

**LEMONT
FIRE PROTECTION DISTRICT
LEMONT, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2017

LEMONT FIRE PROTECTION DISTRICT

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LEMONT FIRE PROTECTION DISTRICT

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LEMONT FIRE PROTECTION DISTRICT

PRINCIPAL OFFICIALS

December 31, 2017

Board of Trustees

Victoria Cobbett, President

Glenn Bergmark, Secretary

Dan Tasso, Treasurer

Michael Kasperski, Trustee

Dan Tholotowsky, Trustee

Administration

George Rimbo, Chief

Carla Clark, Executive Assistant

Karrison LLC

Certified Public Accountant • 1775 Legacy Circle • Naperville, Illinois 60563 • 630.505.3920

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Lemont Fire Protection District

We have audited accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lemont Fire Protection District as of and for the year ended December 31, 2017, which collectively comprise the Lemont Fire Protection District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Lemont Firefighters' Pension Fund, which represent 100% of the assets, liabilities, net position, revenues, and expenses of the fiduciary funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighters' Pension Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

Auditor's Responsibility (Continued)

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 basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lemont Fire Protection District as of December 31, 2017 and the respective changes in financial position 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 certain information listed as required supplementary information in the accompanying table of contents 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 regarding 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 Lemont Fire Protection District's basic financial statements. The combining individual fund financial statements and the financial information listed as schedules and supplemental data in the accompanying table of contents 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, the schedules, and supplemental data 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. The 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

Other Information (Continued)

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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section was not audited by us and we express no opinion thereon.

K. Curran LLC

Naperville, Illinois
June 4, 2018

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Lemont Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Introduction

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

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis, for State and Local Governments" issued June 1999. Certain comparative information between the current and prior year is required to be presented in the MD&A.

Financial Highlights

The liabilities and deferred inflows of resources of the LFPD exceeded its assets and deferred outflows of resources by \$(6,819,782) at the end of the current fiscal year due to the implementation of GASB 68 which brings the full liability of the pension fund or \$(10,229,665) onto the statement of net position. Net position consisted of net investment in capital assets, in the amount of \$5,820,480; amounts restricted for special revenue funds and other special purposes totaling \$2,085,041; and unrestricted net position of \$(14,725,303)

The District's total net position increased by \$785,257 resulting in ending net position of \$(6,819,782). The increase is attributable to reductions in other postemployment benefits, IMRF net pension liability, and Firefighter Pension net pension liability.

Property tax revenues were \$9,568,729, compared to the prior year of \$9,498,721.

At December 31, 2017, the District's governmental funds reported combined ending fund balances of \$1,825,680, a decrease of \$(618,902) from the prior year. Of this amount the general and ambulance funds had a combined ending fund balance of \$975,807 (unassigned), tort liability fund had an ending balance of \$(198,318) special revenue funds had an ending balance of \$40,856, capital projects fund had an ending fund balance of \$987,634, and the debt service fund had an ending fund balance of \$19,701.

At December 31, 2017, the Firefighters Pension Fund had a net position of \$29,845,792 with a funding ratio of 74.47%. Pension benefits/refunds paid in 2017 were \$859,010. IMRF had a net position of \$1,802,740 with a funding ratio of 100.22%.

The District's total long-term debt principal decreased by \$749,348 during the current fiscal year. The total debt outstanding (both principal and interest) decreased to \$749,412. The change can be attributed to a decrease in notes and capital loans per the District's amortization schedule.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of District finances, in a manner similar to a private-sector business and are reported using the accrual basis of accounting and economic resources measurement focus.

The *Statement of Net Position* presents information on all District assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, the increase or decrease in net position may serve as a useful indicator of whether or not the District's financial position is improving.

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

The government-wide financial statement of activities distinguishes District functions that are principally supported by taxes and program revenues (governmental activities). The governmental activities reflected the District's basic services including fire, ambulance and other administrative functions. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund District programs.

The government –wide financial statements are presented on page 4-5 of this report.

Lemont Fire Protection District

Management's Discussion and
Analysis For the Year Ended
December 31, 2017

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 units of government, uses fund accounting to ensure compliance with finance-related legal requirements. All of the District's funds can be divided into two categories: governmental funds and fiduciary 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.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 assist in understanding the differences between these two perspectives.

The District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Ambulance Fund, Tort Liability Fund, Capital Projects Fund and Non-major Special Revenue Funds. Data from the Special Revenue Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual schedules elsewhere in the report.

The District adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the General and Ambulance Funds to demonstrate compliance with the Budget.

Basic governmental fund financial statements are presented on pages 6-9 of this report.

Fiduciary funds are used to account for resources held by a governmental unit, in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary fund includes the pension trust fund.

Basic fiduciary fund financial statements are presented on pages 10-11 of this report.

Lemont Fire Protection District

Management's Discussion and Analysis
For the Year Ended December 31, 2017

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 12 - 49 of this report.

Other Information

In addition to these basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's revenues, expenditures, and changes in fund balance – budget and actual – for the General and Ambulance Funds. Disclosures regarding the pension benefits provided to LFPD's employees is also found in this section. This information can be found beginning on page 50 of this report.

Major funds are reported in the basic financial statements as discussed. Combining and/or individual statements and schedules are presented in a subsequent section of this report beginning on page 61 of this report.

Government-wide Financial Analysis

Statement of Net Position may serve over time as a useful indicator of government's financial position. The LFPD's net position totaled \$(6,819,782) at the end of the current fiscal year, a 10.33% increase over the fiscal year due to changes in pension liabilities. Following is a summary of the government-wide Statement of Net Position.

Statement of Net Position Governmental Activities

| | 2017 | 2016 |
|-------------------------------|-----------------------|-----------------------|
| Current and Other Assets | \$ 11,320,917 | \$ 11,354,078 |
| Capital Assets | 6,547,656 | 6,904,867 |
| Total Assets | <u>17,868,573</u> | <u>18,258,945</u> |
| Current and Other Liabilities | 14,458,690 | 14,368,391 |
| Net Pension Obligation | 10,229,665 | 11,495,593 |
| Total Liabilities | <u>24,688,355</u> | <u>25,863,984</u> |
| Net Position | | |
| Invested in Capital Assets | 5,820,480 | 5,178,343 |
| Restricted Amounts | 2,085,041 | 2,524,652 |
| Unrestricted Amounts | (14,725,303) | (15,308,034) |
| | <u>\$ (6,819,782)</u> | <u>\$ (7,605,039)</u> |

Lemont Fire Protection District

Management's Discussion and Analysis For the Year Ended December 31, 2017

Capital assets are used in the operations of the District. These are land, improvements, buildings, apparatus, vehicles and equipment. The District uses these capital assets to provide services to residents, consequently, these assets are not available for future spending.

An investment of \$6,547,656 in land improvements, buildings, apparatus, vehicles and equipment, to provide the services represents 36.64% of the District's total assets.

Statement of Activities A comparison of the statement of activities for the last two fiscal years is shown below

| | | Statement of Activities | |
|----------------------------------|----|--------------------------------|-----------------------|
| | | <i>Governmental Activities</i> | |
| | | 2017 | 2016 |
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$ | 901,703 | \$ 884,575 |
| Operating Grants & Contributions | | 52,003 | 18,068 |
| General Revenues | | | |
| Property Taxes | | 9,568,729 | 9,498,721 |
| Replacement Taxes | | 205,333 | 194,438 |
| Investment Earnings | | 23,613 | 32,752 |
| Other Sources | | 93,018 | 40,589 |
| Total Revenue | \$ | <u>10,844,399</u> | \$ <u>10,669,143</u> |
| Expenses | | | |
| Governmental Activities | | | |
| Public Safety | \$ | <u>10,059,142</u> | \$ <u>12,751,698</u> |
| Total Expenses | \$ | <u>10,059,142</u> | \$ <u>12,751,698</u> |
| Change in Net Position | | 785,257 | (2,082,555) |
| Net Position – Beginning of Year | \$ | <u>(7,605,039)</u> | \$ <u>(5,522,484)</u> |
| Net Position – End of Year | \$ | <u>(6,819,782)</u> | \$ <u>(7,605,039)</u> |

Lemont Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Governmental Activities

Governmental activities increased the District's net position by \$785,257. Key elements contributing to this net change are summarized below.

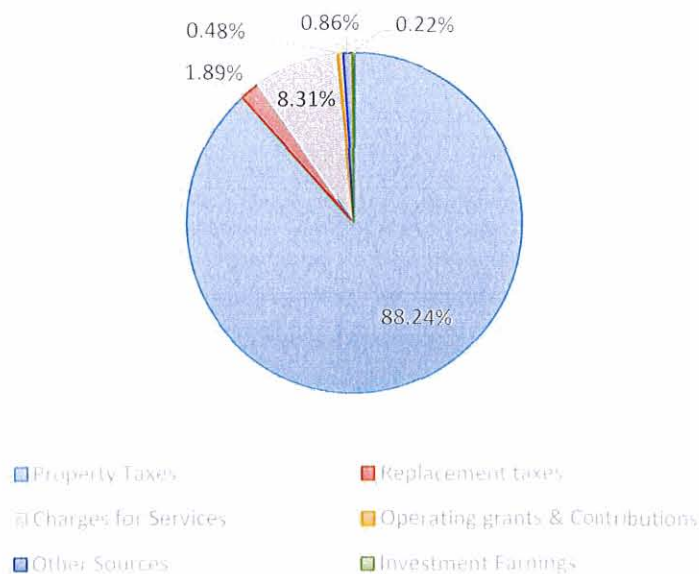
Total Revenues increased 1.64% to \$10,844,399 in 2017 from \$10,669,143 the previous year. The increase is attributed to increases in property tax, operating grants and miscellaneous income. Even though revenues increased overall, budgeted revenues fell short of expectations by 9.79% in the General Fund and 4.72% in the Ambulance Fund.

Service revenues of \$901,703 accounted for 8.31% of total revenues. Charges for services increased by \$17,128 over the prior fiscal year. The change was primarily due to an increase in ambulance transport charges.

General revenues (property taxes) of \$9,568,729 accounted for 88.24% of total revenue. The largest general revenue, property taxes increased by \$70,008 over the prior fiscal year. Other general revenues, which include replacement taxes, operating grants and contributions, investment earnings and other miscellaneous revenues accounted for 3.45% of total revenues.

Total Expenses decreased by \$(2,692,556), 21.12% over prior fiscal year. This is due in part to continued efforts by the administration to reduce spending. Additionally, capital outlay for prior fiscal year was \$1,454,555 (ladder truck acquisition) compared to \$257,035 for 2017.

2017 Revenues by Source - Governmental Activities



Lemont Fire Protection District

Management's Discussion and Analysis
 For the Year Ended December 31, 2017

**REVENUES AND EXPENSES - ALL
 GOVERNMENTAL ACTIVITIES**



Financial Analysis of the District's Funds

Governmental Funds

Governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,825,680. Of this year-end total, the general and ambulance funds reported a fund balance of \$975,807. The remaining \$849,873 is restricted, assigned or unrestricted.

The following is a summary of changes in fund balances for the year ended December 31, 2017:

| <i>Governmental Funds</i> | <i>Fund Balance Dec. 31, 2016</i> | <i>Increase (Decrease)</i> | <i>Fund Balance Dec. 31, 2017</i> |
|---------------------------------|---------------------------------------|--------------------------------|---------------------------------------|
| <i>General Fund</i> | \$ (80,070) | \$ (179,291) | \$ (259,361) |
| <i>Ambulance Fund</i> | 1,016,149 | 219,019 | 1,235,168 |
| <i>Tort Liability Fund</i> | (155,161) | (43,157) | (198,318) |
| <i>Capital Projects Fund</i> | 1,596,252 | (608,618) | 987,634 |
| <i>Other Governmental Funds</i> | <u>67,412</u> | <u>(6,855)</u> | <u>60,557</u> |
| | <u>\$ 2,444,582</u> | <u>\$ (618,902)</u> | <u>\$ 1,825,680</u> |

The total ending fund balance of governmental funds shows a decrease of \$(618,902) from the prior fiscal year. This decrease is primarily the result of the financial information described in the analysis of the District's governmental activities.

Lemont Fire Protection District

Management's Discussion and Analysis
For the Year Ended December 31, 2017

Major Governmental Funds

The District reports the General Fund and Ambulance Fund, as the main operating funds of the District. More detailed information on the budgetary highlights can be found beginning on page 62 of the financial statements

The General Fund is the chief operating fund of the District for fire and rescue related costs. The General Fund fund balance as of December 31, 2017 was \$(259,361) a decrease of \$(179,291) from the prior year. The decrease is mainly due to shortfalls in budgeted revenues and increase of Firefighter overtime due to an increase in workman compensation injuries during the fiscal year.

The Ambulance Fund is the chief operating funds of the District for emergency medical services. The Ambulance Fund fund balance as of December 31, 2017 was \$1,235,168 an increase of \$219,019 from the prior year. The increase is mainly due to a decrease in overall expenses from prior year.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$6,547,656 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, apparatus, vehicles and equipment. Net capital assets decreased by \$(357,211) mostly due to depreciation.

Governmental Activities

| | 2017 | 2016 |
|-------------------------------------|-----------|-----------|
| Land | 300,000 | 300,000 |
| Buildings and building improvements | 3,732,726 | 3,810,875 |
| Apparatus and Vehicles | 2,278,392 | 2,535,932 |
| Equipment | 236,538 | 258,060 |
| Totals | 6,547,656 | 6,904,867 |

Additional information on the District's capital assets can be found in the notes to financial statements on pages 22 and 23.

Long-Term Debt

At the end of the current fiscal year, the District had total notes payable outstanding of \$727,176. The entire amount is backed by the full faith and credit of the District.

Lemont Fire Protection District

Management's Discussion and Analysis For the Year Ended December 31, 2017

Fire Protection Notes designated as "Build America Bonds" were issued in the amount of \$1,340,000 in 2010 for the purchase of an Engine, Ambulance and remodeling of Station No. 1. Interest payments on these notes are due July 1 and January 1, beginning July 1, 2011. The first principal payment was due on January 1, 2012, and continues each January 1 until 2020.

Fire Protection Notes (Refunding Fire Protection Notes, Series 2013) were issued in the amount of \$1,245,000 in 2013 and used to retire the Fire Protection Notes, Series 2004. Interest payments on these notes are due July 1 and January 1, beginning July 1, 2013. The first principal payment was due on January 1, 2014, and continues each January 1 until 2018. The final payment due January 1, 2018 was made during December 2017.

A lease/purchase agreement was entered into with JPMorgan Chase Bank, NA in the amount of \$1,000,000 to acquire a ladder truck. Interest and principal payments are due semi-annually on January 1 and July 1, beginning January 1, 2016 through July 1, 2019. The first payment was made during December 2015.

Following is a summary of the long-term liabilities outstanding:

Governmental Activities

| | 2017 | 2016 |
|---|------------|------------|
| Lease/purchase agreement | 382,176 | 756,524 |
| Notes Payable | 345,000 | 720,000 |
| Compensated Absences | 3,024,779 | 2,901,431 |
| Net Pension liabilities | 10,229,665 | 11,495,593 |
| Net postemployment benefits obligations | (2,794) | 12,501 |
| Total | 13,978,826 | 15,886,049 |

Total long-term liabilities decreased by \$1,907,223, during the current fiscal year. Deductions to liabilities included decreases to the Firefighters' Pension and IMRF net pension liability \$(1,265,928), the District's postemployment benefits obligation \$(15,295) and long-term debt \$(749,348).

Bonded debt issuances are subject to a legal limitation based on 5.75% of assessed valuation of real and personal property. The District's available debt margin at December 31, 2017 was \$64,396,865. Moody's Investors Services have rated the District A2. Additional information on long-term debt obligations can be found in the notes to financial statements on pages 24 – 27.

Lemont Fire Protection District

Management's Discussion and Analysis
For the Year Ended December 31, 2017

Economic Factors in Next Year's Budget and Rates

The District is approximately 60% residential and 40% commercial. The primary revenue source is property taxes, representing approximately 88% of total revenue. The District continues to experience an eroding tax rate imposed by the Property Tax Extension Limitation Law (PTELL), which, in general, limits the amount of taxes to be extended to the lesser of 5% or the percentage increase in the consumer price index for the year preceding the levy. Any property tax freeze would have a significant impact on service levels given it is the District's primary revenue source.

Budgeted revenue for 2018 is \$13,624,179. Property taxes are assumed to increase for existing property by the Consumer Price Index of 2.1% and the addition of new construction property to the tax rolls. Other sources of budgeted revenue include fees for ambulance service and other miscellaneous sources.

Budgeted expenses for 2018 are \$12,430,550. Expenditures include salaries and benefits to maintain existing staffing levels, facility expenses to operate and maintain existing buildings maintenance expenses to maintain existing apparatus, new apparatus, debt payments and other miscellaneous expenditures.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, please contact Carla Clark, Executive Assistant or Fire Chief George Rimbo at Lemont Fire Protection District, 15900 New Avenue, Lemont, IL 60439.

LEMONT FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2017

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and investments | \$ 1,909,574 |
| Receivables | |
| Property taxes | 9,182,625 |
| Other | - |
| Service fees | 228,718 |
| Capital assets not being depreciated | 300,000 |
| Capital assets (net of accumulated depreciation) | <u>6,247,656</u> |
| Total assets | <u>17,868,573</u> |
| LIABILITIES | |
| Accounts payable | 60,979 |
| Accrued payroll | 251,633 |
| Long-term liabilities | |
| Due within one year | 249,239 |
| Due in more than one year | <u>13,729,587</u> |
| Total liabilities | 14,291,438 |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable property taxes | 9,182,625 |
| Pension items | <u>1,214,292</u> |
| Total liabilities and deferred inflows of resources | <u>24,688,355</u> |
| NET POSITION | |
| Net investment in capital assets | 5,820,480 |
| Restricted for special revenue funds | 1,077,706 |
| Restricted for debt service | 19,701 |
| Restricted for capital projects | 987,634 |
| Unrestricted | <u>(14,725,303)</u> |
| Total net position | <u>\$ (6,819,782)</u> |

See accompanying notes to financial statements.

LEMONT FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|-------------------------|----------------------|----------------------|------------------------------------|----------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | |
| Public safety | \$ 10,059,142 | \$ 901,703 | \$ 52,003 | \$ - | \$ (9,105,436) |
| Total | <u>\$ 10,059,142</u> | <u>\$ 901,703</u> | <u>\$ 52,003</u> | <u>\$ -</u> | <u>(9,105,436)</u> |
| | | General Revenues | | | |
| | | | | | 9,774,062 |
| | | | | | 23,613 |
| | | | | | <u>93,018</u> |
| | | | | | <u>9,890,693</u> |
| | | | | | 785,257 |
| | | | | | <u>(7,605,039)</u> |
| | | | | | <u>\$ (6,819,782)</u> |

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS**

BALANCE SHEET

December 31, 2017

| ASSETS | General | Ambulance | Tort Liability | Capital Projects | Nonmajor | Total |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| Assets | | | | | | |
| Cash and investments | \$ - | \$ 817,140 | \$ - | \$ 987,634 | \$ 104,800 | \$ 1,909,574 |
| Receivables | | | | | | |
| Property taxes | 4,740,843 | 3,042,135 | 1,187,677 | - | 211,970 | 9,182,625 |
| Service fees | - | 228,718 | - | - | - | 228,718 |
| Due from other funds | 210,270 | 330,072 | 42,700 | - | 23,783 | 606,825 |
| Total assets | 4,951,113 | 4,418,065 | 1,230,377 | 987,634 | 340,553 | 11,927,742 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | 46,514 | 14,465 | - | - | - | 60,979 |
| Accrued payroll | 125,336 | 126,297 | - | - | - | 251,633 |
| Due to other funds | 297,781 | - | 241,018 | - | 68,026 | 606,825 |
| Total liabilities | 469,631 | 140,762 | 241,018 | - | 68,026 | 919,437 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable property taxes | 4,740,843 | 3,042,135 | 1,187,677 | - | 211,970 | 9,182,625 |
| Fund Balances | | | | | | |
| Restricted for special revenue funds | - | 1,235,168 | (198,318) | - | 40,856 | 1,077,706 |
| Restricted for debt service | - | - | - | - | 19,701 | 19,701 |
| Restricted for capital projects | - | - | - | 987,634 | - | 987,634 |
| Unrestricted - unassigned | (259,361) | - | - | - | - | (259,361) |
| Total fund balances | (259,361) | 1,235,168 | (198,318) | 987,634 | 60,557 | 1,825,680 |
| Total liabilities and fund balances | \$ 4,951,113 | \$ 4,418,065 | \$ 1,230,377 | \$ 987,634 | \$ 340,553 | \$ 11,927,742 |

See accompanying notes to financial statements.

LEMONT FIRE PROTECTION DISTRICT

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

For the Year Ended December 31, 2017

| | |
|---|-----------------------|
| Fund balances of governmental funds | \$ 1,825,680 |
| 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 in the governmental funds | 6,547,656 |
| Deferred inflows of resources | (1,214,292) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of: | |
| Notes payable | (345,000) |
| Compensated absences payable | (3,024,779) |
| Loan payable | (382,176) |
| Other postemployment benefits obligation | 2,794 |
| Net pension liability - IMRF | 3,873 |
| Net pension liability - Firefighters' pension | <u>(10,233,538)</u> |
| Net position of governmental activities | <u>\$ (6,819,782)</u> |

See accompanying notes to financial statements.

LEMONT FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2017

| | General | Ambulance | Tort Liability | Capital Projects | Nonmajor | Total |
|--|---------------------|---------------------|---------------------|---------------------|------------------|---------------------|
| Revenues | | | | | | |
| Taxes | \$ 5,027,228 | \$ 3,363,024 | \$ 1,151,562 | \$ - | \$ 232,248 | \$ 9,774,062 |
| Charges for services | 11,541 | 890,162 | - | - | - | 901,703 |
| Grant revenue | - | - | 17,776 | 34,227 | - | 52,003 |
| Investment income | 896 | 897 | - | 21,820 | - | 23,613 |
| Miscellaneous | 79,633 | 13,266 | - | - | 119 | 93,018 |
| Total revenues | <u>5,119,298</u> | <u>4,267,349</u> | <u>1,169,338</u> | <u>56,047</u> | <u>232,367</u> | <u>10,844,399</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Public safety | 5,298,589 | 3,798,330 | 1,212,495 | - | 239,222 | 10,548,636 |
| Capital outlay | - | - | - | 257,035 | - | 257,035 |
| Debt service | | | | | | |
| Principal and interest | - | - | - | 657,630 | - | 657,630 |
| Total expenditures | <u>5,298,589</u> | <u>3,798,330</u> | <u>1,212,495</u> | <u>914,665</u> | <u>239,222</u> | <u>11,463,301</u> |
| Excess (Deficiency) of Revenues over Expenditure | <u>(179,291)</u> | <u>469,019</u> | <u>(43,157)</u> | <u>(858,618)</u> | <u>(6,855)</u> | <u>(618,902)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | - | - | 750,000 | - | 750,000 |
| Transfers (out) | - | (250,000) | - | (500,000) | - | (750,000) |
| | <u>-</u> | <u>(250,000)</u> | <u>-</u> | <u>250,000</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>(179,291)</u> | <u>219,019</u> | <u>(43,157)</u> | <u>(608,618)</u> | <u>(6,855)</u> | <u>(618,902)</u> |
| Fund Balances - January 1 | <u>(80,070)</u> | <u>1,016,149</u> | <u>(155,161)</u> | <u>1,596,252</u> | <u>67,412</u> | <u>2,444,582</u> |
| Fund Balances - December 31 | <u>\$ (259,361)</u> | <u>\$ 1,235,168</u> | <u>\$ (198,318)</u> | <u>\$ 987,634</u> | <u>\$ 60,557</u> | <u>\$ 1,825,680</u> |

See accompanying notes to financial statements.

LEMONT FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

| | |
|---|-------------------|
| Net change in fund balances - governmental funds | \$ (618,902) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities | 126,741 |
| Repayment of long-term debt is reported as an expenditure when due in the governmental funds, but as a reduction of principal outstanding in the statement of net positions | |
| Bonds | 625,000 |
| Loan | 374,348 |
| Increase in compensated absences payable | (123,348) |
| Decrease in other postemployment benefits obligation | 15,295 |
| Decrease in net pension liabilities | 1,265,928 |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | |
| Depreciation | (483,952) |
| Pension expense | (395,853) |
| Change in net position of governmental activities | <u>\$ 785,257</u> |

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT
FIDUCIARY FUNDS**

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

| | <u>Firefighters' Pension</u> |
|---|----------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 400,447 |
| Investments | |
| State and local government obligations | 1,979,303 |
| U.S. Government and agency securities | 10,460,847 |
| Corporate bonds | 1,913,202 |
| Equity mutual funds | 14,991,164 |
| Receivables | |
| Accrued interest | 85,119 |
| Due from District | 32,049 |
| Prepays | <u>3,689</u> |
| Total assets | <u>29,865,820</u> |
| LIABILITIES | |
| Expenses due unpaid | <u>20,028</u> |
| Total liabilities | <u>20,028</u> |
| NET POSITION | |
| Net Position Held in Trust for Pension Benefits | <u><u>\$ 29,845,792</u></u> |

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT
FIDUCIARY FUNDS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2017

| | Firefighters' Pension |
|--|--------------------------|
| Additions | |
| Contributions | |
| Employer | \$ 1,381,399 |
| Plan members | 527,522 |
| Total contributions | 1,908,921 |
| Investment income | |
| Investment earnings | 1,214,109 |
| Net change in fair value of investments | 1,989,061 |
| Total investment income | 3,203,170 |
| Less investment expense | (70,983) |
| Net investment income | 3,132,187 |
| Total additions | 5,041,108 |
| Deductions | |
| Administration | 38,967 |
| Benefits | 794,972 |
| Refunds | 64,038 |
| Total deductions | 897,977 |
| Net Increase | 4,143,131 |
| Net Position Held in Trust for Pension Benefits | |
| January 1 | 25,702,661 |
| December 31 | \$ 29,845,792 |

See accompanying notes to financial statements.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lemont Fire Protection District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following is a summary of the significant accounting policies of the District.

a. Reporting Entity

The District provides fire, rescue, emergency medical services, and general administrative services.

As required by GAAP, these financial statements present the District and any component units, entities for which the District is considered to be financially accountable. At December 31, 2017, there were no entities that would be considered a component unit of the District. Also, the District is not considered a component unit of any other governmental entity.

Firefighters' Pension Employees Retirement System

The District's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the District's President, one elected pension beneficiary, and two elected active firefighters constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the District is obligated to fund all remaining FPERS 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 contribution levels. Although it is legally separate from the District, the FPERS is reported as if it were part of the District because its sole purpose is to provide retirement benefits for the District's sworn firefighters. The FPERS is reported as a pension trust fund.

b. Fund Accounting

The District uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- b. balancing set of accounts. Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement restricted or committed revenue sources (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the entity. When these assets are held under the terms of a formal trust agreement, a pension trust fund is used.

- c. Government-Wide and Fund 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 District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support; however, there are no business activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to 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 shared revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Government-Wide and Fund Financial Statements (Cont.)

General Fund is the District's primary operating fund - accounts for the direct costs of fire suppression and an allocation of administration costs that are not required to be accounted for in other funds.

Ambulance Fund - accounts for the direct costs of emergency medical services and an allocation of administration costs.

Tort Liability Fund - accounts for insurance costs, risk care management costs, and property taxes levied.

Capital Projects Fund – accounts for the financial resources used for the construction of major capital facilities and the purchase or replacement of equipment.

The District also reports the following nonmajor governmental funds:

Social Security and IMRF Fund - accounts for social security and IMRF taxes and property taxes levied.

Audit Fund - accounts for audit fees and property taxes levied.

Foreign Fire Insurance Fund - accounts for foreign fire insurance taxes received and distributions to the Foreign Fire Insurance Board.

Debt Service Fund – accounts for the resources acquired and payment of principal and interest on debt.

Additionally, the District reports the Firefighters' Pension Fund as a fiduciary fund.

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

The government-wide financial statements and the fiduciary fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period (60 days) or soon enough thereafter to be used to pay liabilities of the current period. The District recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability incurred. Those revenues susceptible to accrual are property taxes and interest revenue.

The District reports unearned/deferred revenue on its financial statements. Unearned/deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned/deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned/deferred revenue is removed from the financial statements revenue is recognized.

e. Cash and Investments

Cash and cash equivalents include all demand and savings accounts.

Investments of the District's operating funds with maturities of one year or more from the date of purchase, other than nonnegotiable certificates of deposit, are stated at fair value based on quoted market prices. Investments with maturities of one year or less from the date of purchase and nonnegotiable certificates of deposit are stated at cost or amortized cost. All other investments which do not consider market rates are stated at cost. All investments of the fiduciary fund are reported at fair value.

f. Receivables and Payables

Interfund

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

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Uncollectibles

Ambulance receivables are reported net of an allowance for uncollectibles of \$293,403.

h. Capital Assets

Capital assets are recorded as expenditures at the time of purchase. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-----------|-------|
| Buildings | 25-50 |
| Apparatus | 10-25 |
| Vehicles | 8-15 |
| Equipment | 2-20 |

i. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation benefits. Upon retirement, sick pay is paid out at a rate of 60% of sick pay accumulated, not to exceed 1800 hours. Vacation pay is paid out based upon length of service with no more than three day's worth being accrued. All sick pay and vacation benefits are accrued and reported in the government-wide financial statements. In the fund financial statements, sick pay and vacation benefits are reported as a fund liability for amounts owed to terminated or retired employees, if any.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Long-Term Obligations

In the government-wide financial statements, general long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources.

This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

l. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the District. Committed fund balance is constrained by formal actions of the District's Board of Trustees, which is considered the District's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Fire Chief by the District's Board of Trustees. Any residual fund balance is reported as unassigned.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Fund Balance/Net Position (Cont.)

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

The District has not established fund balance reserve policies for any of its governmental funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the District. Investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

m. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. PROPERTY TAXES AND PERSONAL PROPERTY REPLACEMENT TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). The District has a statutory tax rate limit in various operating funds subject to change only by approval of the voters of the District. Also, the District is subject to the Property Tax Extension Limitation Act, which in general limits the amount of taxes to the lesser of 5% or the percentage increase in the consumer price index for the year preceding the levy. Certain bond issue levies and referendum increases are exempt from this limitation.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

2. PROPERTY TAXES AND PERSONAL PROPERTY REPLACEMENT TAXES (Cont.)

Tax bills are prepared by the counties and issued on or about February 1, 2018 and August 1, 2018 (Cook County), and June 1, 2018 and September 1, 2018 (DuPage and Will Counties); and are payable in two installments, on or about March 1, 2018 (Cook County) and September 1, 2018 (DuPage and Will Counties). The counties collect such taxes and remit them periodically. Property taxes for the 2016 levy were received and recognized as revenue in fiscal 2017.

Personal property replacement taxes represent an additional State of Illinois income tax on corporations (certain utilities), trusts, partnerships, and S corporations; and a new tax on the invested capital of public utilities providing gas, communications, electrical and waste services.

Revenues are collected by the State of Illinois under the replacement tax and are allocated and paid by the State eight times a year. The replacement tax provides that monies received should be first applied toward payment of the proportionate share of the pension or retirement obligations which were previously levied on personal property. Remaining allocations are made at the discretion of the Board of Trustees.

3. DEPOSITS AND INVESTMENTS

a. District Investments

The District's investment policy authorizes the District to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

The District's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the District will not invest in any institution in which the District's funds on deposit are in excess of 75% of the institutions capital stock and surplus.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

3. DEPOSITS AND INVESTMENTS (Cont.)

a. District Investments (Cont.)

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

The District maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. In addition, investments are separately held by several of the District's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by United States governmental agencies. Illinois Funds is rated AAA.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

b. Interest Rate Risk

The following table presents the investments and maturities of the District's debt securities as of December 31, 2017:

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

3. DEPOSITS AND INVESTMENTS (Cont.)

District Investments (Cont.)

Interest Rate Risk (Cont.)

| Investment Type | Fair Value | Investment Maturities in Years | | | |
|--|---------------------|--------------------------------|------------|------|-----------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| Negotiable CDs | \$ 539,332 | \$ 145,381 | \$ 393,951 | \$ - | \$ - |
| U.S. Treasuries | 199,407 | 99,938 | 99,469 | - | - |
| U.S. Agencies | 173,343 | 24,972 | 148,371 | - | - |
| Total | 912,082 | 270,291 | 641,791 | - | - |
| Investments not subject interest rate risk | | | | | |
| Money market mutual funds | 198,932 | | | | |
| Total | <u>\$ 1,111,014</u> | | | | |

In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

3. DEPOSITS AND INVESTMENTS (Cont.)

Interest Rate Risk (Cont.)

| Investments by Fair Value Level | Total | Fair Value Measurements Using | | |
|---------------------------------|-------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities | | | | |
| Negotiable CDs | \$ 539,332 | \$ - | \$ 539,332 | \$ - |
| U.S. Treasuries | 199,407 | | 199,407 | |
| U.S. Agencies | 173,343 | - | 173,343 | - |
| | <u>\$ 912,082</u> | <u>\$ -</u> | <u>\$ 912,082</u> | <u>\$ -</u> |

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

4. CAPITAL ASSETS (Cont.)

| | Balances January 1 | Increases | Decreases | Balances December 31 |
|--|-----------------------|---------------------|-------------|-------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 300,000 | \$ - | \$ - | \$ 300,000 |
| Total capital assets not being depreciated | <u>300,000</u> | <u>-</u> | <u>-</u> | <u>300,000</u> |
| Capital assets being depreciated | | | | |
| Buildings and building improvements | 5,800,137 | 65,271 | - | 5,865,408 |
| Equipment | 805,098 | 61,470 | - | 866,568 |
| Apparatus and vehicles | 4,944,194 | - | - | 4,944,194 |
| Total capital assets being depreciated | <u>11,549,429</u> | <u>126,741</u> | <u>-</u> | <u>11,676,170</u> |
| Less accumulated depreciation | | | | |
| Buildings and building improvements | 1,989,262 | 143,420 | - | 2,132,682 |
| Equipment | 547,038 | 82,992 | - | 630,030 |
| Apparatus and vehicles | 2,408,262 | 257,540 | - | 2,665,802 |
| Total accumulated depreciated | <u>4,944,562</u> | <u>483,952</u> | <u>-</u> | <u>5,428,514</u> |
| Net capital assets being depreciated | <u>6,604,867</u> | <u>(357,211)</u> | <u>-</u> | <u>6,247,656</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS - NET | <u>\$ 6,904,867</u> | <u>\$ (357,211)</u> | <u>\$ -</u> | <u>\$ 6,547,656</u> |

Depreciation expense was charged to functions of the primary government as follows:

| | |
|-------------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | |
| Public safety | <u>\$ 483,952</u> |
| Total | <u>\$ 483,952</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances as of December 31 were as follows:

| | Due From | Due To |
|----------------------|-------------|------------|
| General | \$ 210,270 | \$ 297,781 |
| Ambulance | 330,072 | - |
| Tort Liability | 42,700 | 241,018 |
| Social Security/IMRF | - | 68,026 |
| Audit | 4,082 | - |
| Debt Service | 19,701 | - |
| | 606,825 | 606,825 |

6. LONG-TERM DEBT

a. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

| | Balances | | | Balances | Due Within |
|--------------------------------------|---------------|------------|--------------|---------------|------------|
| | January 1 | Additions | Reductions | December 31 | One Year |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Loan - ladder truck | \$ 756,524 | \$ - | \$ 374,348 | \$ 382,176 | \$ 129,239 |
| Fire protection notes - 2010 | 460,000 | - | 115,000 | 345,000 | 120,000 |
| Fire protection notes - 2013 | 260,000 | - | 260,000 | - | - |
| Compensated absences | 2,901,431 | 123,348 | - | 3,024,779 | - |
| Net pension liability - IMRF | 201,082 | - | 204,955 | (3,873) | - |
| Net pension liability - Firefighters | 11,294,511 | - | 1,060,973 | 10,233,538 | - |
| OPEB obligation | 12,501 | - | 15,295 | (2,794) | - |
| Total | \$ 15,886,049 | \$ 123,348 | \$ 2,030,571 | \$ 13,978,826 | \$ 249,239 |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

6. LONG-TERM DEBT (Cont.)

b. Fire Protection Notes – 2010 and 2013, and Ladder Truck Loan

On November 30, 2010 the District issued Fire Protection Notes, Series 2010 in the amount of \$1,340,000. Proceeds from the issue were used for the purchase of a new engine, ambulance, and the remodeling of Station No. 1.

The District designated these notes as "Build America Bonds" which were created by the American Recovery and Reinvestment Act of 2009. Build America Bonds are bonds in which the U.S. Treasury pays state or local government issuers an amount equal to 35% of the coupon interest payment on such bonds.

The notes and interest payable thereon are full faith and credit general obligations of the District payable from property taxes. Note interest is computed on a 360-day year basis and is payable semi-annually on each January 1 and July 1, commencing on July 1, 2011. The interest rates range from 1.35% to 4.20%. Principal and interest on the bonds are to be paid by the District to Depository Trust Company, New York, New York as bond registrar and paying agent.

Fire Protection Notes – 2013

On May 1, 2013 the District issued Refunding Fire Protection Notes, Series 2013 in the amount of \$1,245,000. The proceeds were used to retire the Fire Protection Notes, Series 2004. The District designated the notes as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

The notes and interest payable thereon are full faith and credit general obligations of the District payable from property taxes. Note interest is computed on a 360-day year basis and is payable semi-annually on each January 1 and July 1, commencing on July 1, 2013. The interest rates range from .9% to 1.55%. Principal and interest on the bonds are to be paid by the District to BMO Harris Bank as bond registrar and paying agent.

Loan – Ladder Truck

In May 2015 the District entered into a \$1,000,000 lease/purchase agreement with JPMorgan Chase Bank, NA. Essentially it is a loan with proceeds to be used in acquiring a ladder truck. Repayments are to be made semiannually beginning January 1, 2016 through July 1, 2019 (the District made the first payment during December 2015). The interest rate is 1.42%.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

6. LONG-TERM DEBT (Cont.)

c. Debt Service Requirements to Maturity

The annual debt service requirements to amortize the governmental activities outstanding debt as of December 31, 2017 are as follows:

| Fire Protection Notes - 2010 | | | | Estimated |
|------------------------------|------------|-----------|------------|--------------------|
| Date - Jan. 1 | Principal | Interest | Total | Interest Credit |
| 2019 | 120,000 | 11,970 | 131,970 | 4,190 |
| 2020 | 225,000 | 4,725 | 229,725 | 1,654 |
| | \$ 345,000 | \$ 16,695 | \$ 361,695 | \$ 5,844 |

| Loan - Ladder Truck - 2015 | | | |
|----------------------------|------------|----------|------------|
| Date | Principal | Interest | Total |
| Jul. 1, 2018 | 126,525 | 2,714 | 129,239 |
| Jan. 1, 2019 | 127,423 | 1,816 | 129,239 |
| Jul. 1, 2019 | 128,328 | 911 | 129,239 |
| | \$ 382,276 | \$ 5,441 | \$ 387,717 |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

6. LONG-TERM DEBT (Cont.)

d. Legal Debt Margin

The District's legal debt limitation as of December 31, 2017 was as follows:

| | |
|--|------------------------|
| Assessed valuation - 2017 | <u>\$1,119,945,482</u> |
| Statutory debt limitation - 5.75% | 64,396,865 |
| Amount of debt applicable to debt limitation | <u>-</u> |
| Legal debt margin | <u>\$ 64,396,865</u> |

7. TRANSFERS

During the current fiscal year the District made the following transfers:

| Fund | Transfers In | Transfers Out |
|------------------|-------------------|-------------------|
| Ambulance | - | 250,000 |
| Capital Projects | <u>250,000</u> | <u>-</u> |
| | <u>\$ 250,000</u> | <u>\$ 250,000</u> |

The transfers will not be repaid.

8. 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; injuries to employees; employee health, and natural disasters. All risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage from coverage in prior years. Settlement amounts have not exceeded insurance coverage for the current year or the three years prior.

LEMONT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

9. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described in the following note, the District provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual and union contract. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the District's governmental activities.

b. Benefits Provided

The District provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the District's two retirement plans. A retired employee who wishes to continue coverage shall bear 100% of the premium rate currently in effect for active employees for this coverage. Certain eligible retirees are also able to subsidize a portion of their costs for the premium rate by utilizing unused sick leave or by participation in a Voluntary Employee Benefit Association until age 65. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the District's plan becomes secondary. The subsidy created under GASB Statement 45 is implicit in nature, except in the case of duty-disability pension recipients where the District is subject to an explicit subsidy.

c. Membership

At December 31, 2017, membership consisted of:

| | |
|--|----|
| Retirees and beneficiaries currently receiving benefits | 5 |
| Terminated employees entitled to benefits but not yet receiving them | 5 |
| Active vested plan members | 51 |
| Active nonvested plan members | 5 |
| | 5 |
| TOTAL | 66 |
| Participating employers | 1 |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (Cont.)

d. Funding Policy

The District is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|---------------------------|--|------------------------|
| December 31, 2015 | \$ 51,148 | \$ 60,799 | 118.87% | \$ 27,192 |
| December 31, 2016 | 53,151 | 67,842 | 128.00% | 12,501 |
| December 31, 2017 | 85,363 | 100,658 | 117.92% | (2,794) |

The net OPEB obligation as of December 31, 2017 was calculated as follows:

| | |
|--|-------------------|
| Annual required contribution | \$ 85,342 |
| Interest on net OPEB obligation | 438 |
| Adjustment to annual required contribution | <u>(417)</u> |
| Annual OPEB cost | 85,363 |
| Contributions made | <u>(100,658)</u> |
| Increase (decrease) in net OPEB obligation | (15,295) |
| Net OPEB obligation - beginning of year | <u>12,501</u> |
| Net OPEB obligation – end of year | <u>\$ (2,794)</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (Cont.)

e. Annual OPEB Costs and Net OPEB Obligation

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2017 (most recent information available) was as follows:

| | |
|---|--------------|
| Actuarial accrued liability (AAL) | \$ 1,106,104 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | 1,106,104 |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00% |
| Covered payroll (active plan members) | \$ 5,409,048 |
| UAAL as a percentage of covered payroll | 20.44% |

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 financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce 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, 2017 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 3.50% and a healthcare cost trend rate of 7.60%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the District has not advanced its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was 30 years.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Fund) which covers its qualified sworn 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.

Illinois Municipal Retirement Fund

The District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole but not by individual employer. That report may be obtained online at www.imrf.org.

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The Plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2017 IMRF membership consisted of:

| | |
|---|-----------|
| Plan members and beneficiaries currently receiving benefits | - |
| Retirees and beneficiaries | 4 |
| Inactive, nonretired members | 8 |
| Active plan members | <u>10</u> |
| | <u>22</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduce benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 - 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 - 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.5% of their annual covered salary to IMRF. The District is required to contribute the remaining amount necessary to fund IMRF as specified by statute.

Net Pension Liability

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEM (Cont.)

Illinois Municipal Retirement Fund (Cont.)

Actuarial Assumptions (Cont.)

| | |
|----------------------------|-------------|
| Assumptions | |
| Inflation | 2.50% |
| Salary increases | 3.39-14.25% |
| Interest | 7.50% |
| Cost of living adjustments | 2.75% |
| Asset valuation method | Market |

For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEM (Cont.)

Illinois Municipal Retirement Fund (Cont.)

Net Pension Liability (Cont.)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate, and that the District contributions will be made at rates equal to the difference between actuarial determined contribution rates and the member rate. Based upon those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.31% for tax-exempt general obligation municipal bonds rated AA or better at December 31, 2017, to arrive at a discount rate of 7.50% used to determine the total pension liability.

Changes in the Net Pension Liability

The following table discloses changes in the net pension liability.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEM (Cont.)

Illinois Municipal Retirement Fund (Cont.)

Changes in the net pension liability:

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|--|------------------------------------|--|----------------------------------|
| Balances at January 1, 2017 | \$ 1,716,120 | \$ 1,515,038 | \$ 201,082 |
| Changes for the period | | | |
| Service cost | 67,855 | - | 67,855 |
| Interest | 129,292 | - | 129,292 |
| Difference between expected and actual experience | (12,196) | - | (12,196) |
| Changes in assumptions | (49,898) | - | (49,898) |
| Employer contributions | - | 64,335 | (64,335) |
| Employee contributions | - | 28,495 | (28,495) |
| Net investment income | - | 266,108 | (266,108) |
| Benefit payments and refunds | (52,306) | (52,306) | - |
| Administrative expense | - | - | - |
| Other (net transfer) | - | (18,930) | 18,930 |
| Net changes | <u>82,747</u> | <u>287,702</u> | <u>(204,955)</u> |
| Balances at December 31, 2017 | <u>\$ 1,798,867</u> | <u>\$ 1,802,740</u> | <u>\$ (3,873)</u> |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2017, the District recognized pension expense of \$79,216. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Illinois Municipal Retirement Fund (Cont.)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ 13,895 | \$ 8,397 |
| Changes in assumptions | - | 36,856 |
| Net difference between projected and actual earnings on pension plan investments | 47,666 | 121,336 |
| Employer contributions after the measurement date | - | - |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 61,561</u> | <u>\$ 166,589</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows.

| <u>Period Ended December 31</u> | <u>Net Deferred Inflows of Resources</u> |
|---|--|
| 2018 | \$ (13,420) |
| 2019 | (28,540) |
| 2020 | (32,734) |
| 2021 | (30,334) |
| 2022 | - |
| Thereafter | - |
| | <u> </u> |
| Total | <u>\$ (105,028)</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Illinois Municipal Retirement Fund (Cont.)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.50% as well as what the District's net pension liability would have been if it was calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

| | 1 % Decrease 6.50% | Rate 7.50% | 1 % Increase 8.50% |
|-----------------------|-----------------------|---------------|-----------------------|
| Net Pension Liability | \$ 222,377 | \$ (3,873) | \$ (193,179) |

Firefighters' Pension Plan

Plan Administration

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum contribution level are governed by Illinois Compiled Statutes and may be amended only by the Illinois Legislature. The District accounts for the Fund as a pension trust fund. The Fund is governed by a five-member Board of Trustees.

Plan Membership

At December 31, 2017 membership consisted of the following:

| | |
|--|-----------|
| Inactive plan members currently receiving benefits | 12 |
| Inactive plan members entitled to but not yet receiving benefits | 5 |
| Active plan members | <u>51</u> |
| | <u>68</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The District is required to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the District has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan.

Investment Policy

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, equities, equity mutual fund, state and local government bonds and short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds. The Firefighters' Pension Fund's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the Firefighters' Pension Fund will not invest in any institution in which the Firefighters' Pension Fund's investments are in excess of 75% of the institutions capital stock and surplus.

It is the policy of the Firefighters' Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Firefighters' Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Investment Policy (Cont.)

The Fund's investment policy in accordance with ILCS establishes the following target allocations across asset classes:

| <u>Asset Class</u> | <u>Target</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|---------------|---|
| Fixed Income | 50.00% | 1.70% |
| Equities | | |
| U.S. Large Cap | 35.00% | 6.70% |
| U.S. Small Cap | 10.00% | 8.70% |
| International | 5.00% | 6.60% |

ILCS limit the Fund's investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Investment Policy (Cont.)

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultants, in which best-estimate ranges of expected future real rates of return (net of pension plan investment expenses and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimate or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are listed in the table above.

Concentrations

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund does not have a formal written policy with regard to concentration credit risk for investments. At December 31, 2017 the Fund did not have over 5% of fiduciary net position available for benefits (other than investments issued or explicitly guaranteed by the US government and investments in mutual funds, external investment pools, and other pooled investments). Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government. They are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The following table presents equity mutual funds.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

| Equity Mutual Funds | Fair Value |
|--|-----------------------------|
| Vanguard 500 Index Admiral Fund | \$ 3,456,865 |
| T. Rowe Price Growth Stock Fund | 3,272,135 |
| LSV Value Equity Fund | 1,659,711 |
| Pioneer Equity Income Fund | 1,653,728 |
| T.Rowe Price QM US Small-Cap Growth Fund | 1,090,608 |
| Homestead Small Company Stock Fund | 1,013,607 |
| Oppenheimer International Growth Fund | 515,136 |
| Hennessy Focus Institutional Fund | 463,932 |
| Bridgeway Ultra-Small Company Market Fund | 458,913 |
| Cohen & Steers Realty Shares Fund | 318,478 |
| Fidelity Advisors Materials Fund | 274,470 |
| Oppenheimer Developing Markets Fund | 271,736 |
| Goldman Sachs International Equity Insights Fund | 249,829 |
| First Eagle Overseas Fund | 217,432 |
| Vanguard Energy Fund Admiral Shares Fund | <u>74,584</u> |
| Total | <u><u>\$ 14,991,164</u></u> |

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount equal to the fair market value of the funds secured. The Fund shall have a perfected security interest in securities pledged as collateral which shall be free of any claims to the Agency Bonds, issued in the U.S. domestic bond market.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt Investments.

| Investment Type | Fair Value | Investment Maturities in Years | | | |
|--|----------------------|--------------------------------|------------|------------|-----------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| State and local obligations | \$ 1,979,303 | \$ 86,746 | \$ 996,289 | \$ 683,384 | \$ 212,884 |
| U.S. Treasury notes | 1,601,739 | 399,188 | 827,160 | 375,391 | - |
| U.S. Agencies | 8,859,108 | - | 1,996,659 | 6,328,372 | 534,077 |
| Corporate Bonds | 1,913,202 | 371,731 | 967,934 | 557,183 | 16,354 |
| Total | 14,353,352 | 857,665 | 4,788,042 | 7,944,330 | 763,315 |
| Investments not subject interest rate risk | | | | | |
| Equity mutual funds | <u>14,991,164</u> | | | | |
| Total | <u>\$ 29,344,516</u> | | | | |

In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Interest Rate Risk (Cont.)

| <u>Investments by Fair Value Level</u> | <u>Total</u> | <u>Fair Value Measurements Using</u> | | |
|---|----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities | | | | |
| U.S. Treasuries | \$ 1,601,739 | \$ 1,601,739 | \$ - | \$ - |
| U.S. Agencies | 8,859,108 | - | 8,859,108 | - |
| State and Local Government Obligations | 1,979,303 | - | 1,979,303 | - |
| Corporate Debt Securities | 1,913,202 | - | 1,913,202 | - |
| Equity Securities | | | | |
| Mutual Funds | 14,991,164 | 14,991,164 | - | - |
| | <u>\$ 29,344,516</u> | <u>\$ 16,592,903</u> | <u>\$ 12,751,613</u> | <u>\$ -</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS Cont.)

Firefighters' Pension Plan (Cont.)

Credit Risk

The investments in the securities of state and local obligations were all rated AA or higher; U.S. Government Agencies were all rated AAA and corporate bonds were all rated BBB or higher by Standard & Poor's or by Moody's Investors Services, or were small issues that were unrated. Unrated (N/R) investments are listed in the following table.

| Investment | Par Value | Interest Rate | Maturity Date |
|---|-----------|---------------|---------------|
| Will Co. School District Municipal Bond | 45,000 | 4.2000% | 10.01.2020 |
| Williamson Jacksonville Counties, IL | 75,000 | 3.0000% | 12.01.2022 |
| Tennessee Valley Authority Strip | 100,000 | 0.0000% | 09.15.2025 |
| Federal Farm Credit Bank | 50,000 | 2.2600% | 11.13.2024 |
| Federal Farm Credit Bank | 50,000 | 2.7000% | 11.25.2025 |
| Federal Farm Credit Bank | 100,000 | 2.8000% | 11.25.2026 |
| Federal Home Loan Bank | 150,000 | 2.6000% | 03.04.2022 |

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. Money market mutual funds and mutual funds are not subject to custodial credit risk. The Fund however is exposed to custodial credit risk as the broker also serves as the custodian.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Net Pension Liability

The components of the net pension liability as of December 31, 2017 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 40,079,330 |
| Plan fiduciary net position | <u>29,845,792</u> |
| Net pension liability | <u>\$ 10,233,538</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 74.47% |

See the schedule of changes in net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

Actuarial Assumptions

Assumptions employed are presented in the following table.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Actuarial Assumptions (Cont.)

| | |
|----------------------------|----------------------|
| Actuarial valuation date | December 31, 2017 |
| Actuarial cost method | Entry Age Normal |
| Assumptions | |
| Inflation | 3.00% |
| Salary increases | 4.00-18.99% |
| Interest | 7.00% |
| Cost of living adjustments | 3.50% |
| Asset valuation method | Market |

Mortality rates were based upon the assumption study prepared by an independent actuary for Illinois Firefighters 2016.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2017, the District recognized pension expense of \$1,494,179. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to Firefighters' Pension from the following sources.

LEMONT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ 240,439 | \$ - |
| Changes in assumptions | - | (938,636) |
| Net difference between projected and actual earnings on pension plan investments | 627,026 | (1,038,093) |
| Employer contributions after the measurement date | - | - |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 867,465</u> | <u>\$ (1,976,729)</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Firefighters' Pension will be recognized in pension expense as follows.

| <u>Period Ended December 31</u> | <u>Net Deferred Inflows of Resources</u> |
|---|--|
| 2018 | (49,313) |
| 2019 | (49,314) |
| 2020 | (297,056) |
| 2021 | (340,900) |
| 2022 | (81,379) |
| Thereafter | <u>(291,302)</u> |
| Total | <u>\$ (1,109,264)</u> |

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2017

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows to determine the discount rate assumed that the member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based upon those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability calculated using the discount rate of 7.00% as well as what the pension liability would be if it were calculated using a discount rate the is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rat

| | 1% Decrease | Current Discount Rate | 1 % Increase |
|-----------------------|---------------|--------------------------|--------------|
| | 6.00% | 7.00% | 8.00% |
| Net pension liability | \$ 17,249,677 | \$ 10,233,538 | \$ 4,610,509 |

11. CONTINGENCIES

The District has two cases filed for workers' compensation with the Industrial Commission of Illinois. The District has adequate insurance with regard to both claims and does not expect any liability in excess of the insurance coverage. With regard to other pending matters, the eventual outcome and the related liability, if any, is not determinable at this time. Accordingly, no provision has been made in the accompanying financial statements for settlement costs.

12. SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 4, 2018, the date on which the financial statements were available to be issued.

**LEMONT FIRE PROTECTION DISTRICT
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|-------------------------------------|---------------------------------|--------------|
| Revenues | | |
| Property taxes | | |
| Corporate | \$ 3,885,880 | \$ 3,541,015 |
| Pension | 1,508,357 | 1,383,546 |
| Personal property replacement taxes | 135,000 | 102,667 |
| Charges for services | | |
| Fines and service fees | 30,000 | 10,191 |
| Impact fees | 5,000 | 1,350 |
| Investment income | 1,000 | 896 |
| Miscellaneous | | |
| Employee insurance | 55,000 | 52,948 |
| Donations | 5,000 | 2,250 |
| Other | 50,000 | 24,435 |
| Total revenues | 5,675,237 | 5,119,298 |
| Expenditures | | |
| Current | | |
| Administration | 382,838 | 359,741 |
| Suppression and EMS | 4,628,366 | 4,386,697 |
| Maintenance | 231,500 | 154,181 |
| Communications | 121,000 | 115,383 |
| Fire prevention bureau | 329,276 | 282,587 |
| Total expenditures | 5,692,980 | 5,298,589 |
| Net Change in Fund Balance | \$ (17,743) | (179,291) |
| Fund Balance - January 1 | | (80,070) |
| Fund Balance - December 31 | | \$ (259,361) |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
AMBULANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|--|---------------------------------|---------------------|
| Revenues | | |
| Property taxes | \$ 3,578,841 | \$ 3,260,357 |
| Personal property replacement taxes | 135,000 | 102,667 |
| Charges for services | | |
| Ambulance fees | 740,000 | 886,509 |
| CPR class income | 4,000 | 2,303 |
| Impact fees | 5,000 | 1,350 |
| Investment income | 1,000 | 897 |
| Miscellaneous | | |
| Donations | 5,000 | 2,250 |
| Other | 10,000 | 11,016 |
| Total revenues | <u>4,478,841</u> | <u>4,267,349</u> |
| Expenditures | | |
| Current | | |
| Administration | 276,890 | 263,322 |
| Suppression and EMS | 3,226,307 | 3,171,128 |
| Maintenance | 282,828 | 248,497 |
| Communications | 121,000 | 115,383 |
| Total expenditures | <u>3,907,025</u> | <u>3,798,330</u> |
| Excess (Deficiency) of Revenues over Expenditures | 571,816 | 469,019 |
| Other Financing Sources (Uses) | | |
| Transfers (out) | <u>(500,000)</u> | <u>(250,000)</u> |
| Net Change in Fund Balance | <u>\$ 71,816</u> | 219,019 |
| Fund Balance - January 1 | | <u>1,016,149</u> |
| Fund Balance - December 31 | | <u>\$ 1,235,168</u> |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
TORT LIABILITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | <u>Original and Final Budget</u> | <u>Actual</u> |
|---|--|---------------------|
| Revenues | | |
| Property taxes | \$ 1,022,000 | \$ 930,701 |
| WC property taxes | 242,000 | 220,861 |
| Grant revenue | 17,776 | 17,776 |
| Total revenues | <u>1,281,776</u> | <u>1,169,338</u> |
| Expenditures | | |
| Legal liability fees | 15,000 | - |
| Liability insurance | 70,452 | 70,763 |
| Opti-com traffic control | 15,000 | - |
| Risk care management physicals | 30,000 | 27,153 |
| Risk care management training/equipment | 7,500 | 5,569 |
| Risk care management wages | 838,785 | 838,785 |
| Unemployment insurance | 30,000 | - |
| Workers compensation insurance | 252,485 | 252,388 |
| IPRF grant | 17,776 | 17,837 |
| Total expenditures | <u>1,276,998</u> | <u>1,212,495</u> |
| Net Change in Fund Balance | <u>\$ 4,778</u> | <u>(43,157)</u> |
| Fund Balance - January 1 | | <u>(155,161)</u> |
| Fund Balance - December 31 | | <u>\$ (198,318)</u> |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2017

| Actuarial Valuation Date December 31 | (1) Actuarial Value of Assets | (2) Actuarial Liability (AAL) Entry-Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1) | (5) Covered Payroll | UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5) |
|---|--|---|-------------------------------------|---|---------------------------|--|
| 2010 | \$ - | \$ 527,513 | 0.00% | \$ 527,513 | N/A | N/A |
| 2011 | - | 527,513 | 0.00% | 527,513 | N/A | N/A |
| 2012 | - | 599,005 | 0.00% | 599,005 | N/A | N/A |
| 2013 | - | 599,005 | 0.00% | 215,420 | \$ 1,854,381 | 11.62% |
| 2014 | - | 535,295 | 0.00% | 535,295 | N/A | N/A |
| 2015 | - | 535,295 | 0.00% | 535,295 | N/A | N/A |
| 2016 | - | 1,106,104 | 0.00% | 1,106,104 | N/A | N/A |
| 2017 | - | 1,106,104 | 0.00% | 1,106,104 | N/A | N/A |

N/A - Information is not available.

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2017

| <u>Fiscal Year December 31</u> | <u>Employer Contributions</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage Contributed</u> |
|--|-----------------------------------|---|-----------------------------------|
| 2010 | \$ 33,364 | \$ 41,013 | 81.35% |
| 2011 | 33,364 | 41,261 | 80.86% |
| 2012 | 33,364 | 41,013 | 81.35% |
| 2013 | 37,348 | 51,071 | 73.13% |
| 2014 | 56,517 | 50,108 | 112.79% |
| 2015 | 60,799 | 51,862 | 117.23% |
| 2016 | 67,842 | 53,677 | 126.39% |
| 2017 | 100,658 | 85,342 | 117.95% |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - ILLINOIS MUNICIPAL RETIREMENT FUND

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------------|-------------------|-------------------|-------------------|----------|----------|----------|----------|----------|----------|
| Total Pension Liability | | | | | | | | | | |
| Service cost | \$ 80,037 | \$ 55,242 | 56,844 | 67,855 | - | - | - | - | - | - |
| Interest | 96,573 | 101,999 | 115,410 | 129,292 | - | - | - | - | - | - |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (106,654) | 76,977 | 59,635 | (12,196) | - | - | - | - | - | - |
| Changes in assumptions | 59,037 | 9,805 | (10,739) | (49,898) | - | - | - | - | - | - |
| Benefit payments & refunds | (28,566) | (59,918) | (51,466) | (52,306) | - | - | - | - | - | - |
| Net Change in Total Pension Liability | 100,427 | 184,105 | 169,684 | 82,747 | - | - | - | - | - | - |
| Total Pension Liability - Beginning | 1,261,904 | 1,362,331 | 1,546,436 | 1,716,120 | - | - | - | - | - | - |
| Total Pension Liability - Ending | 1,362,331 | 1,546,436 | 1,716,120 | 1,798,867 | - | - | - | - | - | - |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - employer | 46,783 | 44,936 | 52,514 | 64,335 | - | - | - | - | - | - |
| Contributions - member | 21,952 | 20,322 | 25,383 | 28,495 | - | - | - | - | - | - |
| Net investment income | 78,651 | 7,034 | 96,875 | 266,108 | - | - | - | - | - | - |
| Benefit payments & refunds | (28,566) | (59,918) | (51,466) | (52,306) | - | - | - | - | - | - |
| Other | 16,083 | (29,665) | 4,844 | (18,930) | - | - | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | 134,903 | (17,290) | 128,150 | 287,702 | - | - | - | - | - | - |
| Plan Net Position - Beginning | 1,269,275 | 1,404,178 | 1,386,888 | 1,515,038 | - | - | - | - | - | - |
| Plan Net Position - Ending | 1,404,178 | 1,386,888 | 1,515,038 | 1,802,740 | - | - | - | - | - | - |
| Net Pension Liability - Ending | (41,847) | 159,548 | 201,082 | (3,873) | - | - | - | - | - | - |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 103.07% | 89.68% | 88.28% | 100.22% | | | | | | |
| Covered Valuation Payroll | \$ 429,351 | \$ 451,609 | \$ 564,058 | \$ 633,218 | | | | | | |
| Net Pension Liability as a Percentage of Covered - Employee Payroll | -9.75% | 35.33% | 35.65% | -0.61% | | | | | | |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------------|---------------------|---------------------|---------------------|----------|----------|----------|----------|----------|----------|
| Total Pension Liability | | | | | | | | | | |
| Service cost | \$ 1,204,080 | \$ 1,188,481 | 1,221,383 | 1,306,880 | - | - | - | - | - | - |
| Interest | 2,026,059 | 2,221,426 | 2,436,587 | 2,559,737 | - | - | - | - | - | - |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | 228,780 | 9,522 | 74,551 | - | - | - | - | - | - |
| Changes in assumptions | - | - | (1,159,751) | - | - | - | - | - | - | - |
| Benefit payments & refunds | (386,401) | (491,983) | (637,918) | (859,010) | - | - | - | - | - | - |
| Net Change in Total Pension Liability | 2,843,738 | 3,146,704 | 1,869,823 | 3,082,158 | - | - | - | - | - | - |
| Total Pension Liability - Beginning | 29,136,907 | 31,980,645 | 35,127,349 | 36,997,172 | - | - | - | - | - | - |
| Total Pension Liability - Ending | 31,980,645 | 35,127,349 | 36,997,172 | 40,079,330 | - | - | - | - | - | - |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - employer | 1,281,717 | 1,514,889 | 1,570,559 | 1,381,399 | - | - | - | - | - | - |
| Contributions - member | 456,826 | 463,195 | 466,230 | 527,522 | - | - | - | - | - | - |
| Net investment income | 1,203,169 | 289,214 | 1,431,989 | 3,132,187 | - | - | - | - | - | - |
| Benefit payments & refunds | (386,401) | (491,983) | (637,918) | (859,010) | - | - | - | - | - | - |
| Administrative expenses | (34,097) | (36,285) | (35,688) | (38,967) | - | - | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | 2,521,214 | 1,739,031 | 2,795,172 | 4,143,131 | - | - | - | - | - | - |
| Plan Net Position - Beginning | 18,647,244 | 21,168,458 | 22,907,489 | 25,702,661 | - | - | - | - | - | - |
| Plan Net Position - Ending | 21,168,458 | 22,907,489 | 25,702,661 | 29,845,792 | - | - | - | - | - | - |
| Net Pension Liability - Ending | 10,812,187 | 12,219,860 | 11,294,511 | 10,233,538 | - | - | - | - | - | - |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 66.19% | 65.21% | 69.47% | 74.47% | | | | | | |
| Covered - Employee Payroll | \$ 4,858,379 | \$ 4,858,436 | \$ 5,510,064 | \$ 5,702,917 | | | | | | |
| Net Pension Liability as a Percentage of Covered - Employee Payroll | 222.55% | 251.52% | 204.98% | 179.44% | | | | | | |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - ILLINOIS MUNICIPAL RETIREMENT FUND

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------|------|------|------|------|------|
| Actuarially Determined Contribution | \$ 41,175 | \$ 44,935 | 52,514 | 64,355 | - | - | - | - | - | - |
| Contribution in Relation to the Actuarially Determined Contribution | 46,783 | 44,936 | 52,514 | 64,355 | - | - | - | - | - | - |
| Contribution Deficiency (Excess) | (5,608) | (1) | - | - | - | - | - | - | - | - |
| Covered Valuation Payroll | \$ 429,351 | \$ 451,609 | \$ 564,058 | \$ 633,218 | | | | | | |
| Contribution as a Percentage of Covered Valuation Payroll | 10.90% | 9.95% | 9.31% | 10.16% | | | | | | |

Notes

Valuation date Actuarially determined contribution rates are calculated as of January 1 of the prior fiscal year

Methods and assumptions used to determine contribution rates

| | |
|-------------------------------|---------------------------------------|
| Actuarial cost method | Entry-age normal |
| Amortization Period | Level % of pay; closed |
| Remaining amortization period | 26 years |
| Asset valuation method | 5-year Smoothed Market |
| Inflation | 2.75% |
| Salary increases | 3.75-14.50% |
| Investment rate of return | 7.50% |
| Retirement age | Exper. Based |
| Mortality | RP-2014 Comb. Healthy Mortality Table |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIREFIGHTERS' PENSION

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------------|------------------|------------------|------------------|------|------|------|------|------|------|
| Actuarially Determined Contribution | \$ 1,531,085 | \$ 1,351,540 | 1,437,968 | 1,458,359 | - | - | - | - | - | - |
| Contribution in Relation to the Actuarially Determined Contribution | 1,281,717 | 1,514,889 | 1,570,559 | 1,381,399 | - | - | - | - | - | - |
| Contribution Deficiency (Excess) | 249,368 | (163,349) | (132,591) | 76,960 | - | - | - | - | - | - |
| Covered Valuation Payroll | \$ 4,858,379 | \$ 4,858,436 | \$ 5,510,064 | \$ 5,702,917 | | | | | | |
| Contribution as a Percentage of of Covered Valuation Payroll | 26.38% | 31.18% | 28.50% | 24.22% | | | | | | |

Notes

Valuation date Actuarially determined contribution rates are calculated as of January 1 of the fiscal year

Methods and assumptions used to determine contribution rates

| | |
|---------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization Period | Level % of pay; closed |
| Amortization target | 100% funded in 2040 |
| Asset valuation method | 5-year smoothed market |
| Inflation | 3.00% |
| Salary increases | 4.50-16.25% |
| Investment rate of return | 7.00% |
| Retirement age | See Notes to Financial Statements |
| Mortality | Mortality rates are based upon an independent actuary assumption study for Illinois Firefighters 2012 |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF INVESTMENT RETURNS - FIREFIGHTERS' PENSION

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|------|------|------|

Annual Money-Weighted
Rate of Return Net of
Investment Expense

| | | | | | | | | | | |
|--|-------|-------|-------|--------|---|---|---|---|---|---|
| | 5.49% | 1.31% | 6.08% | 11.95% | - | - | - | - | - | - |
|--|-------|-------|-------|--------|---|---|---|---|---|---|

LEMONT FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2017

APPROPRIATIONS

Appropriated amounts used for comparison in this report are obtained from the Annual Combined Budget and Appropriation Ordinance for the District. The appropriated amounts included in the financial statements are the final adopted appropriations. All funds of the District are appropriated for except the Foreign Fire Fund and the Debt Service Fund. Appropriations lapse at year end. No amendments or supplemental appropriations were adopted during the current fiscal year.

The District's procedures in establishing budgetary data are as follows:

1. Within the last three months of its previous fiscal year, the Board of Trustees prepares the proposed combined budget and appropriation ordinance for the fiscal year commencing January 1. The combined budget and appropriation ordinance includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to November 30, the budget is legally enacted through passage of an appropriations ordinance.
4. Any transfers of budgeted amounts between departments within the fund must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year.

Expenditures may not legally exceed budgeted appropriations at the fund level.

LEMONT FIRE PROTECTION DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|---|---------------------------------|------------|
| Revenues | | |
| Grant revenue | \$ 241,364 | \$ 34,227 |
| Investment income | 70,000 | 21,820 |
| Total revenues | 311,364 | 56,047 |
| Expenditures | | |
| Capital outlay | | |
| Buildings | | |
| Paving/seal coating | 6,400 | 2,875 |
| Building funds | 250,000 | 113,735 |
| Station alerting system | 205,000 | - |
| Equipment | | |
| Hose | 12,000 | 3,137 |
| Cardiac monitors | 63,500 | 64,048 |
| FEMA grant - station 3 sprinklers | 40,000 | 40,290 |
| Turn out gear | 35,000 | - |
| Maintenance vehicle | 75,000 | 32,950 |
| Debt service - principal and interest | 658,766 | 657,630 |
| Total expenditures | 1,345,666 | 914,665 |
| Excess (Deficiency) of Revenues over Expenditures | (1,034,302) | (858,618) |
| Other Financing Sources (Uses) | | |
| Transfers in | 500,000 | 750,000 |
| Transfers (out) | - | (500,000) |
| Total | 500,000 | 250,000 |
| Net Change in Fund Balance | \$ (534,302) | (608,618) |
| Fund Balance - January 1 | | 1,596,252 |
| Fund Balance - December 31 | | \$ 987,634 |

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT
GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|------------------------------|---------------------------------|----------------|
| Administration | | |
| Personnel | | |
| Administrative assistant | \$ 81,288 | \$ 82,791 |
| Chief officer (Fire Chief) | 105,740 | 107,038 |
| Clerical overtime | 4,000 | 2,914 |
| Commissioners | 1,200 | 1,100 |
| Trustees | 9,000 | 8,250 |
| IT manager | 72,010 | 72,954 |
| | <u>273,238</u> | <u>275,047</u> |
| Commodities | | |
| IT equipment - software | 27,400 | 19,750 |
| IT subscriptions | 12,500 | 11,005 |
| Dues/subscriptions | 4,000 | 2,770 |
| Office equipment | 1,700 | 665 |
| Office supplies | 5,000 | 2,852 |
| Postage | 3,000 | 1,962 |
| | <u>53,600</u> | <u>39,004</u> |
| Contractual | | |
| Accounting service | 2,500 | - |
| Consulting service | 2,500 | 579 |
| Accreditation service | - | 250 |
| Legal services | 25,000 | 30,080 |
| Physicals for hiring | 2,500 | 1,284 |
| Publications/reports | 4,000 | 792 |
| Public relations/rewards | 6,000 | 3,763 |
| Seminars/conferences | 10,000 | 8,250 |
| Testing | 3,500 | 692 |
| | <u>56,000</u> | <u>45,690</u> |
| Total Administration | <u>382,838</u> | <u>359,741</u> |
| Suppression and EMS | | |
| Personnel | | |
| Firefighters/medics | 1,226,850 | 1,194,084 |
| Lieutenants | 516,535 | 506,853 |
| Net health insurance cost | 463,355 | 535,238 |
| Pension costs | 1,481,046 | 1,383,462 |
| Holiday pay/battalion chiefs | 6,000 | 3,258 |
| Education incentives | 54,713 | 58,988 |
| Overtime - firefighters | 170,000 | 154,883 |

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT
GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|--|---------------------------------|------------------|
| Suppression and EMS (Cont.) | | |
| Personnel | | |
| Uniforms | \$ 11,800 | \$ 9,108 |
| Overtime - lieutenants | 75,000 | 67,145 |
| Battalion chief | 207,281 | 216,060 |
| Chief officer school reimbursement | 6,000 | 3,075 |
| Sick leave retirement plan | 205,906 | 183,111 |
| H.S.A. contributions | 114,000 | - |
| | <u>4,538,486</u> | <u>4,315,265</u> |
| Commodities | | |
| Fire equipment/supplies | 18,000 | 17,808 |
| S.C.B.A. | 7,200 | 7,451 |
| Training equipment/supplies | 6,400 | 1,967 |
| Target training solutions | 3,100 | 6,319 |
| Turn out gear | 15,000 | 8,351 |
| Dive team supplies/training | 12,500 | 10,316 |
| Haz-mat team supplies/training | 7,500 | 4,262 |
| Cause & origin team supplies/training | 1,650 | 1,112 |
| | <u>71,350</u> | <u>57,586</u> |
| Contractual | | |
| Special association - CART/MABAS | 4,000 | 2,762 |
| Blue card training | 7,000 | 5,279 |
| Seminars/school/training | 7,500 | 5,805 |
| | <u>18,500</u> | <u>13,846</u> |
| Total Suppression and EMS | <u>4,628,336</u> | <u>4,386,697</u> |
| Maintenance | | |
| Commodities | | |
| Firemen association supplies/equipment | 5,000 | 1,324 |
| Furniture/appliances | 5,000 | 3,887 |
| Hardware supplies | 1,000 | 97 |
| Janitor/building/supplies | 6,000 | 5,639 |
| Tools | 5,000 | 485 |
| | <u>22,000</u> | <u>11,432</u> |

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT
GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|---------------------------------|---------------------------------|----------------|
| Maintenance (Cont.) | | |
| Contractual | | |
| Building maintenance | \$ 25,000 | \$ 19,879 |
| Electricity | 25,000 | 18,087 |
| Heating fuel | 12,000 | 7,056 |
| Maintenance fire equipment | 8,000 | 4,523 |
| Maintenance office equipment | 4,000 | 1,433 |
| Telephone service | 30,000 | 24,708 |
| Trash collection | 2,500 | 2,396 |
| Vehicle fuel | 30,000 | 20,249 |
| Vehicle maintenance - fire | 62,000 | 33,590 |
| Water | 4,000 | 3,720 |
| Mobile phone service | 7,000 | 7,108 |
| | <u>209,500</u> | <u>142,749</u> |
| Total Maintenance | <u>231,500</u> | <u>154,181</u> |
| Communications | | |
| Commodities | | |
| Communications equipment | 7,000 | 3,100 |
| | <u>7,000</u> | <u>3,100</u> |
| Contractual | | |
| Internet service | 35,000 | 35,853 |
| Radio and equipment repairs | 4,000 | 1,514 |
| Orland central dispatch service | 75,000 | 74,916 |
| | <u>114,000</u> | <u>112,283</u> |
| Total Communications | <u>121,000</u> | <u>115,383</u> |

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT
GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | <u>Original and Final Budget</u> | <u>Actual</u> |
|-------------------------------------|--|---------------------|
| Fire Prevention Bureau | | |
| Personnel | | |
| Fire marshal | \$ 75,000 | \$ 75,289 |
| Public educator | 36,772 | 37,416 |
| Full-time inspectors | 104,926 | 79,034 |
| Administrative assistant | 72,578 | 72,854 |
| Overtime | 4,000 | 2,862 |
| | <u>293,276</u> | <u>267,455</u> |
| Commodities | | |
| Codes/reference manuals | 3,000 | 1,504 |
| Dues | 1,000 | 380 |
| Office supplies/equipment | 8,000 | 3,248 |
| Public education materials | 15,000 | 8,193 |
| | <u>27,000</u> | <u>13,325</u> |
| Contractual | | |
| Consulting services | 1,000 | - |
| Seminars/conferences/training | 8,000 | 1,807 |
| | <u>9,000</u> | <u>1,807</u> |
| Total Fire Prevention Bureau | <u>329,276</u> | <u>282,587</u> |
| Total General Fund | <u>\$ 5,692,950</u> | <u>\$ 5,298,589</u> |

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT
AMBULANCE FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|--------------------------------|---------------------------------|--------------------|
| Administration | | |
| Personnel | | |
| Secretaries | \$ 16,000 | \$ 16,749 |
| Chief officer | 95,390 | 99,028 |
| Commissioners | 2,400 | 2,400 |
| Trustees | 13,500 | 12,750 |
| | <u>127,290</u> | <u>130,927</u> |
| Commodities | | |
| IT equipment - software | 27,400 | 19,750 |
| IT subscriptions | 12,500 | 11,004 |
| Dues/subscriptions | 4,000 | 2,770 |
| Office equipment | 1,700 | 665 |
| Office supplies | 5,000 | 2,852 |
| Postage | 3,000 | 1,962 |
| | <u>53,600</u> | <u>39,003</u> |
| Contractual | | |
| EMS resitiation fees | 3,000 | 2,400 |
| Ambulance billing service | 35,000 | 44,424 |
| Accounting service | 2,500 | - |
| Consulting service | 2,500 | 579 |
| Accreditation service | 2,000 | 250 |
| Legal services | 25,000 | 30,080 |
| Physicals for hiring | 2,500 | 1,284 |
| Publications/reports | 4,000 | 792 |
| Public relations/rewards | 6,000 | 3,763 |
| Seminars/conferences | 10,000 | 9,128 |
| Testing | 3,500 | 692 |
| | <u>96,000</u> | <u>93,392</u> |
| Total Administration | <u>276,890</u> | <u>263,322</u> |
| Suppression and EMS | | |
| Personnel | | |
| Firefighters/medics | 1,239,189 | 1,252,802 |
| Lieutenants | 519,587 | 497,182 |
| Paid on call firefighters | 60,000 | 61,584 |
| EMS coordinator | 53,582 | 54,254 |
| Net health insurance cost | 463,355 | 530,113 |
| Holiday pay/battalion chiefs | 7,500 | 4,996 |
| Education incentives | 55,635 | 80,632 |
| Overtime - firefighters | 170,000 | 165,850 |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
AMBULANCE FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|------------------------------------|---------------------------------|-----------|
| Suppression and EMS (Cont.) | | |
| Personnel | | |
| Uniforms | \$ 11,800 | \$ 9,108 |
| Overtime - lieutenants | 75,000 | 73,828 |
| Battalion chiefs | 213,554 | 209,005 |
| Chief officer school reimbursement | 6,000 | 3,075 |
| Sick leave retirement plan | 155,605 | 170,470 |
| H.S.A. contributions | 114,000 | - |
| | 3,144,807 | 3,112,899 |
| Commodities | | |
| Ambulance equipment/supplies | 18,100 | 16,865 |
| S.C.B.A. | 7,200 | 7,451 |
| Training equipment/supplies | 3,900 | 2,015 |
| Target training solutions | 6,400 | 6,318 |
| Turn out gear | 15,000 | 8,351 |
| Haz-mat team supplies/training | 7,500 | 4,262 |
| TRT team supplies | 4,400 | 95 |
| | 62,500 | 45,357 |
| Contractual | | |
| CPR class supplies | 3,500 | 946 |
| Special association - CART/MABAS | 4,000 | 2,762 |
| Oxygen and cylinder rental | 4,000 | 3,359 |
| Seminars/school/training | 7,500 | 5,805 |
| | 19,000 | 12,872 |
| Total Suppression and EMS | 3,226,307 | 3,171,128 |
| Maintenance | | |
| Personnel | | |
| Mechanic | 62,978 | 63,300 |
| Overtime | 6,000 | 4,157 |
| Uniforms | 4,700 | 4,824 |
| Facility - equipment manager | 41,250 | 38,886 |
| | 114,928 | 111,167 |
| Commodities | | |
| Furniture/appliances | 5,000 | 3,887 |
| Hardware supplies | 1,000 | 97 |
| Janitor/building/supplies | 6,000 | 5,639 |
| Tools | 5,000 | 485 |
| | 17,000 | 10,108 |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
AMBULANCE FUND**

**SCHEDULE OF DETAILED EXPENDITURES
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|---------------------------------|---------------------------------|---------------------|
| Maintenance (Cont.) | | |
| Contractual | | |
| Building maintenance | \$ 25,000 | \$ 19,879 |
| Electricity | 25,000 | 18,088 |
| Heating fuel | 12,000 | 7,056 |
| Maintenance ambulance equipment | 6,400 | 7,718 |
| Maintenance office equipment | 4,000 | 1,433 |
| Telephone service | 30,000 | 24,708 |
| Trash collection | 2,500 | 2,396 |
| Vehicle fuel | 20,000 | 20,249 |
| Vehicle maintenance - ambulance | 15,000 | 14,867 |
| Water | 4,000 | 3,720 |
| Mobile phone service | 7,000 | 7,108 |
| | <u>150,900</u> | <u>127,222</u> |
| Total Maintenance | <u>282,828</u> | <u>248,497</u> |
| Communications | | |
| Commodities | | |
| Communications equipment | 7,000 | 3,100 |
| | <u>7,000</u> | <u>3,100</u> |
| Contractual | | |
| Internet service | 35,000 | 35,853 |
| Radio and equipment repairs | 4,000 | 1,514 |
| Orland central dispatch service | 75,000 | 74,916 |
| | <u>114,000</u> | <u>112,283</u> |
| Total Communications | <u>121,000</u> | <u>115,383</u> |
| Total Ambulance | <u>\$ 3,907,025</u> | <u>\$ 3,798,330</u> |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

December 31, 2017

| | Social Security and IMRF | Audit | Foreign Fire | Debt Service | Total |
|--|-----------------------------------|-----------|-----------------|-----------------|------------|
| ASSETS | | | | | |
| Assets | | | | | |
| Cash and investments | \$ - | \$ 2,101 | \$ 102,699 | \$ - | \$ 104,800 |
| Receivables | | | | | |
| Property taxes | 199,342 | 12,628 | - | - | 211,970 |
| Due from other funds | - | 4,082 | - | 19,701 | 23,783 |
| | <hr/> | | | | |
| Total assets | 199,342 | 18,811 | 102,699 | 19,701 | 340,553 |
| <hr/> | | | | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Due to other funds | 68,026 | - | - | - | 68,026 |
| <hr/> | | | | | |
| Deferred Inflows of Resources | | | | | |
| Unavailable property taxes | 199,342 | 12,628 | - | - | 211,970 |
| <hr/> | | | | | |
| Fund Balances | | | | | |
| Restricted for debt service | - | - | - | 19,701 | 19,701 |
| Restricted for retirement | (68,026) | - | - | - | (68,026) |
| Restricted for audit | - | 6,183 | - | - | 6,183 |
| Restricted for foreign fire | - | - | 102,699 | - | 102,699 |
| | <hr/> | | | | |
| Total fund balances | (68,026) | 6,183 | 102,699 | 19,701 | 60,557 |
| <hr/> | | | | | |
| Total liabilities, deferred resources, and fund balances | \$ 199,342 | \$ 18,811 | \$ 102,699 | \$ 19,701 | \$ 340,553 |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2017

| | Social Security and IMRF | Audit | Foreign Fire | Debt Service | Total |
|-----------------------------|-----------------------------------|-----------------|-------------------|------------------|------------------|
| Revenues | | | | | |
| Property taxes | \$ 187,262 | \$ 11,193 | \$ - | \$ - | \$ 198,455 |
| Other taxes | - | - | 33,793 | - | 33,793 |
| Miscellaneous | - | - | 119 | - | 119 |
| Total revenues | <u>187,262</u> | <u>11,193</u> | <u>33,912</u> | <u>-</u> | <u>232,367</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Public safety | 198,951 | 10,900 | 29,371 | - | 239,222 |
| Total expenditures | <u>198,951</u> | <u>10,900</u> | <u>29,371</u> | <u>-</u> | <u>239,222</u> |
| Net Change in Fund Balances | (11,689) | 293 | 4,541 | - | (6,855) |
| Fund Balances - January 1 | <u>(56,337)</u> | <u>5,890</u> | <u>98,158</u> | <u>19,701</u> | <u>67,412</u> |
| Fund Balances - December 31 | <u>\$ (68,026)</u> | <u>\$ 6,183</u> | <u>\$ 102,699</u> | <u>\$ 19,701</u> | <u>\$ 60,557</u> |

See independent auditor's report.

**LEMONT PROTECTION DISTRICT
SOCIAL SECURITY AND IMRF FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | <u>Original and Final Budget</u> | <u>Actual</u> |
|----------------------------|--|--------------------|
| Revenues | | |
| Property taxes | \$ 205,000 | \$ 187,262 |
| Total revenues | <u>205,000</u> | <u>187,262</u> |
| Expenditures | | |
| IMRF | 67,283 | 64,335 |
| Social security | 134,535 | 134,616 |
| Total expenditures | <u>201,818</u> | <u>198,951</u> |
| Net Change in Fund Balance | <u>\$ 3,182</u> | (11,689) |
| Fund Balance - January 1 | | <u>(56,337)</u> |
| Fund Balance - December 31 | | <u>\$ (68,026)</u> |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
AUDIT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | <u>Original and Final Budget</u> | <u>Actual</u> |
|----------------------------|--|-----------------|
| Revenues | | |
| Property taxes | \$ 12,000 | \$ 11,193 |
| Total revenues | <u>12,000</u> | <u>11,193</u> |
| Expenditures | | |
| Audit expense | <u>14,000</u> | <u>10,900</u> |
| Total expenditures | <u>14,000</u> | <u>10,900</u> |
| Net Change in Fund Balance | <u>\$ (2,000)</u> | 293 |
| Fund Balance - January 1 | | <u>5,890</u> |
| Fund Balance - December 31 | | <u>\$ 6,183</u> |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
FOREIGN FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | <u>Original and Final Budget</u> | <u>Actual</u> |
|------------------------------|--|---------------|
| Revenues | | |
| Foreign fire insurance taxes | \$ - | \$ 33,793 |
| Other income | - | 119 |
| Total revenues | - | 33,912 |
| Expenditures | | |
| Supplies and equipment | - | 29,371 |
| Total expenditures | - | 29,371 |
| Net Change in Fund Balance | \$ - | 4,541 |
| Fund Balance - January 1 | | 98,158 |
| Fund Balance - December 31 | | \$ 102,699 |

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

| | Original and Final Budget | Actual |
|----------------------------|---------------------------------|-----------|
| Revenues | | |
| Property taxes | \$ - | \$ - |
| Total revenues | - | - |
| Expenditures | | |
| Principal | - | - |
| Interest | - | - |
| Total expenditures | - | - |
| Net Change in Fund Balance | \$ - | - |
| Fund Balance - January 1 | | 19,701 |
| Fund Balance - December 31 | | \$ 19,701 |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

**SCHEDULE OF ASSESSED VALUATIONS, RATES, AND EXTENSIONS - COOK COUNTY
LAST TEN LEVY YEARS**

December 31, 2017

| Tax Levy Year | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessed Valuation | \$ 741,926,237 | \$ 697,998,917 | \$ 701,988,387 | \$ 719,083,473 | \$ 764,081,846 | \$ 825,382,889 | \$ 982,583,102 | \$ 993,060,854 | \$ 971,519,147 | \$ 832,623,077 |
| Tax Rates | | | | | | | | | | |
| General | 0.3409 | 0.3358 | 0.3363 | 0.3323 | 0.3428 | 0.3632 | 0.2574 | 0.2450 | 0.2426 | 0.2507 |
| Ambulance | 0.3139 | 0.3197 | 0.3190 | 0.2828 | 0.2774 | 0.2403 | 0.2574 | 0.2450 | 0.2426 | 0.2507 |
| Liability insurance | 0.0896 | 0.0932 | 0.0802 | 0.0771 | 0.0524 | 0.0261 | 0.0258 | 0.0113 | 0.0111 | 0.0158 |
| Workers compensation | 0.0212 | 0.0216 | 0.0238 | 0.0223 | 0.0224 | 0.0192 | 0.0189 | 0.0206 | 0.0230 | 0.0276 |
| Audit | 0.0011 | 0.0009 | 0.0008 | 0.0014 | 0.0010 | 0.0008 | 0.0010 | 0.0009 | 0.0011 | 0.0011 |
| Pension | 0.1331 | 0.1423 | 0.1235 | 0.1273 | 0.0856 | 0.0630 | 0.0602 | 0.0519 | 0.0588 | 0.0430 |
| Social security/IMRF | 0.0179 | 0.0154 | 0.0146 | 0.0191 | 0.0192 | 0.0153 | 0.0152 | 0.0131 | 0.0139 | 0.0143 |
| Bond & interest | - | - | - | - | - | - | - | - | 0.0367 | 0.0423 |
| Total | 0.9177 | 0.9289 | 0.8982 | 0.8623 | 0.8008 | 0.7279 | 0.6359 | 0.5878 | 0.6298 | 0.6455 |
| Tax Extensions | | | | | | | | | | |
| General | \$ 2,528,811 | \$ 2,343,705 | \$ 2,360,754 | \$ 2,389,454 | \$ 2,619,831 | \$ 2,998,159 | \$ 2,528,923 | \$ 2,432,085 | \$ 2,356,905 | \$ 2,087,383 |
| Ambulance | 2,328,672 | 2,232,065 | 2,239,803 | 2,033,304 | 2,119,477 | 1,983,814 | 2,528,923 | 2,432,085 | 2,356,905 | 2,087,383 |
| Liability insurance | 664,773 | 650,867 | 562,716 | 554,262 | 399,961 | 215,908 | 253,502 | 111,977 | 107,839 | 132,478 |
| Workers compensation | 157,756 | 150,312 | 167,413 | 160,304 | 171,067 | 158,332 | 186,308 | 203,328 | 223,449 | 230,138 |
| Audit | 7,848 | 6,566 | 5,899 | 9,829 | 8,031 | 6,773 | 10,180 | 8,840 | 10,687 | 8,491 |
| Pension | 986,547 | 992,525 | 866,461 | 916,399 | 653,378 | 519,651 | 591,212 | 516,542 | 571,253 | 358,199 |
| Social security/IMRF | 133,424 | 107,260 | 101,775 | 138,375 | 147,776 | 125,309 | 149,657 | 130,639 | 135,041 | 118,889 |
| Bond & interest | - | - | - | - | - | - | - | - | 356,548 | 352,337 |
| Total | \$ 6,807,831 | \$ 6,483,300 | \$ 6,304,821 | \$ 6,201,927 | \$ 6,119,521 | \$ 6,007,946 | \$ 6,248,705 | \$ 5,835,496 | \$ 6,118,627 | \$ 5,375,298 |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF ASSESSED VALUATIONS, RATES, AND EXTENSIONS - DUPAGE COUNTY
LAST TEN LEVY YEARS

December 31, 2017

| Tax Levy Year | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessed Valuation | \$ 180,809,674 | \$ 169,887,852 | \$ 165,126,988 | \$ 166,630,842 | \$ 175,246,912 | \$ 188,618,893 | \$ 195,410,318 | \$ 207,541,269 | \$ 205,924,049 | \$ 193,059,866 |
| Tax Rates | | | | | | | | | | |
| General | 0.2857 | 0.2886 | 0.2838 | 0.2895 | 0.2963 | 0.3519 | 0.2886 | 0.2467 | 0.2332 | 0.2460 |
| Ambulance | 0.2630 | 0.2749 | 0.2699 | 0.2468 | 0.2426 | 0.2311 | 0.2885 | 0.2467 | 0.2333 | 0.2459 |
| Liability insurance | 0.0752 | 0.0802 | 0.0678 | 0.0678 | 0.0469 | 0.0252 | 0.0283 | 0.0208 | 0.0223 | 0.0271 |
| Workers compensation | 0.0178 | 0.0186 | 0.0204 | 0.0194 | 0.0198 | 0.0185 | 0.0215 | 0.0116 | 0.0109 | 0.0156 |
| Audit | 0.0010 | 0.0009 | 0.0007 | 0.0012 | 0.0012 | 0.0008 | 0.0013 | 0.0010 | 0.0012 | 0.0010 |
| Pension | 0.1115 | 0.1224 | 0.1041 | 0.1122 | 0.0755 | 0.0608 | 0.0672 | 0.0526 | 0.0562 | 0.0423 |
| Social security/IMRF | 0.0151 | 0.0135 | 0.0123 | 0.0170 | 0.0170 | 0.0149 | 0.0170 | 0.0135 | 0.0135 | 0.0141 |
| Bond & interest | - | - | - | - | - | - | - | - | 0.0353 | 0.0423 |
| | <u>0.7693</u> | <u>0.7991</u> | <u>0.7590</u> | <u>0.7539</u> | <u>0.6993</u> | <u>0.7032</u> | <u>0.7124</u> | <u>0.5929</u> | <u>0.6059</u> | <u>0.6343</u> |
| Tax Extensions | | | | | | | | | | |
| General | \$ 516,573 | \$ 490,296 | \$ 468,630 | \$ 482,396 | \$ 519,257 | \$ 663,750 | \$ 563,954 | \$ 512,467 | \$ 480,215 | \$ 474,927 |
| Ambulance | 475,529 | 467,022 | 445,678 | 411,245 | 425,149 | 435,898 | 563,759 | 512,467 | 480,421 | 474,734 |
| Liability insurance | 135,969 | 136,250 | 111,956 | 112,976 | 82,191 | 47,532 | 55,301 | 24,097 | 22,446 | 30,117 |
| Workers compensation | 32,184 | 31,599 | 33,686 | 32,326 | 34,699 | 34,895 | 42,013 | 43,208 | 45,921 | 52,316 |
| Audit | 1,808 | 1,529 | 1,156 | 1,999 | 2,103 | 1,509 | 2,540 | 2,077 | 2,471 | 1,931 |
| Pension | 201,603 | 207,943 | 171,897 | 186,960 | 132,311 | 114,680 | 131,316 | 108,850 | 115,729 | 81,664 |
| Social security/IMRF | 27,302 | 22,935 | 20,311 | 28,327 | 29,792 | 28,104 | 33,220 | 28,043 | 27,800 | 27,221 |
| Bond & interest | - | - | - | - | - | - | - | - | 72,691 | 81,664 |
| | <u>\$ 1,390,968</u> | <u>\$ 1,357,574</u> | <u>\$ 1,253,314</u> | <u>\$ 1,256,229</u> | <u>\$ 1,225,502</u> | <u>\$ 1,326,368</u> | <u>\$ 1,392,103</u> | <u>\$ 1,231,209</u> | <u>\$ 1,247,694</u> | <u>\$ 1,224,574</u> |

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF ASSESSED VALUATIONS, RATES, AND EXTENSIONS - WILL COUNTY
LAST TEN LEVY YEARS

December 31, 2017

| Tax Levy Year | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assessed Valuation | \$ 197,209,571 | \$ 201,543,072 | \$ 209,063,428 | \$ 211,914,556 | \$ 217,095,811 | \$ 219,892,933 | \$ 224,907,891 | \$ 159,121,709 | \$ 160,172,030 | \$ 145,009,799 |
| Tax Rates | | | | | | | | | | |
| General | 0.2816 | 0.3091 | 0.2892 | 0.2709 | 0.3893 | 0.2788 | 0.2481 | 0.2395 | 0.2043 | 0.2434 |
| Ambulance | 0.2591 | 0.2944 | 0.2744 | 0.2308 | 0.3008 | 0.1658 | 0.2481 | 0.2395 | 0.2042 | 0.2434 |
| Liability insurance | 0.0738 | 0.0859 | 0.0690 | 0.0635 | 0.0517 | 0.0186 | 0.0243 | 0.0112 | 0.0094 | 0.0155 |
| Workers compensation | 0.0176 | 0.0199 | 0.0206 | 0.0182 | 0.0244 | 0.0137 | 0.0185 | 0.0202 | 0.0194 | 0.0269 |
| Audit | 0.0009 | 0.0009 | 0.0008 | 0.0011 | 0.0012 | 0.0006 | 0.0011 | 0.0010 | 0.0010 | 0.0011 |
| Pension | 0.1093 | 0.1309 | 0.1062 | 0.1051 | 0.0899 | 0.0450 | 0.0580 | 0.0510 | 0.0503 | 0.0418 |
| Social security/IMRF | 0.0151 | 0.0144 | 0.0127 | 0.0158 | 0.0209 | 0.0112 | 0.0146 | 0.0130 | 0.1160 | 0.0141 |
| Bond & interest | - | - | - | - | - | - | 0.0001 | 0.0004 | 0.0318 | 0.0402 |
| | 0.7574 | 0.8555 | 0.7729 | 0.7054 | 0.8782 | 0.5337 | 0.6128 | 0.5758 | 0.6364 | 0.6264 |
| Tax Extensions | | | | | | | | | | |
| General | \$ 555,342 | \$ 622,970 | \$ 604,611 | \$ 574,077 | \$ 845,154 | \$ 613,061 | \$ 557,996 | \$ 381,098 | \$ 327,231 | \$ 352,954 |
| Ambulance | 510,970 | 593,343 | 573,670 | 489,099 | 653,024 | 364,582 | 557,996 | 381,098 | 327,071 | 352,954 |
| Liability insurance | 145,541 | 173,125 | 144,254 | 134,566 | 112,239 | 40,900 | 54,653 | 17,821 | 15,056 | 22,476 |
| Workers compensation | 34,709 | 40,107 | 43,067 | 38,568 | 52,971 | 30,125 | 41,608 | 32,142 | 31,073 | 39,008 |
| Audit | 1,775 | 1,814 | 1,673 | 2,331 | 2,605 | 1,319 | 2,474 | 1,591 | 1,602 | 1,595 |
| Pension | 215,550 | 263,820 | 222,025 | 222,722 | 195,169 | 98,952 | 130,446 | 81,150 | 80,567 | 60,614 |
| Social security/IMRF | 29,779 | 29,022 | 26,551 | 33,483 | 45,373 | 24,628 | 32,836 | 20,686 | 18,580 | 20,446 |
| Bond & interest | - | - | - | - | - | - | 225 | 638 | 50,935 | 58,294 |
| | \$ 1,493,666 | \$ 1,724,201 | \$ 1,615,851 | \$ 1,494,846 | \$ 1,906,535 | \$ 1,173,567 | \$ 1,378,234 | \$ 916,224 | \$ 852,115 | \$ 908,341 |

See independent auditor's report.