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**_PALATINE RURAL
FIRE PROTECTION DISTRICT
INVERNESS, ILLINOIS_**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

eder, casella & co.

PALATINE RURAL FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Palatine Rural Fire Protection District
Inverness, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

PALATINE RURAL FIRE PROTECTION DISTRICT

as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

eder, casella & co.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Palatine Rural Fire Protection District, as of December 31, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The supplemental information as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
June 19, 2018

BASIC FINANCIAL STATEMENTS

PALATINE RURAL FIRE PROTECTION DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 1,200,845
Investments	939,717
Capital Assets Not Being Depreciated	365,000
Capital Assets (Net of Accumulated Depreciation)	1,077,157
Total Assets	$ 3,582,719
LIABILITIES	
Non-Current Liabilities	
Due in One Year	$ 12,500
Due in More Than One Year	137,500
Total Liabilities	$ 150,000
NET POSITION	
Net Investment in Capital Assets	$ 1,292,157
Restricted for:	
Emergency and Rescue	111,462
Ambulance	303,618
Liability Insurance	552,071
Audit	19,832
Retirement	37,867
Unrestricted/(Deficit)	1,115,712
Total Net Position	$ 3,432,719

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	Expenses	Program Revenues: Charges For Services	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Functions/Programs			
Governmental Activities			
Public Safety	$ 4,007,006	$ 199,771	$ (3,807,235)
Total Governmental Activities	$ 4,007,006	$ 199,771	$ (3,807,235)

General Revenues	
Taxes	
Property Taxes	$ 3,957,202
Personal Property Replacement Tax	41,196
Investment Income	17,139
Miscellaneous	10,759
Total General Revenues	$ 4,026,296
Change in Net Position	$ 219,061
Net Position - Beginning of Year	3,213,658
Net Position - End of Year	$ 3,432,719

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
FUND FINANCIAL STATEMENTS
STATEMENT OF ASSETS, LIABILITIES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2017

	Corporate Fund	Ambulance Fund	Liability Insurance Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 373,429	$ 365,624	$ 309,709	$ 152,083	$ 1,200,845
Investments	292,225	286,118	242,362	119,012	939,717
Total Assets	$ 665,654	$ 651,742	$ 552,071	$ 271,095	$ 2,140,562
LIABILITIES					
Total Liabilities	$ -	$ -	$ -	$ -	$ -
FUND BALANCES					
Restricted					
Emergency and Rescue	$ -	$ -	$ -	$ 111,462	$ 111,462
Ambulance	-	303,618	-	-	303,618
Liability Insurance	-	-	552,071	-	552,071
Audit	-	-	-	19,832	19,832
Retirement	-	-	-	37,867	37,867
Assigned					
Ambulance	-	316,150	-	-	316,150
Unused Sick Time	31,974	31,974	-	-	63,948
Capital Improvement Projects	-	-	-	101,934	101,934
Unassigned	633,680	-	-	-	633,680
Total Fund Balances	$ 665,654	$ 651,742	$ 552,071	$ 271,095	$ 2,140,562
Total Liabilities and Fund Balances	$ 665,654	$ 651,742	$ 552,071	$ 271,095	$ 2,140,562

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2017

Fund Balances - Total Governmental Funds		$ 2,140,562
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	$ 3,573,479	
Less: Accumulated Depreciation	(2,131,322)	
		1,442,157
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Long-Term Debt		(150,000)
Net Position of Governmental Activities		$ 3,432,719

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	Corporate Fund	Ambulance Fund	Liability Insurance Fund	Non-Major Funds	Total Governmental Funds
REVENUES					
Property Taxes	$ 1,877,697	$ 1,249,605	$ 571,196	$ 258,704	$ 3,957,202
Personal Property Replacement Tax	20,598	20,598	-	-	41,196
Charges for Services	-	199,771	-	-	199,771
Investment Income	7,224	9,915	-	-	17,139
Miscellaneous Income	5,379	5,380	-	-	10,759
	$ 1,910,898	$ 1,485,269	$ 571,196	$ 258,704	$ 4,226,067
EXPENDITURES					
Current					
Public Safety					
Personnel	$ 1,577,964	$ 953,782	$ 335,827	$ 177,928	$ 3,045,501
Commodities	41,548	41,548	-	-	83,096
Contractual	379,347	400,682	-	7,900	787,929
Capital Outlay	-	-	2,686	34,530	37,216
Debt Service	-	-	-	12,500	12,500
	$ 1,998,859	$ 1,396,012	$ 338,513	$ 232,858	$ 3,966,242
NET CHANGE IN FUND BALANCES	$ (87,961)	$ 89,257	$ 232,683	$ 25,846	$ 259,825
FUND BALANCES - JANUARY 1, 2017	753,615	562,485	319,388	245,249	1,880,737
FUND BALANCES - DECEMBER 31, 2017	$ 665,654	$ 651,742	$ 552,071	$ 271,095	$ 2,140,562

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 259,825
Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Capital Outlay	$ 30,375	
Depreciation Expense	(83,639)	
		(53,264)
Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Funds Balances - Modified Cash Basis, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.		
Repayment of Long-Term Debt		12,500
Change in Net Position of Governmental Activities		$ 219,061

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2017

	Firefighters' Pension	Foreign Fire Insurance
ASSETS		
Cash and Cash Equivalents	$ 132,700	$ 5,855
Investments	13,415,440	-
Receivables		
Accrued Interest	31,875	-
Total Assets	$ 13,580,015	$ 5,855
LIABILITIES		
Accounts Payable	$ 8,286	$ -
Total Liabilities	$ 8,286	$ -
NET POSITION	$ 13,571,729	$ 5,855

The Notes to Financial Statements are an integral part of this statement.

PALATINE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Firefighters' Pension	Foreign Fire Insurance
ADDITIONS		
Contributions	$ 769,065	$ 4,257
Investment Income		
Net Appreciation in Fair Value of Investments	$ 1,087,644	$ -
Interest and Dividends	579,190	4
Total Investment Income	$ 1,666,834	$ 4
Less Investment Expenses	(29,632)	-
Net Investment Income	$ 1,637,202	$ 4
Total Additions	$ 2,406,267	$ 4,261
DEDUCTIONS		
Benefits	$ 376,060	$ -
Administrative Expenses	21,803	-
Station Supplies	-	6,471
Total Deductions	$ 397,863	$ 6,471
NET INCREASE/(DECREASE)	$ 2,008,404	$ (2,210)
NET POSITION - JANUARY 1, 2017	11,563,325	8,065
NET POSITION - DECEMBER 31, 2017	$ 13,571,729	$ 5,855

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Palatine Rural Fire Protection District's (the District) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), except for the Pension Plan financial statements which are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the District are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, The Financial Reporting Entity, in that the financial statements include all organizations, activities, and functions that comprise the Fire Protection District. Component units are legally separate entities for which the Fire Protection District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Fire Protection District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Fire Protection District. The Fire Protection District has determined that the Palatine Firefighter's Pension Fund and the Foreign Fire Insurance Fund meet the above criteria. The Palatine Firefighter's Pension Fund and the Foreign Fire Insurance Fund are blended into the Fire Protection District's primary government financial statements as fiduciary funds although they remain separate legal entities. In addition, the Fire Protection District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements - Government-Wide Financial Statements*

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Fire Protection District as either governmental activities or business-type activities. The Fire Protection District's public safety function is classified as a governmental activity. The District does not have any business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis by column, and (b) is reported on the modified cash, economic resource basis which recognizes all long-term assets as well as long-term debt and obligations arising from cash transactions. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, sales taxes, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. *Basic Financial Statements - Fund Accounting*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The following fund types are used by the District:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports these governmental funds and fund types:

<u>Corporate Fund</u> – The Corporate Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The Corporate 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.

<u>Special Revenue Funds</u> – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

<u>Capital Projects Funds</u> – The Capital Improvements Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements

2. Fiduciary Fund Types

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The District’s fiduciary funds are presented in the fiduciary fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (pension participants, developers, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government wide statements.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Modified Cash

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis and the fund financial statements (except the fiduciary fund statements), governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues and expenditures/expenses when they result from cash transactions, with a provision for depreciation in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Fire Protection District utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

2. Accrual

The fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

E. *Deposits and Investments*

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

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. *Inventories*

It is the Fire Protection District’s policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

G. *Interfund Receivables and Payables*

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of 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."

H. *Capital Assets*

Capital assets are recorded as expenditures at the time of purchase. Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., parking lots and similar items), 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 $50,000 for buildings, $15,000 for vehicles, $10,000 for building improvements and $5,000 for machinery, equipment, furniture and fixtures. They must also have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 and Improvements	10-45
Vehicles	7-20
Machinery and Equipment	5-20
Furniture and Fixtures	5-20

I. *Deferred Outflows and Inflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

J. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits under specific circumstances as follows:

Vacation leave must be taken by the end of the calendar year in which it was earned. Vacation time that cannot be used during the calendar year due to a workers' compensation injury shall be carried over to the following year. Employees may carry over up to 24 hours of vacation leave to the next calendar year upon approval of the Fire Chief or his designee. Any other vacation time not used in the calendar year except as noted in this paragraph will be lost.

Employees, or their estate in case of death, shall be compensated for all earned but unused vacation at the time of separation. Employees who have been with the District for less than one year will receive prorated vacation pay at the time of separation. In the event an employee's seniority is terminated for any reason after he has taken vacation time that was not yet fully earned, the District may deduct any vacation benefits that were used but unearned from any final compensation due to the employee.

For those employees who retire in good standing from the District with twenty (20) or more years of service and at age fifty (50) or later, the District shall deposit 85% of their accumulated, uncompensated, and unused sick time dollar value, based on their last day base hourly rate, into the mutually agreed upon post retirement sick leave plan, if such plan exists and is available. The District shall not be required to pay any costs for administration of such Plan, but rather all such costs shall be borne by the employees participating in such Plan.

K. *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 – Modified Cash Basis. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position – Modified Cash Basis. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount.

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

L. *Government-Wide Net Position*

Government-wide net position is divided into three components.

1. Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

3. Unrestricted – the remaining net position is reported in this category.

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.

M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

3. Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The District has not delegated this authority to an appointed body or official. All assigned fund balances are the residual amounts of the fund.

   Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the Corporate Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the Corporate Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the Corporate Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

4. Unassigned – Unassigned fund balance is the residual classification for the Corporate Fund. This classification represents the Corporate Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the Corporate Fund. Unassigned fund balance in the Corporate Fund also includes amounts levied and/or borrowed for working cash.

N. *Property Tax Calendar*

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). Tax bills are prepared by the County and issued on or about February 1, 2018 and August 1, 2018 and are payable in two installments, on or about March 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically. Property taxes for the 2016 levy were received and recognized as revenue in 2017.

O. *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.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

The District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6, and Chapter 40, Act 5/Article 1 – Pensions.

Investments

As of December 31, 2017, the District had the following investments and maturities:

		Investment Maturities (in Years)			
Investment	Fair Value	Less Than 1	1-5	5-10	More Than 10
State Investment Pool	$ 162,484	$ 162,484	$ -	$ -	$ -
First Federal Community Bank	139,697	89,424	50,273	-	-
Federal Home Loan Mortgage	49,319	-	49,319	-	-
Federal National Mortgage	124,509	99,625	24,884	-	-
Federal Home Loan Bank	134,512	24,874	109,638	-	-
Federal Farm Credit Bank	34,567	34,567	-	-	-
Municipal Bonds	41,045	-	41,045	-	-
U.S. Treasuries	24,496	-	24,496	-	-
Certificate of Deposits	391,572	391,572	-	-	-
Totals	$ 1,102,201	$ 802,546	$ 299,655	$ -	$ -

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.

Interest Rate Risk. The District’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The District’s investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of December 31, 2017, the District’s investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poors'
First Federal Community Bank	AA+	Standard and Poors'
Federal Home Loan Mortgage	AA+	Standard and Poors'
Federal National Mortgage	AA+	Standard and Poors'
Federal Home Loan Bank	AA+	Standard and Poors'
Federal Farm Credit Bank	AA+	Standard and Poors'
Municipal Bonds	AA+	Standard and Poors'
U.S. Treasuries	Aaa/AA+	Standard and Poors' / Moody's Investors Service
Certificate of Deposits	NR	

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 institution’s capital stock and surplus.

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 fiduciary funds are held separately from those of other funds.

NOTE 3 - FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using:	
Investments by fair value level	12/31/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
U.S. Treasury Securities	$ 24,496	$ 24,496	$ -
U.S Government Agencies	482,604	-	482,604
Municipal Bonds	41,045	-	41,045
Certificate of Deposits	391,572	-	391,572
Total Debt Securities	$ 939,717	$ 24,496	$ 915,221

The Pension Fund has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using:	
Investments by fair value level	12/31/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
U.S. Treasury Securities	$ 820,325	$ 820,325	$ -
U.S Government Agencies	3,681,319	-	3,681,319
Mortgage Backed Securities	6,646	-	6,646
Municipal Bonds	709,843	-	709,843
Total Debt Securities	$ 5,218,133	$ 820,325	$ 4,397,808
Equity Securities:			
Financial Service Industry	$ 8,197,307	$ 8,197,307	$ -
Total Equity Securities	$ 8,197,307	$ 8,197,307	$ -
Total Investments by Fair Value Level	$ 13,415,440	$ 9,017,632	$ 4,397,808

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 - CAPITAL ASSETS

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

	Balance 1/1/17	Increases	Decreases	Balance 12/31/2017
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 365,000	$ -	$ -	$ 365,000
Total Capital Assets not being depreciated	$ 365,000	$ -	$ -	$ 365,000
Other Capital Assets				
Buildings	$ 1,722,000	$ -	$ -	$ 1,722,000
Land Improvements	121,361	-	-	121,361
Equipment	284,064	30,375	15,921	298,518
Vehicles	1,137,152	-	70,552	1,066,600
Total Other Capital Assets at Historical Cost	$ 3,264,577	$ 30,375	$ 86,473	$ 3,208,479
Less Accumulated Depreciation for:				
Buildings	$ 774,900	$ 43,050	$ -	$ 817,950
Land Improvements	121,361	-	-	121,361
Equipment	226,991	15,341	15,921	226,411
Vehicles	1,010,904	25,248	70,552	965,600
Total Accumulated Depreciation	$ 2,134,156	$ 83,639	$ 86,473	$ 2,131,322
Other Capital Assets, Net	$ 1,130,421	$ (53,264)	$ -	$ 1,077,157
Governmental Activities Capital Assets, Net	$ 1,495,421	$ (53,264)	$ -	$ 1,442,157

Depreciation expense was charged to functions as follows:

Governmental Activities	
Public Safety	$ 83,639
Total Governmental Activities Depreciation Expense	$ 83,639

NOTE 5 - LONG-TERM DEBT

The District entered into a revolving loan agreement dated April 7, 2009 with the Illinois Finance Authority (the Authority). The loan for $250,000 is due to be repaid in $12,500 annual installments on November 1 through 2029 with no interest being charged. The Authority has a lien on the purchased fire truck as security and has a state revenue intercept to guarantee payment.

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

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017	Amounts Due Within One Year
Governmental Activities					
Series 2009 Fire Protection Revolving Loan Payable	$ 162,500	$ -	$ 12,500	$ 150,000	$ 12,500
Total Long-Term Obligations	$ 162,500	$ -	$ 12,500	$ 150,000	$ 12,500

The annual requirements to retire the notes payable as of December 31, 2017 are as follows:

Year Ending December 31	Principal	Interest	Total
2018	$ 12,500	$ -	$ 12,500
2019	12,500	-	12,500
2020	12,500	-	12,500
2021	12,500	-	12,500
2022	12,500	-	12,500
2023-2027	62,500	-	62,500
2028-2029	25,000	-	25,000
	$ 150,000	$ -	$ 150,000

NOTE 6 - PROPERTY TAXES

A summary of assessed valuations, rates, and extensions for tax years 2016, 2015, and 2014 is as follows:

COOK COUNTY

	2016		2015		2014	
Assessed Valuation	$422,253,933		$360,823,009		$368,756,189	
	Rate	Extension	Rate	Extension	Rate	Extension
Corporate Fund	0.3415	$ 1,441,997	0.3689	$ 1,331,069	0.3570	$ 1,316,337
Ambulance Fund	0.3415	1,441,997	0.3689	1,331,069	0.3570	1,316,337
IMRF/Social Security	0.0122	51,515	0.0130	47,024	0.0125	46,254
Audit	0.0029	12,246	0.0028	10,023	0.0028	10,248
Liability Insurance	0.1561	659,138	0.1136	409,768	0.1095	403,774
Emergency and Rescue	0.0556	234,773	0.0555	200,154	0.0496	182,731
Pension	0.1000	422,254	0.1016	366,532	0.0984	362,777
Pension - noncapped	0.0634	267,709	0.0685	247,200	0.0547	201,880
	1.0732	$ 4,531,629	1.0928	$ 3,942,839	1.0415	$ 3,840,338

NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

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

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired ***before*** January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired ***on or after*** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2016, the measurement date, the District's membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Inactive plan members entitled to, but not yet receiving, benefits	-
Active plan members	1
Total	1

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 9.04%. For the fiscal year ended December 31, 2017, the District contributed $7,114 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2016, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	$	359,833
IMRF Fiduciary Net Position		314,135
District's Net Pension Liability		45,698
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		87.30%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplemental Information following the notes to the financial statements for additional information related to the funded status of the plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions.

Assumptions	
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Interest Rate	7.50%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Target Allocation	Projected Return
Equities	38.0%	6.85%
International Equities	17.0%	6.75%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	5.75%
Alternatives	9.0%	
Private Equity		7.35%
Hedge Funds		5.25%
Commodities		2.65%
Cash	1.0%	2.25%
	100.0%	

Single Discount Rate

The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this discount rate, the expected rate of return on plan investments is 7.50%; the municipal bond rate is 3.78%; and resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2015	$ 315,680	$ 283,577	$ 32,103
Changes for the year:			
Service Cost	$ 7,465	$ -	$ 7,465
Interest on the Total Pension Liability	23,892	-	23,892
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	14,050	-	14,050
Changes of Assumptions	(1,254)	-	(1,254)
Contributions - Employer	-	7,011	(7,011)
Contributions - Employee	-	3,489	(3,489)
Net Investment Income	-	20,097	(20,097)
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Other (Net Transfer)	-	(39)	39
Net Changes	$ 44,153	$ 30,558	$ 13,595
Balances at December 31, 2016	$ 359,833	$ 314,135	$ 45,698

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	$ 113,502	$ 45,698	$ (9,863)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the District's pension expense is $12,185. At December 31, 2017, the District's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

Expense in Future Periods	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	$ 12,784	$ (9,226)	$ 3,558
Changes of Assumptions	6,151	(1,141)	5,010
Net difference between projected and actual earnings on pension plan investments	14,819	-	14,819
Total deferred amounts to be recognized in pension expense in future periods	$ 33,754	$ (10,367)	$ 23,387
Pension contributions made subsequent to the measurement date	7,114	-	7,114
Total deferred amounts related to pensions	$ 40,868	$ (10,367)	$ 30,501

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2017	$ 5,939
2018	5,941
2019	5,177
2020	1,162
2021	850
Thereafter	4,318
	$ 23,387

NOTE 8 - FIREFIGHTERS' PENSION PLAN

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Plan) 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.

Plan Administration

Fire sworn personnel are covered by the Firefighters' Pension Plan (Plan) which is a defined benefit single- employer pension plan administered by the Firefighters' Pension Fund Board. Separately audited GAAP financial statements are not issued by the Pension Fund Board. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes 40 ILCS 5/4-100, et seq. (2001) and may be amended only by the Illinois legislature. The District accounts for the Plan as a pension trust fund.

The Plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the District's President, one member is elected by the pension beneficiaries, and two members are elected by the active firefighter employees.

Benefits Provided

The 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 1/2 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. 1/2% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Plan Membership

At December 31, 2017, the measurement date, membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	17
	31

Contributions

Covered employees are required to contribute 9.455% of their base salary to the 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 Plan. For the year ended December 31, 2017 the District's contribution was 41.01% of covered payroll.

Net Pension Liability

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

Total Pension Liability	$ 17,053,023
Plan Fiduciary Net Position	13,571,729
District's Net Pension Liability	3,481,294
Fiduciary Net Position as a Percentage of the Total Pension Liability	80%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplemental Information following the notes to the financial statements for additional information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	January 01, 2017
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50%
Interest	6.50%
Cost of living adjustments	2.50%
Asset valuation method	Market

Retiree mortality follows the L&A assumption study for firefighters 2016. These rates are experience weighted with the Raw Rates as developed in the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.

Investment Policy and Long-Term Expected Rate of Return

The Plan's investment policy authorizes the Plan 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 funds, 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 Plan's investment policy does limit their 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 Plan will not invest in any institution in which the Plan's investments are in excess of 75% of the institution's capital stock and surplus.

It is the policy of the Plan 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 Plan 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 Plan's investment policy, in accordance with ILCS, establishes the following target allocation across assets classes:

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectation	Long-Term Expected Real Rate of Return	Target Allocation
Large Cap Domestic Equity	9.40%	2.74%	6.66%	42.00%
Small Cap Domestic Equity	11.40%	2.74%	8.66%	12.00%
International Equity	9.30%	2.74%	6.56%	6.00%
Fixed Income	4.40%	2.74%	1.66%	40.00%

ILCS limit the Plan's investments in equities, mutual funds, and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant, 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 Plan's target asset allocation as of December 31, 2017 are listed in the table above.

Discount Rate

The discount rate used to measure the total pension liability was 6.33% in 2016 and 6.50% in 2017. It is based upon a combination of the long-term expected rate of return on plan investments and the municipal bond rate. To the extent future benefit payments are covered by the Plan's projected net position, the expected rate of return on Plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the Plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments. The rejection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to liability associated with those payments. 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon those assumptions, the Plan'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 blended with the municipal bond rate and applied to all periods of projected benefit payments to determine the total pension liability.

The municipal bond rate was 3.78% in 2016 and 3.44% in 2017. It is based on The Bond Buyer 20-Bond GO Index. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Discount Rate Sensitivity

The following is a sensitive 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 6.50% as well as what the pension liability would be if it were calculated using a discount rate the is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	$ 6,477,811	$ 3,481,294	$ 1,095,272

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the District's pension expense is $628,091. At December 31, 2017, the District's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

Expense in Future Periods	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	$ -	$ (211,770)	$ (211,770)
Assumption changes	-	(2,239,818)	(2,239,818)
Net difference between projected and actual earnings on pension investments	234,844	(734,892)	(500,048)
Total deferred amounts to be recognized in pension expense in future periods	$ 234,844	$ (3,186,480)	$ (2,951,636)
Pension contributions made subsequent to the measurement date	-	-	-
Total deferred amounts related to pensions	$ 234,844	$ (3,186,480)	$ (2,951,636)

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2018	$ (497,758)
2019	(497,760)
2020	(615,178)
2021	(603,116)
2022	(428,441)
Thereafter	(309,383)
	$ (2,951,636)

Concentrations

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

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 13.84%. 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 Plan's deposits may not be returned to it. The Plan'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 Plan 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.

Interest Rate Risk

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

		Investment Maturities (in Years)			
Investment	Fair Value	Less Than 1	1-5	5-10	More Than 10
U.S Treasuries	$ 820,325	$ 141,497	$ 453,398	$ 225,430	$ -
First Federal Community Bank	467,246	-	150,646	213,183	103,417
Federal Home Loan Mortgage	49,545	-	49,545	-	-
Federal National Mortgage	74,522	-	49,209	25,313	-
Federal Home Loan Bank	2,425,776	149,840	544,945	1,620,106	110,885
Federal Farm Credit Bank	603,572	-	-	503,522	100,050
Tennessee Value Line	60,658	-	-	60,658	-
Municipal Bonds	709,843	50,078	428,086	231,679	-
Mutual Funds	8,197,307	8,197,307	-	-	-
Mortgage Pools	6,646	6,646	-	-	-
Totals	$ 13,415,440	$ 8,545,368	$ 1,675,829	$ 2,879,891	$ 314,352

In accordance with its investment policy, the Plan 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.

Credit Risk

The Plan 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 U.S. Government securities and agency securities, and state and local bonds. The securities have the following ratings:

Investment	Credit Rating	Rating Source
First Federal Community Bank	AA+	Standard and Poors'
Federal Home Loan Mortgage	AA+	Standard and Poors'
Federal National Mortgage	AA+	Standard and Poors'
Federal Home Loan Bank	AA+	Standard and Poors'
Federal Farm Credit Bank	AA+	Standard and Poors'
Tennessee Value Line	NR	Standard and Poors'
Municipal Bonds	AA+/AAA/AA Aaa/A1/Aa1/Aa2/Aa3	Standard and Poors' / Moody's Investors Service

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 Plan will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Plan 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 Plan's agent separate from where the investment was purchased in the Plan's name. Money market mutual funds and mutual funds are not subject to custodial credit risk. The Plan, however, is exposed to custodial credit risk as the broker also serves as the custodian.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described in the previous notes, the District provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (Plan) who meet certain criteria. All employees who work for the District and receive a pension from the District through IMRF or a Fire Pension may continue coverage into retirement if they pay the entire premium. Coverage may continue when Medicare eligibility is reached. Coverage for dependents can also continue upon death of the retiree given that contributions continue. Firefighters that suffer a catastrophic injury or are killed in service receive free lifetime coverage for the employee, their spouse, and each dependent child under the Public Safety Employee Benefits Act. The Plan does not issue a stand-alone financial report. 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 activity of the Plan is reported in the District's governmental activities.

Membership

At December 31, 2016, membership consisted of:

Actives not yet fully eligible to retire	17
Actives fully eligible to retire	1
Retirees	2
Total	20
Participating Employers	1

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.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the District’s annual OPEB cost for the year, the estimated amount contributed to the plan, and the changes in the District’s net OPEB obligation to the plan:

Annual OPEB Cost and Net OPEB Obligation		
Annual Required Contribution	$	19,816
Interest on Net OPEB Obligation		3,101
Adjustment to Annual Required Contribution		(2,449)
Annual OPEB Cost	$	20,468
Estimated Employer Contributions (Payments)		(16,113)
Change in Net OPEB Obligation	$	4,355
Net OPEB Obligation – Beginning of the Year		77,528
Net OPEB Obligation – End of the Year	$	81,883
Annual OPEB Cost (Income Statement charge)	$	20,468
Percentage of Annual OPEB Cost Contributed		79%
Net OPEB Obligation at End of the Year	$	81,883

The District's annual OPEB cost, percentage of annual OPEB cost contributed, 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, 2017	$ 20,468	$ 16,123	78.70%	$ 81,883
December 31, 2016	19,544	15,493	79.00%	77,528
December 31, 2015	23,573	7,962	33.78%	73,477

Funded Status and Funding Progress

The funded status of the Plan as of January 1, 2017 (most recent information available) was as follows:

Funded Status		
Actuarial Accrued Liability (AAL)	$	337,631
Actuarial Value of Assets (AVA)		-
Unfunded Actuarial Accrued Liability (UAAL)	$	337,631
Funded Ratio (Assets as a percentage of AAL)		0%
Annual Covered Payroll	$	1,547,432
UAAL as a Percentage of Covered Payroll		22%

Actuarial Assumptions and Methods

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 Supplemental 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.

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.

The following includes actuarial assumptions and methods:

Measurement Date	January 01, 2016	
Data Collection Date	April 2017	
Fiscal Year	January 1 - December 31	
Actuarial Cost Method	Entry Age Normal (Alternative Measurement Method)	
Discount Rate	4.00%	
Salary Rate increase	4.00%	
Expected Rate of Return	Not Applicable	
Heath Care Trend	Period	Medical Plans
	FY16-FY17	11.00%
	FY17-FY18	10.33%
	FY18-FY19	9.67%
	FY19-FY20	9.00%
	FY20-FY21	8.33%
	FY21-FY22	7.67%
	FY22-FY23	7.00%
	FY23-FY24	6.33%
	FY24-FY25	5.67%
	FY25-FY26	5.00%
	Subsequent	5.00%
Retiree Contribution	Same as Health Care Trend	
Mortality	RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2016 using Scale AA.	

NOTE 10 - 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. Employee health risk is covered by commercial insurance purchased from independent third parties.

The District participates in the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool whose members are Illinois governments. MICA manages and funds first-party property losses, third-party liability claims, workers' compensation claims, and public officials' liability claims of its members/participants. MICA provides $13,200,000 (all sections of coverage combined) of coverage with a $1,000 deductible. The District's payments to MICA are displayed on the financial statements as expenditures/expenses in appropriate funds.

NOTE 11 - SIGNIFICANT CONTRACTS

The District entered into a contractual agreement with the Village of Palatine (Village) on March 10, 2014. The purpose of the contract is to provide efficient and effective fire protection and emergency services to certain territory that has been annexed to the Village and that remains in the District. The Village shall provide first responder fire and EMS services to all of unincorporated Cook County located within the current boundaries of the District. As consideration for the Village's services the District shall pay a portion of property tax receipts from unincorporated Cook County. Amounts owed shall be paid in two annual installments, the first on June 15th and the second on December 15th each year. The contract runs through March 10, 2024. The amount paid to the Village for these services totaled $649,760 during fiscal year 2017.

NOTE 12 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 19, 2018, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PALATINE RURAL FIRE PROTECTION DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, 2017

	12/31/2016	12/31/2015	12/31/2014
TOTAL PENSION LIABILITY			
Service Cost	$ 7,465	$ 7,386	$ 7,753
Interest on the Total Pension Liability	23,892	22,268	19,919
Differences Between Expected and Actual Experience	14,050	(8,322)	(3,172)
Changes of Assumptions	(1,254)	1,138	7,001
Net Change in Total Pension Liability	$ 44,153	$ 22,470	$ 31,501
Total Pension Liability - Beginning	315,680	293,210	261,709
Total Pension Liability - Ending	$ 359,833	$ 315,680	$ 293,210
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	$ 7,011	$ 6,613	$ 6,345
Contributions - Member	3,489	3,227	3,212
Net Investment Income	20,097	1,489	16,555
Other (Net Transfers)	(39)	(20,688)	213
Net Change in Plan Fiduciary Net Position	$ 30,558	$ (9,359)	$ 26,325
Plan Net Position - Beginning	283,577	292,936	266,611
Plan Net Position - Ending	$ 314,135	$ 283,577	$ 292,936
District's Net Pension Liability	$ 45,698	$ 32,103	$ 274
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.30%	89.83%	99.91%
Covered-Valuation Payroll	$ 77,539	$ 71,717	$ 71,371
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	58.94%	44.76%	0.38%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

PALATINE RURAL FIRE PROTECTION DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
AS OF DECEMBER 31, 2017

	12/31/2016 *	12/31/2015 *	12/31/2014 *
Actuarially-Determined Contribution	$ 7,010	$ 6,612	$ 6,345
Contributions in relation to Actuarially-Determined Contribution	7,011	6,613	6,345
Contribution deficiency/(excess)	$ (1)	$ (1)	$ -
Covered-Valuation Payroll	$ 77,539	$ 71,717	$ 71,371
Contributions as a percentage of Covered-Valuation Payroll	9.04%	9.22%	8.89%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2016 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 27-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.5%

Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.75% to 14.50%, including inflation

Investment Rate of Return: 7.50%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality: RP-2014 Blue Collar Healthy Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

PALATINE RURAL FIRE PROTECTION DISTRICT
FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, 2017

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
TOTAL PENSION LIABILITY				
Service Cost	$ 481,282	$ 452,631	$ 513,123	$ 836,115
Interest	1,026,556	986,298	1,051,142	770,860
Differences Between Expected and Actual Experience	(22,558)	(58,291)	(228,823)	-
Changes in Assumptions	(461,538)	(383,151)	(2,383,726)	-
Benefit Payments, Including Refunds of Member Contributions	(376,060)	(346,944)	(247,039)	(134,237)
Net Change in Total Pension Liability	$ 647,682	$ 650,543	$ (1,295,323)	$ 1,472,738
Total Pension Liability - Beginning	16,405,341	15,754,798	17,050,121	15,577,383
Total Pension Liability - Ending	$ 17,053,023	$ 16,405,341	$ 15,754,798	$ 17,050,121
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	$ 628,091	$ 606,363	$ 554,905	$ 487,385
Contributions - Member	140,973	179,078	162,429	169,316
Net Investment Income	1,637,202	750,320	70,754	563,042
Benefit Payments, Including Refunds of Member Contributions	(376,060)	(346,944)	(247,039)	(134,237)
Administrative Expenses	(21,802)	(38,975)	(22,511)	(33,035)
Prior Period Audit Adjustment	(2,195)	-	-	-
Net Change in Plan Fiduciary Net Position	$ 2,006,209	$ 1,149,842	$ 518,538	$ 1,052,471
Plan Net Position - Beginning	11,565,520	10,415,678	9,897,139	8,844,667
Plan Net Position - Ending	$ 13,571,729	$ 11,565,520	$ 10,415,677	$ 9,897,138
District's Net Pension Liability	$ 3,481,294	$ 4,839,821	$ 5,339,121	$ 7,152,983
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80%	70%	66%	58%
Covered-Employee Payroll	$ 1,531,660	$ 1,479,865	$ 1,717,198	$ 1,845,432
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	227%	327%	311%	388%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

PALATINE RURAL FIRE PROTECTION DISTRICT
FIREFIGHTERS' PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
AS OF DECEMBER 31, 2017

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Actuarially-Determined Contribution	$ 586,864	$ 606,400	$ 558,023	$ 481,827
Contributions in relation to Actuarially-Determined Contribution	628,091	606,363	554,905	487,385
Contribution deficiency/(excess)	$ (41,227)	$ 37	$ 3,118	$ (5,558)
Covered-Employee Payroll	$ 1,531,660	$ 1,479,865	$ 1,717,198	$ 1,845,432
Contributions as a percentage of Covered-Employee Payroll	41%	41%	32%	26%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2017 Contribution Rate
Actuarially determined contribution rates are calculated as of January 1 of the prior fiscal year

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: To be 100% funded by 2040

Asset Valuation Method: Market

Wage Growth: 3.5%

Price Inflation: 2.5%

Salary Increases: 4.00% to 12.02%

Investment Rate of Return: 6.50%

Retirement Age: L&A 2017 Illinois Firefighters Retirement Rates Capped at age 65

Mortality: L&A 2016 Illinois Firefighters Mortality Rate Table

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

PALATINE RURAL FIRE PROTECTION DISTRICT
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2017

Actuarial Valuation Date January 1	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry - Age	Funded Ratio	Unfunded (Overfunded)	Covered Payroll	UAAL (OAAL) as a Percentage of Covered Payroll
2016	$ -	$ 337,631	0%	$ 337,631	$ 1,547,432	22%
2013	-	215,420	0%	215,420	1,854,381	12%
2010	-	142,147	0%	142,147	1,755,365	8%

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
CORPORATE FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES		
Property Taxes	$ 1,957,683	$ 1,877,697
Personal Property Replacement Tax	15,000	20,598
Investment Income	8,693	7,224
Miscellaneous Income	15,900	5,379
TOTAL REVENUES	$ 1,997,276	$ 1,910,898
EXPENDITURES		
Current		
Personnel		
Compensation and Salaries	$ 743,033	$ 733,930
Employee Benefits	223,693	179,831
Administrative	58,001	36,112
Firefighters Pension	610,645	628,091
	$ 1,635,372	$ 1,577,964
Commodities		
Repairs and Maintenance	$ 60,950	$ 41,548
	$ 60,950	$ 41,548
Contractual		
Professional Services	$ 383,288	$ 369,436
Buildings and Grounds	21,618	9,911
	$ 404,906	$ 379,347
TOTAL EXPENDITURES	$ 2,101,228	$ 1,998,859
NET CHANGE IN FUND BALANCE	$ (103,952)	$ (87,961)
FUND BALANCE - JANUARY 1, 2017	753,615	753,615
FUND BALANCE - DECEMBER 31, 2017	$ 649,663	$ 665,654

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - AMBULANCE FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES		
Property Taxes	$ 1,340,386	$ 1,249,605
Personal Property Replacement Tax	15,000	20,598
Charges for Services	190,000	199,771
Investment Income	8,693	9,915
Miscellaneous Income	250	5,380
TOTAL REVENUES	$ 1,554,329	$ 1,485,269
EXPENDITURES		
Current		
Personnel		
Compensation and Salaries	$ 743,033	$ 733,929
Employee Benefits	223,693	179,832
Administrative	58,001	40,021
	$ 1,024,727	$ 953,782
Commodities		
Repairs and Maintenance	$ 60,950	$ 41,548
	$ 60,950	$ 41,548
Contractual		
Professional Services	$ 383,288	$ 388,047
Buildings and Grounds	16,868	12,635
	$ 400,156	$ 400,682
TOTAL EXPENDITURES	$ 1,485,833	$ 1,396,012
NET CHANGE IN FUND BALANCE	$ 68,496	$ 89,257
FUND BALANCE - JANUARY 1, 2017	562,485	562,485
FUND BALANCE - DECEMBER 31, 2017	$ 630,981	$ 651,742

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LIABILITY INSURANCE FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES		
Property Taxes	$ 412,636	$ 571,196
Investment Income	133	-
TOTAL REVENUES	$ 412,769	$ 571,196
EXPENDITURES		
Current		
Personnel		
Personal Salaries	$ 97,700	$ 96,595
Liability and Workers' Compensation Insurance	255,000	231,199
Tort Legal Fees	10,000	8,033
	$ 362,700	$ 335,827
Capital Outlay		
Public Safety	$ 18,240	$ 2,686
	$ 18,240	$ 2,686
TOTAL EXPENDITURES	$ 380,940	$ 338,513
NET CHANGE IN FUND BALANCE	$ 31,829	$ 232,683
FUND BALANCE - JANUARY 1, 2017	319,388	319,388
FUND BALANCE - DECEMBER 31, 2017	$ 351,217	$ 552,071

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - NON-MAJOR FUNDS
AS OF DECEMBER 31, 2017

	Special Revenue Funds				
	Audit	Emergency and Rescue	IMRF/ Social Security/ Medicare	Capital Improvements	Non-Major Funds Total
ASSETS					
Cash and Cash Equivalents	$ 11,126	$ 62,530	$ 21,243	$ 57,184	$ 152,083
Investments	8,706	48,932	16,624	44,750	119,012
Total Assets	$ 19,832	$ 111,462	$ 37,867	$ 101,934	$ 271,095
LIABILITIES					
Total Liabilities	$ -	$ -	$ -	$ -	$ -
FUND BALANCES					
Restricted					
Emergency and Rescue	$ -	$ 111,462	$ -	$ -	$ 111,462
Audit	19,832	-	-	-	19,832
Retirement	-	-	37,867	-	37,867
Assigned					
Capital Improvement Projects	-	-	-	101,934	101,934
Total Fund Balances	$ 19,832	$ 111,462	$ 37,867	$ 101,934	$ 271,095
Total Liabilities and Fund Balances	$ 19,832	$ 111,462	$ 37,867	$ 101,934	$ 271,095

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				
	Audit	Emergency and Rescue	IMRF/ Social Security/ Medicare	Capital Improvements	Non-Major Funds Total
REVENUES					
Property Taxes	$ 10,612	$ 203,450	$ 44,642	$ -	$ 258,704
TOTAL REVENUES	$ 10,612	$ 203,450	$ 44,642	$ -	$ 258,704
EXPENDITURES					
Current					
Personnel					
Compensation and Salaries	$ -	$ 141,918	$ -	$ -	$ 141,918
Employee Benefits	-	-	36,010	-	36,010
	$ -	$ 141,918	$ 36,010	$ -	$ 177,928
Contractual					
Professional Services	$ 7,900	$ -	$ -	$ -	$ 7,900
	$ 7,900	$ -	$ -	$ -	$ 7,900
Capital Outlay					
Capital Building and Equipment	$ -	$ -	$ -	$ 34,530	$ 34,530
	$ -	$ -	$ -	$ 34,530	$ 34,530
Debt Service					
Principal Payments on Long-Term Debt	$ -	$ -	$ -	$ 12,500	$ 12,500
	$ -	$ -	$ -	$ 12,500	$ 12,500
TOTAL EXPENDITURES	$ 7,900	$ 141,918	$ 36,010	$ 47,030	$ 232,858
NET CHANGE IN FUND BALANCE	$ 2,712	$ 61,532	$ 8,632	$ (47,030)	$ 25,846
FUND BALANCE - JANUARY 1, 2017	17,120	49,930	29,235	148,964	245,249
FUND BALANCE - DECEMBER 31, 2017	$ 19,832	$ 111,462	$ 37,867	$ 101,934	$ 271,095

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - AUDIT FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES		
Property Taxes	$ 10,093	$ 10,612
TOTAL REVENUES	$ 10,093	$ 10,612
EXPENDITURES		
Current		
Contractual		
Audit	$ 9,000	$ 7,900
	$ 9,000	$ 7,900
TOTAL EXPENDITURES	$ 9,000	$ 7,900
NET CHANGE IN FUND BALANCE	$ 1,093	$ 2,712
FUND BALANCE - JANUARY 1, 2017	17,120	17,120
FUND BALANCE - DECEMBER 31, 2017	$ 18,213	$ 19,832

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - EMERGENCY AND RESCUE FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES		
Property Taxes	$ 200,154	$ 203,450
TOTAL REVENUES	$ 200,154	$ 203,450
EXPENDITURES		
Current		
Personnel		
Rescue Salaries	$ 138,445	$ 141,918
	$ 138,445	$ 141,918
Capital Outlay		
Capital Building and Equipment	$ 1,000	$ -
	$ 1,000	$ -
TOTAL EXPENDITURES	$ 139,445	$ 141,918
NET CHANGE IN FUND BALANCE	$ 60,709	$ 61,532
FUND BALANCE - JANUARY 1, 2017	49,930	49,930
FUND BALANCE - DECEMBER 31, 2017	$ 110,639	$ 111,462

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - IMRF/SOCIAL SECURITY/MEDICARE FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES		
Property Taxes	$ 46,624	$ 44,642
TOTAL REVENUES	$ 46,624	$ 44,642
EXPENDITURES		
Current		
Personnel		
Contributions - IMRF	$ 6,923	$ 7,068
Contributions - FICA	28,678	28,942
	$ 35,601	$ 36,010
TOTAL EXPENDITURES	$ 35,601	$ 36,010
NET CHANGE IN FUND BALANCE	$ 11,023	$ 8,632
FUND BALANCE - JANUARY 1, 2017	29,235	29,235
FUND BALANCE - DECEMBER 31, 2017	$ 40,258	$ 37,867

See Accompanying Independent Auditor's Report

PALATINE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL
REVENUES	$ -	$ -
EXPENDITURES		
Capital Outlay		
Capital Building and Equipment	$ 37,000	$ 34,530
	$ 37,000	$ 34,530
Debt Service	$ 12,500	$ 12,500
	$ 12,500	$ 12,500
TOTAL EXPENDITURES	$ 49,500	$ 47,030
NET CHANGE IN FUND BALANCE	$ (49,500)	$ (47,030)
FUND BALANCE - JANUARY 1, 2017	148,964	148,964
FUND BALANCE - DECEMBER 31, 2017	$ 99,464	$ 101,934

See Accompanying Independent Auditor's Report

APPROPRIATIONS

Appropriated amounts used for comparison in this report are obtained from the Annual Budget and Appropriation Ordinance for the District. The appropriated amounts included in the financial statements are the final adopted appropriations, which was passed on November 14, 2016. All funds of the District are appropriated for annually. Appropriations are prepared on the modified cash basis of accounting. Appropriations lapse at year end. No amendments or supplementary appropriations were adopted during the current fiscal year.

For the year ended December 31, 2017, the following governmental funds had expenditures that exceeded the budget.

Fund	Budget	Actual	Excess of Actual Over Budget
Emergency and Rescue Fund	$ 139,445	$ 141,918	$ 2,473
IMRF/Social Security/Medicare Fund	35,601	36,010	409