

**PALOS FIRE PROTECTION
DISTRICT, ILLINOIS**

ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2014

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED APRIL 30, 2014**

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INTRODUCTORY SECTION

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NAMES AND TITLES OF PRINCIPAL OFFICIALS
APRIL 30, 2014**

Kevin McCurrie	President
Russell Miller	Secretary
Gene Adams	Treasurer
Richard Nogal	Trustee
Todd Thielmann	Trustee

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Palos Fire Protection District, Illinois, as of and for the year ended April 30, 2014, 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 the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 District'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 District'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 modified cash basis financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Palos Fire Protection District, Illinois as of April 30, 2014, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the modified cash basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, management's discussion and analysis, 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 section, management's discussion and analysis, and other information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Mulcahy, Pawlitsch, Salvador & Co., Ltd.

Orland Park, Illinois
October 6, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2014**

As management of Palos Fire Protection District, Illinois (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 April 30, 2014.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,777,051 (net position). Of this amount, \$1,145,636 is invested in capital assets and \$136,300 is restricted; \$2,495,115 remains unrestricted.
- The total net position of the District increased by \$1,114,356 during fiscal year 2014 due to an increase in property tax revenue.
- As of April 30, 2014, the District's governmental funds reported combined ending fund balance of \$2,631,415. Approximately, 38% of this amount (\$1,011,829) is constrained by the District's intent to be used for a specific purpose (assigned fund balance).
- For the fiscal year ended April 30, 2014, total government funds revenues exceeded expenditures by \$1,143,022. This was due primarily due to an increase in property tax revenue.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General Fund was \$2,026,836, or approximately 40% of total General Fund expenditures.
- The District's long-term liabilities at April 30, 2014 totaled \$933,210. During the fiscal year, the District entered into two long-term notes payable to purchase an ambulance and a ladder truck.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements 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 readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position - modified cash basis* presents information on all of the District's assets and liabilities as reported using the modified cash basis of accounting. The difference between assets and liabilities is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities - modified cash basis* presents information showing how the District's net position changed during the current fiscal year. All changes in net position are recorded in the statement of activities using the modified cash basis of accounting.

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

Fund Financial Statements

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

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

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

The District maintains four different governmental funds and one fiduciary fund (pension trust fund). Information is presented separately for the major governmental funds in the Balance Sheet - Modified Cash Basis - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Modified Cash Basis - Governmental Funds. The major governmental funds are the General Fund (comprised of the Corporate Fund, the Tort Liability Fund, and the Emergency and Rescue Fund), the Ambulance Fund, and the Debt Service Fund. There is one nonmajor governmental fund.

The District adopts an annual appropriated budget for each of the governmental funds and the fiduciary fund. Governmental and fiduciary fund budgetary comparisons are reported in the combining and individual fund financial statements and schedules section of this report.

The basic fund financial statements can be found on pages 3 - 6 of this report.

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

The fiduciary fund utilized by the District is the Firefighters' Pension Trust Fund.

The basic fiduciary fund financial statements can be found on pages 7 - 8 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 9 - 25 of this report.

Other Information

The combining and individual fund financial statements and schedules in connection with the major and nonmajor governmental funds and the fiduciary fund are presented immediately following the notes to the basic financial statements. These statements and schedules can be found on pages 26 - 43 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,777,051 at the close of this fiscal year.

Palos Fire Protection District, Illinois
Statements of Net Position - Modified Cash Basis - Governmental Activities
As of April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 2,631,415	\$ 1,488,393
Capital assets	<u>2,078,846</u>	<u>1,217,658</u>
Total assets	<u>4,710,261</u>	<u>2,706,051</u>
Liabilities:		
Noncurrent liabilities	<u>933,210</u>	<u>43,356</u>
Net position:		
Net investment in capital assets	1,145,636	1,174,302
Restricted	136,300	129,475
Unrestricted	<u>2,495,115</u>	<u>1,358,918</u>
Total net position	<u>\$ 3,777,051</u>	<u>\$ 2,662,695</u>

Assets

Cash is the only current asset and comprises 56% of the District's total assets.

Capital assets are used in the operations of the District. These are land, buildings, improvements, apparatus, vehicles and equipment of which an investment of \$2,078,846 has been made to provide services to the District's residents. This amount represents 44% of the District's total assets. Capital assets are discussed in greater detail in the section titled, "Capital Assets," elsewhere in this analysis.

Liabilities

Current and long-term obligations are classified based on anticipated payment date either in the near-term or in the future. Long-term obligations include two notes payable that will be liquidated from resources that will become available in future years.

Net Position

The assets of the District exceed liabilities resulting in a net position of \$3,777,051, of which \$2,495,115 is unrestricted. Total net position of the District does not include internal balances.

The following chart shows the revenue and expenses of the District's governmental activities during 2014 and 2013.

Palos Fire Protection District, Illinois
Statement of Activities - Modified Cash Basis
For the Fiscal Years Ended
April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 892,950	\$ 548,992
Operating grants and contributions	25,465	134,020
General revenues:		
Property taxes - district	5,537,063	3,997,088
Property taxes - pension	1,200,122	491,525
Personal property replacement taxes	21,117	18,453
Foreign fire insurance tax	17,976	18,655
Unrestricted interest income	1,854	1,908
Other income	<u>31,479</u>	<u>45,051</u>
Total revenues	<u>7,728,026</u>	<u>5,255,692</u>
Expenses:		
Governmental activities:		
Fire and rescue	3,910,638	3,106,504
Emergency medical service	2,363,239	2,173,030
General government	328,939	315,411
Interest	<u>10,854</u>	<u>7,237</u>
Total expenses	<u>6,613,670</u>	<u>5,602,182</u>
Change in net position	1,114,356	(346,490)
Net position at beginning of year	<u>2,662,695</u>	<u>3,009,185</u>
Net position at end of year	<u>\$ 3,777,051</u>	<u>\$ 2,662,695</u>

Governmental activities increased the District's net position by \$1,114,356, or 42%. Key elements contributing to this change are summarized below.

Revenues: Total revenues from governmental activities for the year ended April 30, 2014 increased by \$2,472,334, or 47%.

Total program revenues, which include charges for services as well as operating grants, increased by \$235,403, or 34%. The gain on the disposition of capital assets of \$368,818 that resulted from the receipt of insurance proceeds related to a damaged fire truck is included in program revenues. This gain was partially offset by a decrease in operating grants of \$108,555 due to the expiration of the DHS safer grant.

General revenues, which include property taxes, personal property replacement taxes, foreign fire insurance taxes, interest income and other income increased by 2,236,931, or 49%, due primarily to an increase in property taxes received. The property tax extension (total property taxes billed) increased by 37% due a referendum that was passed by the voters.

Expenses: Expenses from governmental activities increased by \$1,011,488 or 18%. Fire and rescue expenses and emergency medical service expenses combined increased by \$994,343, or 19% due primarily to an increase in the amount contributed to the Firefighters' Pension Trust Fund. This increased contribution was made with property taxes from the above-mentioned referendum.

Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$2,631,415, an increase of \$1,143,022 in comparison with the prior year. Of the total combined ending fund balance, \$688,668, or 26%, is considered nonspendable because it relates to amounts advanced to other funds. 5%, or \$136,300, is restricted due to external limitations on its use. 38%, or \$1,011,829, has been assigned, meaning there are limitations on its intended use. The assigned uses include debt service (\$559), capital improvements (\$418,419), retirement benefits (\$345,052), insurance reserves (\$16,361), and funding of fiscal year 2015's budget deficit (\$231,438). The remaining balance of \$794,618 represents the unassigned fund balance of the District.

The General Fund is the main operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,015,566, while total fund balance of the General Fund was \$2,556,851. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Total General Fund expenditures for 2014 were \$5,091,357. Unassigned fund balance represents 19.9% of these General Fund expenditures, while total fund balance represents 50.2% of that same amount.

Palos Fire Protection District, Illinois
General Fund Budgetary Highlights
For the Fiscal Year Ended April 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>	<u>Percentage of Actual to Budget</u>
Revenues:				
Property taxes - district	\$ 3,570,427	\$ 3,432,641	\$ (137,786)	96.1%
Property taxes - pension	971,436	1,200,122	228,686	123.5%
Other revenues	<u>57,800</u>	<u>79,717</u>	<u>21,917</u>	137.9%
Total revenues	<u>4,599,663</u>	<u>4,712,480</u>	<u>112,817</u>	102.5%
Expenditures:				
Personnel	2,344,770	2,402,038	(57,268)	102.4%
Personnel - pension contribution	971,436	1,200,122	(228,686)	123.5%
Insurance	625,000	368,362	256,638	58.9%
Station expenditures	88,500	45,933	42,567	51.9%
Apparatus and equipment	156,750	108,395	48,355	69.2%
Communications	50,800	45,613	5,187	89.8%
Administrative	70,200	66,416	3,784	94.6%
Capital outlay	167,265	822,055	(654,790)	491.5%
Debt service	<u>156,000</u>	<u>32,423</u>	<u>123,577</u>	20.8%
Total expenditures	<u>4,630,721</u>	<u>5,091,357</u>	<u>(460,636)</u>	109.9%
Deficiency of revenues under expenditures	<u>(31,058)</u>	<u>(378,877)</u>	<u>(347,819)</u>	
Other financing sources:				
Proceeds from insurance	-	347,318	347,318	
Proceeds from note payable	-	781,066	781,066	
Proceeds from sale of capital assets	<u>-</u>	<u>21,500</u>	<u>21,500</u>	
Total other financing sources	<u>-</u>	<u>1,149,884</u>	<u>1,149,884</u>	
Net change in fund balance	<u>\$ (31,058)</u>	<u>\$ 771,007</u>	<u>\$ 802,065</u>	

The fiscal year 2014 budget was not amended.

Capital Assets

The District's investment in capital assets for its governmental activities as of April 30, 2014 amounts to \$2,078,846. The District's investment in capital assets increased by \$861,188, due to capital asset additions that exceeded depreciation expense for the year. This investment in capital assets includes land, buildings and improvements, apparatus and vehicles, and equipment.

Palos Fire Protection District, Illinois

Capital Assets (Net of Accumulated Depreciation) April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land	\$ 160,000	\$ 160,000
Buildings and improvements	770,283	798,983
Apparatus and vehicles	1,048,196	150,921
Equipment	<u>100,367</u>	<u>107,754</u>
Total capital assets	<u>\$ 2,078,846</u>	<u>\$ 1,217,658</u>

Major capital asset events during the current fiscal year included purchases of a new ambulance and ladder truck, and the disposal of two trucks.

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

Long-term Liabilities

At April 30, 2014, the District had two notes payable outstanding that were collateralized by specific equipment. These two note payable agreements were entered into during the current fiscal year to purchase a new ambulance and ladder truck. A third note payable for equipment was paid in full during the current fiscal year.

Monthly debt service payments were made as scheduled. No refinancing of debt occurred during fiscal year 2014.

Palos Fire Protection District, Illinois Long-term Liabilities As of April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Notes payable	<u>\$ 933,210</u>	<u>\$ 43,356</u>

Additional information on the District's long-term liabilities can be found in the notes to basic financial statements.

Economic Factors and Next Year's Budget and Property Taxes

The District's primary revenue source continues to be property tax, representing approximately 75% of total revenue. The Property Tax Extension Limitation Law (PTELL) allows a taxing District to receive a limited inflationary increase in tax extensions on existing property, an additional amount for new construction, and additional amounts related to voter-approved rate increases. On March 20, 2012, the voters approved a \$1.9 million referendum to provide for financial stability, fleet replacement, and station renovations. In accordance with the District's replacement schedule, a new ladder truck and ambulance were purchased in fiscal year 2014. Additional reserves from the tax revenue increase have been appropriated in fiscal year 2015 budget for the following capital needs: a command car, fire engine, station 2 roof repairs, extrication equipment, and power cots.

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 Chief
Palos Fire Protection District
8815 West 123rd Street
Palos Park, Illinois 60464

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2014

ASSETS

Cash	\$ 2,631,415
Capital assets not being depreciated:	
Land	160,000
Capital assets net of accumulated depreciation:	
Buildings and improvements	770,283
Apparatus and vehicles	1,048,196
Equipment	<u>100,367</u>
Total assets	<u>4,710,261</u>

LIABILITIES

Noncurrent liabilities:	
Due within one year	120,766
Due in more than one year	<u>812,444</u>
Total liabilities	<u>933,210</u>

NET POSITION

Net investment in capital assets	1,145,636
Restricted:	
Debt service	67,118
Foreign fire	69,182
Unrestricted	<u>2,495,115</u>
Total net position	<u>\$ 3,777,051</u>

See notes to basic financial statements.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2014

		<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Position</u>
Functions/programs:				
Governmental activities:				
Fire and rescue	\$ 3,910,638	\$ 368,818	\$ 12,733	\$ (3,529,087)
Emergency medical service	2,363,239	524,132	12,732	(1,826,375)
General government	328,939	-	-	(328,939)
Interest expense	<u>10,854</u>	<u>-</u>	<u>-</u>	<u>(10,854)</u>
Total governmental activities	<u>\$ 6,613,670</u>	<u>\$ 892,950</u>	<u>\$ 25,465</u>	<u>(5,695,255)</u>
General revenues:				
Taxes:				
Property - district				5,537,063
Property - pension				1,200,122
Personal property replacement				21,117
Foreign fire insurance				17,976
Interest income				1,854
Other income				<u>31,479</u>
Total general revenues				<u>6,809,611</u>
Change in net position				1,114,356
Net position at beginning of year				<u>2,662,695</u>
Net position at end of year				<u>\$ 3,777,051</u>

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
APRIL 30, 2014

	<u>General</u>	<u>Ambulance</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 2,563,738	\$ -	\$ 67,677	\$ -	\$ 2,631,415
Advances to other funds	<u>460,833</u>	<u>-</u>	<u>188,936</u>	<u>38,899</u>	<u>688,668</u>
Total assets	<u>\$ 3,024,571</u>	<u>\$ -</u>	<u>\$ 256,613</u>	<u>\$ 38,899</u>	<u>\$ 3,320,083</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Advances from other funds	<u>\$ 467,720</u>	<u>\$ 220,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688,668</u>
Fund balances (deficit):					
Nonspendable	460,833	-	188,936	38,899	688,668
Restricted	69,182	-	67,118	-	136,300
Assigned	1,011,270	-	559	-	1,011,829
Unassigned	<u>1,015,566</u>	<u>(220,948)</u>	<u>-</u>	<u>-</u>	<u>794,618</u>
Total fund balances (deficit)	<u>2,556,851</u>	<u>(220,948)</u>	<u>256,613</u>	<u>38,899</u>	<u>2,631,415</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,024,571</u>	<u>\$ -</u>	<u>\$ 256,613</u>	<u>\$ 38,899</u>	<u>\$ 3,320,083</u>

See notes to basic financial statements.

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH
BASIS OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2014**

Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:

Total fund balances - governmental funds	\$ 2,631,415
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,078,846
Long-term liabilities, including notes payable, are not due and payable in the current year and, therefore, are not reported in the funds.	<u>(933,210)</u>
Net position of governmental activities	<u>\$ 3,777,051</u>

See notes to basic financial statements.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES (DEFICIT) - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2014

	<u>General</u>	<u>Ambulance</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes - district	\$ 3,432,641	\$ 2,074,305	\$ -	\$ 30,117	\$ 5,537,063
Property taxes - pension	1,200,122	-	-	-	1,200,122
Charges for services	-	524,132	-	-	524,132
Interest income	1,672	-	182	-	1,854
Personal property replacement taxes	21,117	-	-	-	21,117
Grants	12,733	12,732	-	-	25,465
Foreign fire insurance tax	17,976	-	-	-	17,976
Other revenues	<u>26,219</u>	<u>5,260</u>	<u>-</u>	<u>-</u>	<u>31,479</u>
Total revenues	<u>4,712,480</u>	<u>2,616,429</u>	<u>182</u>	<u>30,117</u>	<u>7,359,208</u>
Expenditures:					
Current:					
Fire and rescue	2,628,662	-	-	-	2,628,662
Fire and rescue - pension contribution	1,200,122	-	-	-	1,200,122
Emergency medical service	252,483	2,016,190	-	-	2,268,673
General government	155,612	141,243	-	27,445	324,300
Capital outlay	822,055	220,192	-	-	1,042,247
Debt service:					
Principal	22,762	29,164	-	-	51,926
Interest	<u>9,661</u>	<u>1,193</u>	<u>-</u>	<u>-</u>	<u>10,854</u>
Total expenditures	<u>5,091,357</u>	<u>2,407,982</u>	<u>-</u>	<u>27,445</u>	<u>7,526,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(378,877)</u>	<u>208,447</u>	<u>182</u>	<u>2,672</u>	<u>(167,576)</u>
Other financing sources:					
Proceeds from insurance	347,318	-	-	-	347,318
Proceeds from notes payable	781,066	160,714	-	-	941,780
Proceeds from sale of capital assets	<u>21,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,500</u>
Total other financing sources	<u>1,149,884</u>	<u>160,714</u>	<u>-</u>	<u>-</u>	<u>1,310,598</u>
Net change in fund balances (deficit)	771,007	369,161	-	2,672	1,143,022
Fund balances (deficit) at beginning of year	<u>1,785,844</u>	<u>(590,109)</u>	<u>256,431</u>	<u>36,227</u>	<u>1,488,393</u>
Fund balances (deficit) at end of year	<u>\$ 2,556,851</u>	<u>\$ (220,948)</u>	<u>\$ 256,613</u>	<u>\$ 38,899</u>	<u>\$ 2,631,415</u>

See notes to basic financial statements.

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - MODIFIED CASH
BASIS OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2014**

Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:

Net change in fund balances (deficit) - total governmental funds	\$ 1,143,022
Governmental funds report capital outlays as expenditures. However in the statement of activities - modified cash basis, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized expenditures (\$953,959) exceeded depreciation (\$92,771) in the current period.	861,188
The issuance of long-term debt provides current financial resources to governmental funds; however, it has no effect on net position.	(941,780)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the balance sheet - modified cash basis.	<u>51,926</u>
Change in net position of governmental activities	<u>\$ 1,114,356</u>

See notes to basic financial statements.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
FIREFIGHTERS' PENSION TRUST FUND
APRIL 30, 2014

ASSETS

Investments:	
Certificates of deposit	\$ 1,641,989
Corporate bonds	1,367,376
Equity securities	3,759,805
Illinois Funds	776,800
Insurance company contracts	780,225
Money market funds	551,686
Mutual funds	847,130
U.S. government and agency obligations	<u>2,743,739</u>
Total assets	<u>\$ 12,468,750</u>

NET POSITION

Held in trust for pension benefits and other purposes	<u>\$ 12,468,750</u>
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See notes to basic financial statements.

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
STATEMENT OF CHANGE IN NET POSITION - MODIFIED
CASH BASIS - FIREFIGHTERS' PENSION TRUST FUND
YEAR ENDED APRIL 30, 2014**

Additions		
Contributions:		
Employer	\$ 1,200,122	
Plan members	<u>278,172</u>	
Total contributions		\$ 1,478,294
Investment income:		
Investment earnings	611,867	
Investment expense	<u>(76,205)</u>	
Net investment income		<u>535,662</u>
Total additions		2,013,956
Deductions:		
Benefits	251,633	
Administrative	<u>2,412</u>	
Total deductions		<u>254,045</u>
Change in net position		1,759,911
Net position at beginning of year		<u>10,708,839</u>
Net position at end of year		<u>\$ 12,468,750</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

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 the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are generally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Palos Fire Protection District, Illinois (the "District") provides fire, rescue, emergency medical, and general administrative services.

These financial statements include the District and its component unit, an entity for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the District's operations. Thus, blended component units are appropriately presented as funds of the District.

Blended Component Unit. The District's blended component unit consists of the Palos Fire Protection District Firefighters' Pension Plan ("FPP").

The District's sworn firefighters participate in the FPP. FPP functions for the benefit of these employees and is governed by a pension board. The District and the FPP participants are obligated to fund all FPP 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 FPP 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 FPP 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 financial statements incorporate data from the 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.

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014**

D. Basis of Presentation - Fund Financial Statements

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

The District reports the following major governmental funds:

The General Fund is comprised of three subfunds - the Corporate Fund, the Tort Liability Fund, and the Emergency and Rescue Fund. The Corporate Fund is the primary operating fund of the District. The Tort Liability Fund accounts for tort, casualty, and liability insurance costs and other costs relating to risk management. The Emergency and Rescue Fund is used to account for expenditures funded through property taxes levied for emergency and rescue purposes.

The Ambulance Fund accounts for the direct costs of emergency medical services.

The Debt Service Fund accounts for the accumulation of resources for and the payment of long-term debt principal, interest and related costs.

The District has the following nonmajor governmental fund:

Special revenue fund:

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 fund is the Audit Fund.

Additionally, the District reports the following fiduciary fund type:

The Firefighters' Pension Trust Fund accounts for funds held by the District in a fiduciary capacity for a public employee retirement system.

During the course of operations the District has activity between funds for various purposes. In fund financial statements any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

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.

E. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. *Basis of accounting* refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

1. Measurement Focus

In the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, certain other economic assets and liabilities that do not arise from a cash transaction or event are not reported, and the measurement of reported assets, other than investments reported in the pension trust fund, and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide and fiduciary fund financial statements would be presented on the accrual basis of accounting.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

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

1. Cash and Investments

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

Statutes authorize the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans and life insurance company contracts. Investments in the pension trust fund are reported at fair value (generally based on quoted market prices).

2. Capital Assets

The District's modified cash basis of accounting reports capital assets (land, buildings and improvements, apparatus and vehicles, and equipment) resulting from cash transactions or certain events and reports depreciation, when appropriate. The accounting treatment over capital assets depends on whether they are reported in the government-wide or fund financial statements.

Capital assets reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of one year. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Apparatus and vehicles	10-25
Equipment	15-40

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

3. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

4. Net Position/Fund Balance Classifications

In the government-wide financial statements, net position is classified and displayed in three components:

- Net investment in capital assets - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted - consists of restricted assets reduced by liabilities, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted - the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

In the governmental fund financial statements, the difference between assets and liabilities is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- Nonspendable - amounts that cannot be spent because they either are not in spendable form (such as inventory) or are legally or contractually required to be maintained intact.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

- Restricted - amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by restrictions imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority (i.e., the Board of Trustees).
- Assigned - amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Assignments are evidenced either by resolution of the Board of Trustees or by an individual or body to which the District delegates the authority.
- Unassigned - the residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the District's policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for which amounts in those classifications are available to be used.

G. Revenues

1. Program Revenues

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

2. Property Taxes

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

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014**

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 expenses/expenditures. 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

Annual budgets are adopted on the modified cash basis which is consistent with the basis of accounting utilized by all of the District's 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.
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 April 30, 2014 was adopted through the passage of an ordinance on July 22, 2013.
4. The Chief is authorized to transfer appropriated amounts between line items within funds with Board approval.
5. Formal appropriation integration is employed as a management control device during the year.
6. Appropriation authority lapses at year-end.
7. State law requires that "expenditures be made in conformity with appropriation/budget." Transfers between line items, departments and fund may be made by administrative action. The level of legal control is generally considered the entire appropriation.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

8. The budgeted expenditure appropriations adopted for each fund were as follows:

General Fund:	
Corporate subfund	\$ 3,586,194
Tort Liability subfund	625,000
Emergency and Rescue subfund	419,527
Ambulance Fund	2,431,493
Audit Fund	<u>28,678</u>
Total expenditures appropriated	<u>\$ 7,090,892</u>

B. Excess of Expenditures over Appropriations

The following fund had an excess of actual expenditures over the budgeted amount for the year ended April 30, 2014:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund			
General Fund subfund:			
Corporate Fund	<u>\$ 3,586,194</u>	<u>\$ 4,233,843</u>	<u>\$ (647,649)</u>

The overexpenditure in the General Fund was primarily the result of actual expenditures for capital outlay and the pension fund contribution being in excess of what was anticipated. The overexpenditure was funded by current year revenues and other financing sources.

C. Deficit Fund Balances

As of April 30, 2014, the Emergency and Rescue Fund (a subfund of the General Fund) and the Ambulance Fund had deficit fund balances of \$(190,462) and \$(220,948), respectively. The District plans to transfer funds from the Corporate Fund (a subfund of the General Fund) to eliminate the deficits in these funds.

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 April 30, 2014, \$2,128,862 of the District's bank balances of \$2,640,462 was uninsured and collateralized with securities held by the pledging financial institutions.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

Investments

As of April 30, 2014, the Firefighters' Pension Trust Fund had the following investments:

Type of Investment	Fair Value	Average Credit Quality / Ratings (1)	Weighted Average Days to Maturity (2)
Certificates of deposit	\$ 1,641,989	N/A	1,320
Corporate bonds	1,367,376	A1 - Baa3	1,522
Equity securities	3,759,805	N/A	N/A
GNMA	4,567	N/A	3,726
Illinois Funds	776,800	AAAm	35
Insurance company contracts	780,225	N/A	N/A
Money market funds	551,686	N/A	N/A
Mutual funds	847,130	N/A	N/A
U.S. government agency notes	1,827,267	AAA	2,855
U.S. Treasury notes	<u>911,905</u>	AAA	1,732
Total investments	<u>\$ 12,468,750</u>		

- (1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable.
(2) *Interest Rate Risk* is estimated using weighted average days to maturity. N/A indicates not applicable.

Investment Policies - Fire Protection District

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. The District's investment program is derived from the terms and provisions of the Illinois Compiled Statutes Public Funds Investment Act (30 ILCS 235) which allows investment in instruments of the United States of America or its agencies, money market mutual funds with a minimum AA rating by at least two of the three largest credit rating agencies, public treasurer's investment pool, and commercial paper with one of the three highest classifications by at least two of the three largest credit rating agencies. Commercial paper cannot exceed 180 days in maturity, 10% of the total outstanding paper of the issuing corporation or one-third of the cost of the portfolio.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District manages its exposure to declines in fair value by diversification of investments and maturities.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy provides that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the District's portfolio will be invested in a single security type or in a single financial institution.

Custodial credit risk - investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District's investment policy requires the amount of collateral provided to be at a minimum of 110% of the fair value of the principal and accrued interest.

Investment Policies - Firefighters' Pension Trust Fund

The Firefighters' Pension Trust Fund's investments are subject to the same risks as noted above and are addressed in its investment policy as follows:

Credit risk – the Fund's investment program is derived from the terms and provisions of the Illinois Compiled Statutes Public Funds Investment Act (40 ILCS 5/1-113) which allows investment in instruments of the United States of America or its agencies, savings accounts, certificates of deposit, public treasurer's investment pool, interest bearing bonds of any county, township or municipal corporation, money market mutual funds, certain short-term obligations of U.S. corporations, common stocks and general or separate accounts of life insurance companies authorized to transact business in Illinois.

Interest rate risk – an investment time horizon of average duration which is not to vary more than +/-30% of the duration of the Lehman Brothers Intermediate Government Bond Index, thereby allowing the Fund to tolerate moderate interim fluctuations in market value and rates in order to achieve its long-term objectives.

Concentration of credit risk – the Fund's total investments in authorized items are not allowed to exceed 10% of the portfolio's overall allocation in one single security.

Custodial credit risk – is not specifically defined in the Fund's investment policy.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

B. Capital Assets

Capital asset activity for the year ended April 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 160,000	\$ -	\$ -	\$ 160,000
Capital assets, being depreciated:				
Buildings and improvements	1,475,000	-	-	1,475,000
Apparatus and vehicles	1,642,299	953,959	(466,460)	2,129,798
Equipment	180,681	-	-	180,681
Total capital assets, being depreciated	3,297,980	953,959	(466,460)	3,785,479
Less accumulated depreciation for:				
Buildings and improvements	676,017	28,700	-	704,717
Apparatus and vehicles	1,491,378	56,684	(466,460)	1,081,602
Equipment	72,927	7,387	-	80,314
Total accumulated depreciation	2,240,322	92,771	(466,460)	1,866,633
Total capital assets, being depreciated, net	1,057,658	861,188	-	1,918,846
Governmental activities capital assets, net	\$ 1,217,658	\$ 861,188	\$ -	\$ 2,078,846

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Fire and rescue	\$ 44,066
Emergency medical service	44,066
General government	4,639
Total depreciation expense - governmental activities	\$ 92,771

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

C. Interfund Balances

Individual fund interfund receivable and payable balances at April 30, 2014 were as follows:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund subfunds:		
Corporate Fund	\$ -	\$ 277,258
Tort Liability Fund	460,833	-
Emergency and Rescue Fund	-	190,462
Ambulance Fund	-	220,948
Debt Service Fund	188,936	-
Nonmajor governmental fund:		
Audit Fund	<u>38,899</u>	<u>-</u>
Total	<u>\$ 688,668</u>	<u>\$ 688,668</u>

Repayment of the advances is not expected in the subsequent year.

D. Tax Anticipation Warrants

On July 1, 2013, the District issued \$750,000 of corporate fund tax anticipation warrants, which were repaid on September 17, 2013 at an interest rate of 2.9%.

On January 31, 2014, the District issued \$750,000 of corporate fund tax anticipation warrants, which were repaid on April 16, 2014 at an interest rate of 2.9%.

The activity during the year was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>
\$ -	\$ 1,500,000	\$ (1,500,000)	\$ -

The proceeds from the tax anticipation warrants were used to fund operations while waiting for the collection of anticipated revenue.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

E. Long-term Debt

Long-term debt activity for the year ended April 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Notes payable	\$ <u>43,356</u>	\$ <u>941,780</u>	\$ <u>(51,926)</u>	\$ <u>933,210</u>	\$ <u>120,766</u>

The schedule of long-term debt outstanding at April 30, 2014 is as follows:

The District has a note payable due in monthly installments of \$4,665, including interest at 2.88%, through February, 2017. The note is collateralized by a specific vehicle. Annual debt service requirements are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 52,287	\$ 3,693	\$ 55,980
2016	53,814	2,166	55,980
2017	<u>46,043</u>	<u>607</u>	<u>46,650</u>
Total	\$ <u>152,144</u>	\$ <u>6,466</u>	\$ <u>158,610</u>

The District has a note payable due in annual installments of \$91,051, including interest at 2.89%, through June, 2023. The note is collateralized by a specific vehicle. Annual debt service requirements are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 68,479	\$ 22,572	\$ 91,051
2016	70,458	20,593	91,051
2017	72,494	18,557	91,051
2018	74,589	16,462	91,051
2019	76,745	14,306	91,051
2020	78,963	12,088	91,051
2021	81,245	9,806	91,051
2022	83,593	7,458	91,051
2023	86,008	5,043	91,051
2024	<u>88,492</u>	<u>2,559</u>	<u>91,051</u>
Total	\$ <u>781,066</u>	\$ <u>129,444</u>	\$ <u>910,510</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

Total future debt service requirements for the outstanding debt listed above are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 120,766	\$ 26,265	\$ 147,031
2016	124,272	22,759	147,031
2017	118,537	19,164	137,701
2018	74,589	16,462	91,051
2019	76,745	14,306	91,051
2020	78,963	12,088	91,051
2021	81,245	9,806	91,051
2022	83,593	7,458	91,051
2023	86,008	5,043	91,051
2024	<u>88,492</u>	<u>2,559</u>	<u>91,051</u>
Total	<u>\$ 933,210</u>	<u>\$ 135,910</u>	<u>\$ 1,069,120</u>

F. Fund Balances

As of April 30, 2014, the District's fund balances (deficit) were comprised of the following:

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Advances to other funds	<u>\$ 460,833</u>	<u>\$ -</u>	<u>\$ 188,936</u>	<u>\$ 38,899</u>	<u>\$ 688,668</u>
Restricted:					
Debt service	-	-	67,118	-	67,118
Foreign fire	<u>69,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,182</u>
Total restricted	<u>69,182</u>	<u>-</u>	<u>67,118</u>	<u>-</u>	<u>136,300</u>
Assigned:					
Amount used to eliminate subsequent year's budgeted deficit	231,438	-	-	-	231,438
Capital improvements	418,419	-	-	-	418,419
Debt service	-	-	559	-	559
Insurance reserves	16,361	-	-	-	16,361
Retirement benefits	<u>345,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,052</u>
Total assigned	<u>1,011,270</u>	<u>-</u>	<u>559</u>	<u>-</u>	<u>1,011,829</u>
Unassigned	<u>1,015,566</u>	<u>(220,948)</u>	<u>-</u>	<u>-</u>	<u>794,618</u>
Total fund balances (deficit)	<u>\$ 2,556,851</u>	<u>\$ (220,948)</u>	<u>\$ 256,613</u>	<u>\$ 38,899</u>	<u>\$ 2,631,415</u>

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014**

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; illnesses of employees and natural disasters.

The District has purchased medical and general liability insurance from private insurance companies and has also joined the Illinois Public Risk Fund. The fund currently operates as a common risk management and insurance program for local governmental entities in the State of Illinois. The District pays annual premiums to the fund for its worker's compensation insurance coverage. The agreement for formation of the fund provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for losses in excess of various limits established for each type of coverage. 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.

B. Jointly Governed Organization

The District is a member of Southwest Central Dispatch (SWCD). SWCD was formed as part of an intergovernmental agreement which provides 911 and dispatching services to its member districts and departments throughout the southwest suburbs. The District paid \$73,154 for these services during the year ended April 30, 2014.

C. Tort Immunity Expenditures

During the year ended April 30, 2014, the District expended \$368,362 for property, general liability and worker's compensation insurance coverage and \$136,604 for risk management.

D. Pension and Postemployment Benefit Obligations

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Plan) that covers its qualified fire-sworn employees. The District also maintains a postemployment benefit plan (Retiree Health Insurance Plan). The information presented in the following notes is the most current information available as of April 30, 2014.

1. Firefighters' Pension Plan

Plan Description. Fire-sworn personnel are covered by the Palos Fire Protection District, Illinois Firefighters' Pension Plan which is a defined benefit single-employer pension plan administered by the 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.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

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 member 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 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 member 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. Member'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 member shall be increased annually at age 60 on the January 1st after the member retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually each January thereafter. The increase is the lesser of 3% or 1/2% of the change in the Consumer Price Index for the preceding calendar year.

The financial statements of the Firefighter's Pension Plan are prepared using the modified cash basis of accounting. Plan member contributions are recognized in the period in which the contributions are received. The District's contributions are recognized when paid. Benefits and refunds are recognized when paid 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. 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. Administrative costs of the Firefighter's Pension Plan are financed through investment earnings.

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2014

The District's contributions to the plan for the three most recent fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Contribution</u>
04/30/14	\$ 1,200,122
04/30/13	491,525
04/30/12	520,505

2. Retiree Health Insurance Plan

Plan Description. The Retiree Health Insurance Plan (RHIP) is a single-employer defined benefit healthcare plan administered by the District. Employees who retire under the Palos Fire Protection District Firefighters' Pension Plan and their spouses and dependents are entitled to participate in the health insurance plan provided for active employees. Such coverage is provided for retired employees and their spouse and dependents until they reach age 65. Retired employees are required to pay 100% of the premiums for such coverage. Employees can use accumulated sick time earned from the District to pay health insurance costs. The District does not issue a stand alone report for RHIP.

Funding Policy. The contribution requirements of plan members are established by the District. The required contribution is based on projected pay-as-you-go financing in the form of insurance premiums paid to the insurance company. The District does not provide any additional amount to prefund benefits nor does the plan have an actuarial valuation. For fiscal year 2014, the District contributed \$4,095 to the plan. Plan members receiving benefits contributed \$0.

E. Labor Concentration

The majority of the District's workforce is covered by a collective bargaining agreement which expires on April 30, 2016.

F. Date of Management's Review

Subsequent events were evaluated through October 6, 2014, which is the date the financial statements were available to be issued.

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
COMBINING SCHEDULE OF GENERAL FUND BALANCE
SHEET ACCOUNTS - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE TOTALS FOR APRIL 30, 2013

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Emergency and Rescue</u>	<u>Totals</u>	
				<u>2014</u>	<u>2013</u>
ASSETS					
Cash	\$ 2,563,738	\$ -	\$ -	\$ 2,563,738	\$ 1,420,770
Advances to other funds	<u>-</u>	<u>460,833</u>	<u>-</u>	<u>460,833</u>	<u>512,894</u>
Total assets	<u>\$ 2,563,738</u>	<u>\$ 460,833</u>	<u>\$ -</u>	<u>\$ 3,024,571</u>	<u>\$ 1,933,664</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Advances from other funds	<u>\$ 277,258</u>	<u>\$ -</u>	<u>\$ 190,462</u>	<u>\$ 467,720</u>	<u>\$ 147,820</u>
Fund balances (deficit):					
Nonspendable	-	460,833	-	460,833	512,894
Restricted	69,182	-	-	69,182	62,357
Assigned	1,011,270	-	-	1,011,270	417,512
Unassigned	<u>1,206,028</u>	<u>-</u>	<u>(190,462)</u>	<u>1,015,566</u>	<u>793,081</u>
Total fund balances (deficit)	<u>2,286,480</u>	<u>460,833</u>	<u>(190,462)</u>	<u>2,556,851</u>	<u>1,785,844</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,563,738</u>	<u>\$ 460,833</u>	<u>\$ -</u>	<u>\$ 3,024,571</u>	<u>\$ 1,933,664</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
COMBINING SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED APRIL 30, 2013

	<u>Corporate</u>	<u>Tort Liability</u>	<u>Emergency and Rescue</u>	<u>Totals</u>	
				<u>2014</u>	<u>2013</u>
Revenues:					
Property taxes - district	\$ 2,410,383	\$ 712,352	\$ 309,906	\$ 3,432,641	\$ 2,488,843
Property taxes - pension	1,200,122	-	-	1,200,122	491,525
Interest income	1,672	-	-	1,672	1,853
Personal property replacement taxes	21,117	-	-	21,117	18,453
Grants	12,733	-	-	12,733	54,510
Foreign fire insurance tax	17,976	-	-	17,976	18,655
Other revenues	<u>26,219</u>	<u>-</u>	<u>-</u>	<u>26,219</u>	<u>22,525</u>
Total revenues	<u>3,690,222</u>	<u>712,352</u>	<u>309,906</u>	<u>4,712,480</u>	<u>3,096,364</u>
Expenditures:					
Current:					
Personnel	1,942,250	122,500	337,288	2,402,038	2,324,991
Personnel - pension contribution	1,200,122	-	-	1,200,122	491,525
Insurance	-	368,362	-	368,362	352,883
Station expenditures	43,147	-	2,786	45,933	39,797
Apparatus and equipment	106,057	-	2,338	108,395	94,747
Communications	42,689	-	2,924	45,613	38,685
Administrative	47,313	14,104	4,999	66,416	55,265
Capital outlay	822,055	-	-	822,055	36,873
Debt service:					
Principal	20,594	-	2,168	22,762	25,099
Interest	<u>9,616</u>	<u>-</u>	<u>45</u>	<u>9,661</u>	<u>6,082</u>
Total expenditures	<u>4,233,843</u>	<u>504,966</u>	<u>352,548</u>	<u>5,091,357</u>	<u>3,465,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(543,621)</u>	<u>207,386</u>	<u>(42,642)</u>	<u>(378,877)</u>	<u>(369,583)</u>
Other financing sources:					
Proceeds from insurance	347,318	-	-	347,318	-
Proceeds from note payable	781,066	-	-	781,066	-
Proceeds from sale of capital assets	<u>21,500</u>	<u>-</u>	<u>-</u>	<u>21,500</u>	<u>-</u>
Total other financing sources	<u>1,149,884</u>	<u>-</u>	<u>-</u>	<u>1,149,884</u>	<u>-</u>
Net change in fund balances	606,263	207,386	(42,642)	771,007	(369,583)
Fund balances (deficit) at beginning of year	<u>1,680,217</u>	<u>253,447</u>	<u>(147,820)</u>	<u>1,785,844</u>	<u>2,155,427</u>
Fund balances (deficit) at end of year	<u>\$ 2,286,480</u>	<u>\$ 460,833</u>	<u>\$ (190,462)</u>	<u>\$ 2,556,851</u>	<u>\$ 1,785,844</u>

CORPORATE FUND

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
CORPORATE FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 2,563,738	\$ 1,420,770
Advances to other funds	<u>-</u>	<u>259,447</u>
Total assets	<u>\$ 2,563,738</u>	<u>\$ 1,680,217</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Advances from other funds	<u>\$ 277,258</u>	<u>\$ -</u>
Fund balances:		
Nonspendable	-	259,447
Restricted	69,182	62,357
Assigned	1,011,270	417,512
Unassigned	<u>1,206,028</u>	<u>940,901</u>
Total fund balances	<u>2,286,480</u>	<u>1,680,217</u>
Total liabilities and fund balances	<u>\$ 2,563,738</u>	<u>\$ 1,680,217</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
CORPORATE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013

	2014			2013
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues:				
Property taxes - district	\$ 2,510,803	\$ 2,410,383	\$ (100,420)	\$ 1,844,406
Property taxes - pension	971,436	1,200,122	228,686	491,525
Interest income	2,300	1,672	(628)	1,853
Personal property replacement taxes	19,000	21,117	2,117	18,453
Grants	7,500	12,733	5,233	54,510
Foreign fire insurance tax	19,000	17,976	(1,024)	18,655
Other revenues	10,000	26,219	16,219	22,525
Total revenues	<u>3,540,039</u>	<u>3,690,222</u>	<u>150,183</u>	<u>2,451,927</u>
Expenditures:				
Current:				
Personnel:				
Salaries	1,658,200	1,632,027	26,173	1,601,316
Benefits	285,400	268,637	16,763	243,698
Payroll taxes	35,893	36,114	(221)	35,077
Physicals	10,000	1,649	8,351	3,870
Uniforms	10,000	3,823	6,177	7,826
Personnel - pension contribution	971,436	1,200,122	(228,686)	491,525
Station expenditures:				
Repairs and maintenance	60,500	30,085	30,415	22,928
Utilities	20,000	13,062	6,938	11,054
Apparatus and equipment:				
Commodities	20,000	19,608	392	17,800
Contractual services	41,000	11,370	29,630	7,978
Repairs and maintenance	82,500	75,079	7,421	58,625
Communications	45,800	42,689	3,111	35,364
Administrative	62,200	47,313	14,887	50,575
Capital outlay	142,265	822,055	(679,790)	36,873
Debt service:				
Principal	135,000	20,594	114,406	16,733
Interest	6,000	9,616	(3,616)	5,505
Total expenditures	<u>3,586,194</u>	<u>4,233,843</u>	<u>(647,649)</u>	<u>2,646,747</u>
Deficiency of revenues under expenditures	<u>(46,155)</u>	<u>(543,621)</u>	<u>(497,466)</u>	<u>(194,820)</u>
Other financing sources:				
Proceeds from insurance	-	347,318	347,318	-
Proceeds from note payable	-	781,066	781,066	-
Proceeds from sale of capital assets	-	21,500	21,500	-
Total other financing sources	<u>-</u>	<u>1,149,884</u>	<u>1,149,884</u>	<u>-</u>
Net change in fund balances	(46,155)	606,263	652,418	(194,820)
Fund balances at beginning of year	<u>1,680,217</u>	<u>1,680,217</u>	<u>-</u>	<u>1,875,037</u>
Fund balances at end of year	<u>\$ 1,634,062</u>	<u>\$ 2,286,480</u>	<u>\$ 652,418</u>	<u>\$ 1,680,217</u>

TORT LIABILITY FUND

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
TORT LIABILITY FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Advances to other funds	<u>\$ 460,833</u>	<u>\$ 253,447</u>
FUND BALANCES		
Nonspendable	<u>\$ 460,833</u>	<u>\$ 253,447</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
TORT LIABILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013

	<u>2014</u>		<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
			<u>Actual</u>
Revenues:			
Property taxes	<u>\$ 737,154</u>	<u>\$ 712,352</u>	<u>\$ (24,802)</u>
Expenditures:			
Current:			
Personnel	-	122,500	(122,500)
Insurance	625,000	368,362	256,638
Administrative	<u>-</u>	<u>14,104</u>	<u>(14,104)</u>
Total expenditures	<u>625,000</u>	<u>504,966</u>	<u>120,034</u>
Excess (deficiency) of revenues over (under) expenditures	112,154	207,386	95,232
Fund balances at beginning of year	<u>253,447</u>	<u>253,447</u>	<u>-</u>
Fund balances at end of year	<u>\$ 365,601</u>	<u>\$ 460,833</u>	<u>\$ 95,232</u>

EMERGENCY AND RESCUE FUND

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
EMERGENCY AND RESCUE FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013**

	<u>2014</u>	<u>2013</u>
LIABILITIES AND FUND DEFICITS		
Liabilities:		
Advances from other funds	\$ 190,462	\$ 147,820
Fund deficits:		
Unassigned	<u>(190,462)</u>	<u>(147,820)</u>
Total liabilities and fund deficits	<u>\$ -</u>	<u>\$ -</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
EMERGENCY AND RESCUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
DEFICITS - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013

	<u>2014</u>		<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
			<u>Actual</u>
Revenues:			
Property taxes	\$ 322,470	\$ 309,906	\$ (12,564)
Expenditures:			
Current:			
Personnel:			
Salaries	305,300	305,526	(226)
Benefits	32,000	24,835	7,165
Payroll taxes	7,977	6,927	1,050
Station expenditures:			
Repairs and maintenance	4,000	1,697	2,303
Utilities	4,000	1,089	2,911
Apparatus and equipment:			
Contractual services	5,250	377	4,873
Repairs and maintenance	8,000	1,961	6,039
Communications	5,000	2,924	2,076
Administrative	8,000	4,999	3,001
Capital outlay	25,000	-	25,000
Debt service:			
Principal	10,000	2,168	7,832
Interest	5,000	45	4,955
Total expenditures	<u>419,527</u>	<u>352,548</u>	<u>66,979</u>
Deficiency of revenues under expenditures	(97,057)	(42,642)	54,415
Fund deficits at beginning of year	<u>(147,820)</u>	<u>(147,820)</u>	<u>-</u>
Fund deficits at end of year	<u>\$ (244,877)</u>	<u>\$ (190,462)</u>	<u>\$ 54,415</u>

AMBULANCE FUND

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AMBULANCE FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013

	<u>2014</u>	<u>2013</u>
LIABILITIES AND FUND DEFICITS		
Liabilities:		
Advances from other funds	\$ 220,948	\$ 590,109
Fund deficits:		
Unassigned	<u>(220,948)</u>	<u>(590,109)</u>
Total liabilities and fund deficits	<u>\$ -</u>	<u>\$ -</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
DEFICITS - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 2,142,872	\$ 2,074,305	\$ (68,567)	\$ 1,489,849
Charges for services	550,000	524,132	(25,868)	548,992
Grants	7,500	12,732	5,232	54,510
Other revenues	-	5,260	5,260	22,526
Total revenues	<u>2,700,372</u>	<u>2,616,429</u>	<u>(83,943)</u>	<u>2,115,877</u>
Expenditures:				
Current:				
Personnel:				
Salaries	1,658,200	1,633,964	24,236	1,601,316
Benefits	279,400	269,237	10,163	241,636
Payroll taxes	35,893	36,114	(221)	35,077
Physicals	10,000	1,839	8,161	3,870
Uniforms	10,000	12,860	(2,860)	7,825
Station expenditures:				
Repairs and maintenance	60,500	30,085	30,415	22,928
Utilities	20,000	13,062	6,938	11,054
Apparatus and equipment:				
Commodities	18,000	17,647	353	14,717
Contractual services	41,000	11,370	29,630	7,978
Repairs and maintenance	32,500	40,396	(7,896)	28,284
Communications	45,800	42,892	2,908	35,364
Administrative	59,200	47,967	11,233	46,820
Capital outlay	85,000	220,192	(135,192)	6,908
Debt service:				
Principal	70,000	29,164	40,836	16,733
Interest	6,000	1,193	4,807	1,155
Total expenditures	<u>2,431,493</u>	<u>2,407,982</u>	<u>23,511</u>	<u>2,081,665</u>
Excess of revenues over expenditures	268,879	208,447	(60,432)	34,212
Other financing sources received:				
Proceeds from note payable	-	160,714	-	-
Net change in fund deficits	268,879	369,161	100,282	34,212
Fund deficits at beginning of year	<u>(590,109)</u>	<u>(590,109)</u>	<u>-</u>	<u>(624,321)</u>
Fund deficits at end of year	<u>\$ (321,230)</u>	<u>\$ (220,948)</u>	<u>\$ 100,282</u>	<u>\$ (590,109)</u>

DEBT SERVICE FUND

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
DEBT SERVICE FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 67,677	\$ 67,623
Advances to other funds	<u>188,936</u>	<u>188,808</u>
Total assets	<u>\$ 256,613</u>	<u>\$ 256,431</u>
FUND BALANCES		
Nonspendable	\$ 188,936	\$ 188,808
Restricted	67,118	67,118
Assigned	<u>559</u>	<u>505</u>
Total fund balances	<u>\$ 256,613</u>	<u>\$ 256,431</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Interest income	\$ -	\$ 182	\$ 182	\$ 55
Fund balances at beginning of year	<u>256,431</u>	<u>256,431</u>	<u>-</u>	<u>256,376</u>
Fund balances at end of year	<u>\$ 256,431</u>	<u>\$ 256,613</u>	<u>\$ 182</u>	<u>\$ 256,431</u>

NONMAJOR GOVERNMENTAL FUND

SPECIAL REVENUE FUND

AUDIT FUND

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AUDIT FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Advances to other funds	\$ <u>38,899</u>	\$ <u>36,227</u>
FUND BALANCES		
Nonspendable	\$ <u>38,899</u>	\$ <u>36,227</u>

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
AUDIT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	\$ 31,340	\$ 30,117	\$ (1,223)	\$ 18,396
Expenditures:				
Current:				
Professional services	<u>28,678</u>	<u>27,445</u>	<u>1,233</u>	<u>17,079</u>
Excess of revenues over expenditures	2,662	2,672	10	1,317
Fund balances at beginning of year	<u>36,227</u>	<u>36,227</u>	<u>-</u>	<u>34,910</u>
Fund balances at end of year	<u>\$ 38,889</u>	<u>\$ 38,899</u>	<u>\$ 10</u>	<u>\$ 36,227</u>

FIDUCIARY FUND

FIREFIGHTERS' PENSION TRUST FUND

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION TRUST FUND
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2013**

ASSETS	<u>2014</u>	<u>2013</u>
Investments:		
Certificates of deposit	\$ 1,641,989	\$ 1,683,297
Corporate bonds	1,367,376	941,982
Equity securities	3,759,805	3,259,883
Illinois Funds	776,800	512,930
Insurance company contracts	780,225	709,838
Money market funds	551,686	575,651
Mutual funds	847,130	777,785
U.S. government and agency obligations	<u>2,743,739</u>	<u>2,247,473</u>
Total assets	<u>\$ 12,468,750</u>	<u>\$ 10,708,839</u>
 NET POSITION		
Held in trust for pension benefits and other purposes	<u>\$ 12,468,750</u>	<u>\$ 10,708,839</u>

**PALOS FIRE PROTECTION DISTRICT, ILLINOIS
FIREFIGHTERS' PENSION TRUST FUND
SCHEDULE OF CHANGE IN NET POSITION - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2014
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED APRIL 30, 2013**

	<u>2014</u>	<u>2013</u>
Additions:		
Contributions:		
Employer	\$ 1,200,122	\$ 491,525
Plan members	<u>278,172</u>	<u>262,577</u>
Total contributions	<u>1,478,294</u>	<u>754,102</u>
Investment income:		
Investment earnings	611,867	888,800
Investment expense	<u>(76,205)</u>	<u>(63,408)</u>
Net investment income	<u>535,662</u>	<u>825,392</u>
Total additions	<u>2,013,956</u>	<u>1,579,494</u>
Deductions:		
Benefits	251,633	163,906
Refund of contributions	-	36,119
Administrative	<u>2,412</u>	<u>4,634</u>
Total deductions	<u>254,045</u>	<u>204,659</u>
Change in net position	1,759,911	1,374,835
Net position at beginning of year	<u>10,708,839</u>	<u>9,334,004</u>
Net position at end of year	<u>\$ 12,468,750</u>	<u>\$ 10,708,839</u>

OTHER INFORMATION SECTION

PALOS FIRE PROTECTION DISTRICT, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS
APRIL 30, 2014

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed valuations	<u>\$ 538,069,252</u>	<u>\$ 573,565,141</u>	<u>\$ 619,469,614</u>	<u>\$ 774,016,357</u>
Tax rates:				
Corporate	0.3866 %	0.4000 %	0.2848 %	0.2190 %
Ambulance	0.3856	0.3000	0.2450	0.1662
Tort liability	0.1308	0.1083	0.0461	0.0448
Debt service	0.0000	0.0000	0.0000	0.0000
Firefighters' pension	0.1796	0.1694	0.0808	0.0661
Audit	0.0050	0.0050	0.0022	0.0021
Emergency and rescue	0.0500	0.0500	0.0412	0.0499
Social security	<u>0.0153</u>	<u>0.0139</u>	<u>0.0082</u>	<u>0.0080</u>
Total	<u>1.1529 %</u>	<u>1.0466 %</u>	<u>0.7083 %</u>	<u>0.5561 %</u>
Tax extensions:				
Corporate	\$ 2,074,916	\$ 2,294,261	\$ 1,764,249	\$ 1,694,850
Ambulance	2,074,916	1,720,695	1,517,700	1,286,167
Tort liability	704,022	621,126	285,575	347,110
Debt service	0	0	0	0
Firefighters' pension	966,327	971,436	500,677	511,553
Audit	26,903	28,678	13,628	16,480
Emergency and rescue	269,035	286,783	255,221	385,998
Social security	<u>82,156</u>	<u>79,763</u>	<u>50,796</u>	<u>61,800</u>
Total	<u>\$ 6,198,275</u>	<u>\$ 6,002,742</u>	<u>\$ 4,387,846</u>	<u>\$ 4,303,958</u>
Tax collections	<u>\$ 3,091,230</u>	<u>\$ 5,844,896</u>	<u>\$ 4,381,180</u>	<u>\$ 4,019,543</u>
Percent collected	<u>49.87 %</u>	<u>97.37 %</u>	<u>99.85 %</u>	<u>93.39 %</u>

Information presented above is the most current available.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>\$ 740,784,176</u>	<u>\$ 704,983,350</u>	<u>\$ 628,094,217</u>	<u>\$ 585,653,988</u>	<u>\$ 566,789,470</u>	<u>\$ 456,649,899</u>
0.2095 %	0.2287 %	0.2478 %	0.2520 %	0.2496 %	0.2832 %
0.1571	0.1584	0.1688	0.1766	0.1729	0.1974
0.0502	0.0619	0.0644	0.0580	0.0552	0.0614
0.0000	0.0000	0.0000	0.0389	0.0402	0.0499
0.0655	0.0482	0.0500	0.0576	0.0545	0.0596
0.0022	0.0023	0.0024	0.0026	0.0025	0.0027
0.0479	0.0000	0.0000	0.0000	0.0000	0.0000
<u>0.0112</u>	<u>0.0111</u>	<u>0.0115</u>	<u>0.0114</u>	<u>0.0109</u>	<u>0.0124</u>
<u>0.5436 %</u>	<u>0.5106 %</u>	<u>0.5449 %</u>	<u>0.5971 %</u>	<u>0.5858 %</u>	<u>0.6666 %</u>
\$ 1,552,158	\$ 1,612,599	\$ 1,556,319	\$ 1,475,976	\$ 1,414,981	\$ 1,293,235
1,164,119	1,116,921	1,060,463	1,034,313	980,012	901,423
371,830	436,205	404,275	339,900	313,120	280,160
0	0	0	227,850	227,850	227,850
485,243	339,754	314,150	337,366	309,000	272,178
16,609	15,965	15,383	14,935	13,905	12,360
354,605	0	0	0	0	0
<u>83,047</u>	<u>78,280</u>	<u>72,100</u>	<u>66,950</u>	<u>61,800</u>	<u>56,650</u>
<u>\$ 4,027,611</u>	<u>\$ 3,599,724</u>	<u>\$ 3,422,690</u>	<u>\$ 3,497,290</u>	<u>\$ 3,320,668</u>	<u>\$ 3,043,856</u>
<u>\$ 3,951,740</u>	<u>\$ 3,523,121</u>	<u>\$ 3,376,278</u>	<u>\$ 3,449,197</u>	<u>\$ 3,279,769</u>	<u>\$ 2,991,408</u>
<u>98.12 %</u>	<u>97.87 %</u>	<u>98.64 %</u>	<u>98.62 %</u>	<u>98.77 %</u>	<u>98.28 %</u>