Administrative expense	-	13,995	(13,995)	9,386
Total deductions	<u>512,400</u>	<u>300,456</u>	<u>211,944</u>	<u>299,858</u>
Change in net position	(29,050)	1,119,739	1,148,789	610,945
Net position at beginning of year	<u>8,678,322</u>	<u>8,678,322</u>	<u>-</u>	<u>8,067,377</u>
Net position at end of year	<u>\$ 8,649,272</u>	<u>\$ 9,798,061</u>	<u>\$ 1,148,789</u>	<u>\$ 8,678,322</u>

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**OTHER INFORMATION SECTION**

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

Tax levy year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Equalized assessed valuation	<u>\$ 454,834,323</u>	<u>\$ 554,996,968</u>	<u>\$ 547,007,419</u>	<u>\$ 542,405,102</u>	<u>\$ 481,908,618</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.3838	0.2873	0.2976	0.2811	0.3145
Tort liability	0.0464	0.0371	0.0262	0.0541	0.0564
Ambulance	0.2967	0.2259	0.2241	0.2121	0.2366
Firefighters' pension	0.0709	0.0788	0.0595	0.0816	0.0619
Illinois municipal retirement	0.0013	0.0032	0.0046	0.0042	0.0038
Social security	0.0169	0.0223	0.0138	0.0133	0.0096
Audit	0.0026	0.0049	0.0030	0.0028	0.0028
Emergency, rescue, crew and equipment	<u>0.0500</u>	<u>0.0412</u>	<u>0.0462</u>	<u>0.0447</u>	<u>0.0477</u>
Total	<u>0.8686</u>	<u>0.7007</u>	<u>0.6750</u>	<u>0.6939</u>	<u>0.7333</u>
Percent difference	<u>0.1679</u>	<u>0.0257</u>	<u>(0.0189)</u>	<u>(0.0394)</u>	<u>(0.0161)</u>
Tax extensions:					
Corporate	\$ 1,745,654	\$ 1,594,506	\$ 1,627,894	\$ 1,524,701	\$ 1,515,603
Tort liability	211,043	205,904	143,316	293,441	271,796
Ambulance	1,349,493	1,253,738	1,225,844	1,150,441	1,140,196
Firefighters' pension	322,478	437,338	325,469	442,603	298,301
Illinois municipal retirement	5,913	17,760	25,162	22,781	18,313
Social security	76,867	123,764	75,487	72,140	46,263
Audit	11,826	27,195	16,410	15,187	13,493
Emergency, rescue, crew and equipment	<u>227,417</u>	<u>228,659</u>	<u>252,717</u>	<u>242,455</u>	<u>229,870</u>
Total	<u>\$ 3,950,691</u>	<u>\$ 3,888,864</u>	<u>\$ 3,692,299</u>	<u>\$ 3,763,749</u>	<u>\$ 3,533,835</u>
Tax collections	<u>\$ 3,727,218</u>	<u>\$ 3,780,113</u>	<u>\$ 3,536,494</u>	<u>\$ 3,623,647</u>	<u>\$ 3,182,666</u>
Percent collected	<u>94.34</u>	<u>97.20</u>	<u>95.78</u>	<u>96.28</u>	<u>90.06</u>

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>\$ 455,645,836</u>	<u>\$ 462,521,991</u>	<u>\$ 391,822,557</u>	<u>\$ 379,748,777</u>	<u>\$ 383,397,615</u>
0.3199	0.3095	0.3409	0.3561	0.3266
0.0588	0.0557	0.0576	0.0617	0.0870
0.2335	0.2242	0.2880	0.2679	0.2449
0.0700	0.0611	0.0541	0.0526	0.0503
0.0041	0.0038	0.0039	0.0051	0.0047
0.0099	0.0089	0.0104	0.0106	0.0118
0.0032	0.0024	0.0021	0.0027	0.0031
<u>0.0500</u>	<u>0.0426</u>	<u>0.0457</u>	<u>0.0443</u>	<u>0.0408</u>
<u>0.7494</u>	<u>0.7082</u>	<u>0.8027</u>	<u>0.8010</u>	<u>0.7692</u>
<u>0.0412</u>	<u>(0.0945)</u>	<u>0.0017</u>	<u>0.0318</u>	<u>(0.1529)</u>
\$ 1,457,611	\$ 1,431,399	\$ 1,335,723	\$ 1,352,285	\$ 1,252,114
267,920	257,500	225,689	234,304	333,509
1,063,933	1,037,126	1,128,488	1,017,346	939,085
318,952	282,220	211,943	199,747	192,725
18,681	17,510	15,281	19,367	18,090
45,109	41,200	40,749	40,253	45,224
14,581	11,330	8,228	10,253	12,060
<u>227,823</u>	<u>197,137</u>	<u>179,062</u>	<u>168,228</u>	<u>156,515</u>
<u>\$ 3,414,610</u>	<u>\$ 3,275,422</u>	<u>\$ 3,145,123</u>	<u>\$ 3,041,783</u>	<u>\$ 2,949,322</u>
<u>\$ 3,118,352</u>	<u>\$ 3,084,351</u>	<u>\$ 3,114,574</u>	<u>\$ 2,996,189</u>	<u>\$ 2,846,985</u>
<u>91.32</u>	<u>94.17</u>	<u>99.03</u>	<u>98.50</u>	<u>96.53</u>

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