

**LEMONT  
FIRE PROTECTION DISTRICT  
LEMONT, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
December 31, 2016

# LEMONT FIRE PROTECTION DISTRICT

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December 31, 2016

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**LEMONT FIRE PROTECTION DISTRICT**

**PRINCIPAL OFFICIALS**

December 31, 2016

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Board of Trustees

Victoria Cobbett, President

Glenn Bergmark, Secretary

Keith Latz, Treasurer

Michael Kasperski, Trustee

William Ward, Trustee

Administration

George Rimbo, Chief

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
Lemont Fire Protection District

We have audited accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lemont Fire Protection District as of and for the year ended December 31, 2016, which collectively comprise the Lemont Fire Protection District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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## **Auditor's Responsibility (Continued)**

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

### **Opinions**

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lemont Fire Protection District as of December 31, 2016 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

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

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lemont Fire Protection District's basic financial statements. The combining individual fund financial statements and the financial information listed as schedules and supplemental data in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, the schedules, and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or

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Other Information (Continued)

to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Karrin LLC

Naperville, Illinois  
June 13, 2017

# Lemont Fire Protection District

## Management's Discussion and Analysis For the Year Ended December 31, 2016

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As the management of Lemont Fire Protection District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

The discussion and analysis is designed to: (1) assist the readers in focusing on significant financial issues, (2) provide an overview of the District's financial activities, (3) identify changes in the District's financial position (its ability to address the next and subsequent years challenges), (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

Historically, the primary focus of local government financial statements has been summarized funds types on a current financial resource basis. Due to the requirement of Government Accounting Standards Board Statement No. 34, beginning in 2003 this approach was modified so that now the District's financial statements present two kinds of statements, each with a different snapshot of the District's finances. The focus of the new financial statements are on both the District as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the District's accountability.

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

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements.

### Financial Highlights

The District's total liabilities/deferred inflows exceeded its total assets at the close of the most recent year by \$(7,605,039), which includes \$5,178,343 invested in capital assets (net of related debt of \$970,000).

The District's total net position decreased by \$(2,082,555) resulting in ending net position of \$(7,605,039). Property taxes collected were \$9,468,678, compared to the prior year of \$8,794,657.

At December 31, 2016 the District's governmental funds reported combined ending fund balances of \$2,444,582, a decrease of \$2,020,251 from the prior year. Of this amount the general and ambulance funds had a combined ending fund balance of \$936,079 (unassigned), tort liability fund had an ending balance of \$(155,161) special revenue funds had an ending balance of \$67,412, capital projects fund had an ending fund balance of \$1,596,252, and the Debt Service Fund had an ending fund balance of \$19,701.

(See independent auditors report.)



# **Lemont Fire Protection District**

Management's Discussion and Analysis For  
the Year Ended December 31, 2016

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## **Overview of the Financial Statements**

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

## **Government-wide Financial Statements**

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

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

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

The government-wide financial statement distinguishes District functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities reflected the District's basic services including fire, ambulance and other administrative functions.

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

(See independent auditor's report)

# **Lemont Fire Protection District**

Management's Discussion and Analysis  
For the Year Ended December 31, 2016

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## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other units of government, uses fund accounting to ensure compliance with finance-related legal requirements. All of the District's funds are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. All of the District's services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for use. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between government funds and government activities.

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

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

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

## **Other Information**

In addition to these basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligations to provide pension benefits to its employees. This information can be found beginning on page 50 of this report.

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

(See independent auditors report.)

# Lemont Fire Protection District

Management's Discussion and Analysis For the  
Year Ended December 31, 2016

## Financial Analysis of the District's Funds

### Changes in Fund Balance - Governmental Funds

Governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$2,444,582. Of this year-end total, the general and ambulance funds reported a fund balance of \$936,079. The remaining \$1,508,503 is restricted, assigned or unrestricted.

The following is a summary of changes in fund balances for the year ended December 31, 2015:

<i>Governmental Funds</i>	<i>Fund Balance Dec. 31, 2015</i>	<i>Increase (Decrease)</i>	<i>Fund Balance Dec. 31, 2016</i>
<i>General Fund</i>	\$ 398,477	\$ (478,547)	\$ (80,070)
<i>Ambulance Fund</i>	946,954	69,195	1,016,149
<i>Tort Liability Fund</i>	(149,045)	(6,116)	(155,161)
<i>Capital Projects Fund</i>	3,184,771	(1,588,519)	1,596,252
<i>Other Governmental Funds</i>	<u>83,676</u>	<u>(16,264)</u>	<u>67,412</u>
	<u>\$ 4,464,833</u>	<u>\$ (2,020,251)</u>	<u>\$ 2,444,582</u>

### Major Governmental Funds - Annual Budget

The District reports the Corporate Fund, Ambulance Fund, Tort Liability Fund and Capital Projects Fund are major governmental funds. More detailed information on the budget process can be found on page 60 of the financial statements.

### Economic Factors in Next Year's Budget and Rates

The District continues to experience an eroding tax rate imposed by the Property Tax Extension Limitation Law (PTELL), which, in general, limits the amount of taxes to be extended to the lesser of 5% or the percentage increase in the consumer price index for the year preceding the levy.

### Contacting the District's Financial Management

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

(See independent auditors report)

# LEMONT FIRE PROTECTION DISTRICT

## STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 2,773,095
Receivables	
Property taxes	8,164,442
Other	11,924
Service fees	225,320
Capital assets not being depreciated	300,000
Capital assets (net of accumulated depreciation)	<u>6,604,867</u>
Total assets	<u>18,079,648</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension items	<u>179,297</u>
Total assets and deferred outflows of resources	<u>18,258,945</u>
<b>LIABILITIES</b>	
Accounts payable	329,719
Accrued payroll	236,038
Long-term liabilities	
Due within one year	498,868
Due in more than one year	<u>16,634,917</u>
Total liabilities	<u>17,699,542</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable property taxes	<u>8,164,442</u>
Total liabilities and deferred inflows of resources	<u>25,863,984</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,178,343
Restricted for special revenue funds	908,699
Restricted for debt service	19,701
Restricted for capital projects	1,596,252
Unrestricted	<u>(15,308,034)</u>
Total net position	<u>\$ (7,605,039)</u>

See accompanying notes to financial statements.

LEMONT FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public safety	\$ 12,751,698	\$ 884,575	\$ 18,068	\$ -	\$ (11,849,055)
Total	\$ 12,751,698	\$ 884,575	\$ 18,068	\$ -	(11,849,055)
General Revenues					
Taxes					9,693,159
Investment income					32,752
Miscellaneous					40,589
Total					9,766,500
Change in Net Position					(2,082,555)
Net Position - January 1					(5,522,484)
Net Position - December 31					\$ (7,605,039)

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT**  
GOVERNMENTAL FUNDS

**BALANCE SHEET**

December 31, 2016

	ASSETS							
	General	Ambulance	Tort Liability	Capital Projects	Nonmajor	Total		
<b>Assets</b>								
Cash and investments	\$ 79,239	\$ 776,292	\$ (14,980)	\$ 1,849,955	\$ 82,589	\$ 2,773,095		
Receivables								
Property taxes	3,547,808	3,264,481	1,154,032	-	198,121	8,164,442		
Other	11,924	-	-	-	-	11,924		
Service fees	-	225,320	-	-	-	225,320		
Due from other funds	210,270	158,963	42,700	-	23,784	435,717		
<b>Total assets</b>	<b>3,849,241</b>	<b>4,425,056</b>	<b>1,181,752</b>	<b>1,849,955</b>	<b>304,494</b>	<b>11,610,498</b>		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	39,805	23,672	12,539	253,703	-	329,719		
Accrued payroll	115,284	120,754	-	-	-	236,038		
Due to other funds	226,414	-	170,342	-	38,961	435,717		
<b>Total liabilities</b>	<b>381,503</b>	<b>144,426</b>	<b>182,881</b>	<b>253,703</b>	<b>38,961</b>	<b>1,001,474</b>		
<b>Deferred Inflows of Resources</b>								
Unavailable property taxes	3,547,808	3,264,481	1,154,032	-	198,121	8,164,442		
<b>Fund Balances</b>								
Restricted for special revenue funds	-	1,016,149	(155,161)	-	47,711	908,699		
Restricted for debt service	-	-	-	-	19,701	19,701		
Restricted for capital projects	-	-	-	1,596,252	-	1,596,252		
Unrestricted - unassigned	(80,070)	-	-	-	-	(80,070)		
<b>Total fund balances</b>	<b>(80,070)</b>	<b>1,016,149</b>	<b>(155,161)</b>	<b>1,596,252</b>	<b>67,412</b>	<b>2,444,582</b>		
<b>Total liabilities and fund balances</b>	<b>\$ 3,849,241</b>	<b>\$ 4,425,056</b>	<b>\$ 1,181,752</b>	<b>\$ 1,849,955</b>	<b>\$ 304,494</b>	<b>\$ 11,610,498</b>		

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT**

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

For the Year Ended December 31, 2016

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Fund balances of governmental funds	\$ 2,444,582
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	5,907,131
Deferred outflows of resources	179,297
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:	
Notes payable	(970,000)
Compensated absences payable	(2,901,431)
Loan payable	(756,524)
Other postemployment benefits obligation	(12,501)
Net pension liability - IMRF	(201,082)
Net pension liability - Firefighters' pension	<u>(11,294,511)</u>
Net position of governmental activities	<u>\$ (7,605,039)</u>

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT**  
**GOVERNMENTAL FUNDS**

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

For the Year Ended December 31, 2016

	General	Ambulance	Tort Liability	Capital Projects	Nonmajor	Total
<b>Revenues</b>						
Taxes	\$ 4,972,742	\$ 3,355,326	\$ 1,170,108	\$ -	\$ 194,983	\$ 9,693,159
Charges for services	19,121	865,454	-	-	-	884,575
Grant revenue	-	-	18,068	-	-	18,068
Investment income	918	918	-	30,916	-	32,752
Miscellaneous	40,078	510	-	-	1	40,589
Total revenues	5,032,859	4,222,208	1,188,176	30,916	194,984	10,669,143
<b>Expenditures</b>						
Current						
Public safety	5,511,406	3,653,013	1,194,292	-	211,248	10,569,959
Capital outlay	-	-	-	1,454,555	-	1,454,555
Debt service	-	-	-	-	-	-
Principal	-	-	-	621,862	-	621,862
Interest	-	-	-	43,018	-	43,018
Total expenditures	5,511,406	3,653,013	1,194,292	2,119,435	211,248	12,689,394
Excess (Deficiency) of Revenues over Expenditure	(478,547)	569,195	(6,116)	(2,088,519)	(16,264)	(2,020,251)
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	500,000	-	500,000
Transfers (out)	-	(500,000)	-	-	-	(500,000)
	-	(500,000)	-	500,000	-	-
Net Change in Fund Balances	(478,547)	69,195	(6,116)	(1,588,519)	(16,264)	(2,020,251)
Fund Balances - January 1	398,477	946,954	(149,045)	3,184,771	83,676	4,464,833
Fund Balances - December 31	\$ (80,070)	\$ 1,016,149	\$ (155,161)	\$ 1,596,252	\$ 67,412	\$ 2,444,582

See accompanying notes to financial statements.



## LEMONT FIRE PROTECTION DISTRICT

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

For the Year Ended December 31, 2016

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Net change in fund balances - governmental funds	\$ (2,020,251)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	1,462,324
Repayment of long-term debt is reported as an expenditure when due in the governmental funds, but as a reduction of principal outstanding in the statement of net positions	
Bonds	125,000
Loan	122,994
Increase in compensated absences payable	(13,735)
Decrease in other postemployment benefits obligation	14,691
Decrease in net pension liabilities	883,725
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(502,441)
Pension expense	(2,154,862)
Change in net position of governmental activities	<u>\$ (2,082,555)</u>

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT**  
**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET POSITION**

December 31, 2016

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	<u>Firefighters' Pension</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 45,726
Investments	
State and local government obligations	1,902,727
U.S. Government and agency securities	8,370,571
Corporate bonds	2,372,326
Equity mutual funds	12,945,406
Receivables	
Accrued interest	76,683
Due from District	2,062
Prepays	<u>3,902</u>
Total assets	<u>25,719,403</u>
<b>LIABILITIES</b>	
Expenses due unpaid	<u>16,742</u>
Total liabilities	<u>16,742</u>
<b>NET POSITION</b>	
Net Position Held in Trust for Pension Benefits	<u><u>\$ 25,702,661</u></u>

See accompanying notes to financial statements.

**LEMONT FIRE PROTECTION DISTRICT**  
**FIDUCIARY FUNDS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

For the Year Ended December 31, 2016

	<u>Firefighters'</u> <u>Pension</u>
Additions	
Contributions	
Employer	\$ 1,570,559
Plan members	<u>466,230</u>
Total contributions	<u>2,036,789</u>
Investment income	
Investment earnings	812,548
Net change in fair value of investments	<u>681,602</u>
Total investment income	1,494,150
Less investment expense	<u>(62,161)</u>
Net investment income	<u>1,431,989</u>
Total additions	<u>3,468,778</u>
Deductions	
Administration	35,688
Benefits	<u>637,918</u>
Total deductions	<u>673,606</u>
Net Increase	2,795,172
Net Position Held in Trust for Pension Benefits	
January 1	<u>22,907,489</u>
December 31	<u><u>\$ 25,702,661</u></u>

See accompanying notes to financial statements.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Reporting Entity

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

As required by GAAP, these financial statements present the District and any component units, entities for which the District is considered to be financially accountable. At December 31, 2016, there were no entities that would be considered a component unit of the District. Also, the District is not considered a component unit of any other governmental entity.

#### Firefighters' Pension Employees Retirement System

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

#### b. Fund Accounting

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

- c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support; however, there are no business activities.

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

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

The District reports the following major governmental funds:

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

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

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

The District also reports the following nonmajor governmental funds:

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

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

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

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

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

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

The government-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

#### e. Cash and Investments

Cash and cash equivalents include all demand and savings accounts.

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

#### f. Receivables and Payables

##### Interfund

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### g. Uncollectibles

Ambulance receivables are reported net of an allowance for uncollectibles of \$306,686.

#### h. Capital Assets

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

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

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

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

#### i. Compensated Absences

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



# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### j. Long-Term Obligations

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

#### k. Deferred Outflows/Inflows of Resources

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

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

#### l. Fund Balance/Net Position

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### l. Fund Balance/Net Position (Cont.)

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

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

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

#### m. Accounting Estimates

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

### 2. PROPERTY TAXES AND PERSONAL PROPERTY REPLACEMENT TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 2016, on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). The District has a statutory tax rate limit in various operating funds subject to change only by approval of the voters of the District. Also, the District is subject to the Property Tax Extension Limitation Act, which in general limits the amount of taxes to the lesser of 5% or the percentage increase in the consumer price index for the year preceding the levy. Certain bond issue levies and referendum increases are exempt from this limitation.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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

Tax bills are prepared by the counties and issued on or about February 1, 2017 and August 1, 2017 (Cook County), and June 1, 2017 and September 1, 2017 ( DuPage and Will Counties); and are payable in two installments, on or about March 1, 2017 (Cook County) and September 1, 2017 (DuPage and Will Counties). The counties collect such taxes and remit them periodically. Property taxes for the 2015 levy were received and recognized as revenue in fiscal 2016.

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

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

### 3. DEPOSITS AND INVESTMENTS

#### a. District Investments

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

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 3. DEPOSITS AND INVESTMENTS (Cont.)

#### a. District Investments (Cont.)

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

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

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

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

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

#### b. Interest Rate Risk

The following table presents the investments and maturities of the District's debt securities as of December 31, 2016:

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 3. DEPOSITS AND INVESTMENTS (Cont.)

#### District Investments (Cont.)

#### Interest Rate Risk (Cont.)

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
Negotiable CDs	\$ 966,926	\$ -	\$ 966,926	\$ -	\$ -
U.S. Agencies	513,665	85,806	427,859	-	-
Total	1,480,591	85,806	1,394,785	-	-
Investments not subject interest rate risk					
Money market mutual funds	484,005				
Total	<u>\$ 1,964,596</u>				

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 3. DEPOSITS AND INVESTMENTS (Cont.)

#### Interest Rate Risk (Cont.)

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Negotiable CDs	\$ 966,926	\$ -	\$ 966,926	\$ -
U.S. Agencies	513,665	-	513,665	-
	\$ 1,480,591	\$ -	\$ 1,480,591	\$ -

### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

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

December 31, 2016

4. CAPITAL ASSETS (Cont.)

	Balances January 1	Increases	Decreases	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Total capital assets not being depreciated	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Capital assets being depreciated				
Buildings and building improvements	5,731,627	68,510	-	5,800,137
Equipment	731,448	73,650	-	805,098
Apparatus and vehicles	3,624,030	1,320,164	-	4,944,194
Total capital assets being depreciated	<u>10,087,105</u>	<u>1,462,324</u>	<u>-</u>	<u>11,549,429</u>
Less accumulated depreciation				
Buildings and building improvements	1,849,522	139,740	-	1,989,262
Equipment	449,978	97,060	-	547,038
Apparatus and vehicles	2,142,621	265,641	-	2,408,262
Total accumulated depreciated	<u>4,442,121</u>	<u>502,441</u>	<u>-</u>	<u>4,944,562</u>
Net capital assets being depreciated	<u>5,644,984</u>	<u>959,883</u>	<u>-</u>	<u>6,604,867</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS - NET</b>	<u>\$ 5,944,984</u>	<u>\$ 959,883</u>	<u>\$ -</u>	<u>\$ 6,904,867</u>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
Public safety	<u>\$ 502,441</u>
Total	<u>\$ 502,441</u>

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 5. INTERFUND RECEIVABLES AND PAYABLES

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

	Due From	Due To
General	\$ 210,270	\$ 226,414
Ambulance	158,963	-
Tort Liability	42,700	170,342
Social Security/IMRF	-	38,961
Audit	4,082	-
Debt Service	19,702	-
	<u>435,717</u>	<u>435,717</u>

### 6. LONG-TERM DEBT

#### a. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Loan - ladder truck	879,518	-	122,994	\$ 756,524	\$ 123,868
Fire protection notes - 2010	\$ 585,000	\$ -	\$ 125,000	\$ 460,000	115,000
Fire protection notes - 2013	510,000	-	-	510,000	260,000
Compensated absences	2,887,696	13,735	-	2,901,431	-
Net pension liability - IMRF	159,458	41,624	-	201,082	-
Net pension liability - Firefighters	12,219,860	-	925,349	11,294,511	-
OPEB obligation	27,192	-	14,691	12,501	-
Total	<u>\$ 17,268,724</u>	<u>\$ 55,359</u>	<u>\$ 1,188,034</u>	<u>\$ 16,136,049</u>	<u>\$ 498,868</u>



# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 6. LONG-TERM DEBT (Cont.)

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

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

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

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

#### Fire Protection Notes – 2013

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

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

#### Loan – Ladder Truck

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 6. LONG-TERM DEBT (Cont.)

#### c. Debt Service Requirements to Maturity

The annual debt service requirements to amortize the governmental activities outstanding debt as of December 31, 2016 are as follows:

Fire Protection Notes - 2010				Estimated
Date - Jan. 1	Principal	Interest	Total	Interest Credit
2018	115,000	16,905	131,905	5,917
2019	120,000	11,970	131,970	4,190
2020	225,000	4,725	229,725	1,654
	<u>\$ 460,000</u>	<u>\$ 33,600</u>	<u>\$ 493,600</u>	<u>\$ 11,761</u>

Fire Protection Notes - 2013			
Date - Jan. 1	Principal	Interest	Total
2017	250,000	4,030	254,030
2018	260,000	-	260,000
	<u>\$ 510,000</u>	<u>\$ 4,030</u>	<u>\$ 514,030</u>

Loan - Ladder Truck - 2015			
Date	Principal	Interest	Total
Jan. 1, 2017	\$ 123,868	\$ 5,371	\$ 129,239
Jul. 1, 2017	124,747	4,492	129,239
Jan. 1, 2018	125,633	3,606	129,239
Jul. 1, 2018	126,525	2,714	129,239
Jan. 1, 2019	127,423	1,816	129,239
Jul. 1, 2019	128,328	911	129,239
	<u>\$ 756,524</u>	<u>\$ 18,910</u>	<u>\$ 775,434</u>

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 6. LONG-TERM DEBT (Cont.)

#### d. Legal Debt Margin

The District's legal debt limitation as of December 31, 2016 was as follows:

Assessed valuation - 2015	<u>\$1,069,429,841</u>
Statutory debt limitation - 5.75%	61,492,216
Amount of debt applicable to debt limitation	<u>-</u>
Legal debt margin	<u>\$ 61,492,216</u>

### 7. TRANSFERS

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Ambulance	-	500,000
Capital Projects	<u>500,000</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The transfers will not be repaid.

### 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health, and natural disasters. All risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage from coverage in prior years. Settlement amounts have not exceeded insurance coverage for the current year or the three years prior.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 9. OTHER POSTEMPLOYMENT BENEFITS

#### a. Plan Description

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

#### b. Benefits Provided

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

#### c. Membership

At December 31, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	5
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	53
Active nonvested plan members	<u>8</u>
TOTAL	<u>64</u>
Participating employers	<u>1</u>

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 9. OTHER POSTEMPLOYMENT BENEFITS (Cont.)

#### d. Funding Policy

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 49,254	\$ 56,517	114.76%	\$ 36,843
December 31, 2015	51,148	60,799	118.87%	27,192
December 31, 2016	53,151	67,842	128.00%	12,501

The net OPEB obligation as of December 31, 2014 was calculated as follows:

Annual required contribution	\$ 53,677
Interest on net OPEB obligation	952
Adjustment to annual required contribution	<u>(1,478)</u>
Annual OPEB cost	53,151
Contributions made	<u>(67,842)</u>
Increase (decrease) in net OPEB obligation	(14,691)
Net OPEB obligation - beginning of year	<u>27,192</u>
Net OPEB obligation -- end of year	<u>\$ 12,501</u>

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 9. OTHER POSTEMPLOYMENT BENEFITS (Cont.)

#### e. Annual OPEB Costs and Net OPEB Obligation

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2014 (most recent information available) was as follows:

Actuarial accrued liability (AAL)	\$	535,295
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		535,295
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	N/A
UAAL as a percentage of covered payroll		N/A%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 3.50% and a healthcare cost trend rate of 8.30%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the District has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEMS

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Fund) which covers its qualified sworn employees and participates in the statewide Illinois Municipal Retirement Fund, an agent multiple-employer public employee pension plan which covers substantially all of the remaining qualified district employees.

#### Illinois Municipal Retirement Fund

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

#### Plan Administration

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

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

#### Plan Membership

At December 31, 2016, IMRF membership consisted of

Plan members and beneficiaries currently receiving benefits	-
Retirees and beneficiaries	4
Inactive, nonretired members	8
Active plan members	9
	<hr/>
	21

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Benefits Provided

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

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

#### Contributions

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

#### Net Pension Liability

#### Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.



# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEM (Cont.)

#### Illinois Municipal Retirement Fund (Cont.)

##### Actuarial Assumptions (Cont.)

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry Age Normal
Assumptions	
Inflation	2.75%
Salary increases	3.75-1450%
Interest	7.50%
Cost of living adjustments	2.75%
Asset valuation method	5-year Smoothed Market

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

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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10. EMPLOYEE RETIREMENT SYSTEM (Cont.)

Illinois Municipal Retirement Fund (Cont.)

Net Pension Liability (Cont.)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate, and that the District contributions will be made at rates equal to the difference between actuarial determined contribution rates and the member rate. Based upon those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax-exempt general obligation municipal bonds rated AA or better at December 31, 2015, to arrive at a discount rate of 7.45% used to determine the total pension liability.

Changes in the Net Pension Liability

The following table discloses changes in the net pension liability.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 10. EMPLOYEE RETIREMENT SYSTEM (Cont.)

#### Illinois Municipal Retirement Fund (Cont.)

Changes in the net pension liability:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at January 1, 2016	<u>\$ 1,546,436</u>	<u>\$ 1,386,888</u>	<u>\$ 159,548</u>
Changes for the period			
Service cost	56,844	-	56,844
Interest	115,410	-	115,410
Difference between expected and actual experience	59,635	-	59,635
Changes in assumptions	(10,739)	-	(10,739)
Employer contributions	-	52,514	(52,514)
Employee contributions	-	25,383	(25,383)
Net investment income	-	96,875	(96,875)
Benefit payments and refunds	(51,466)	(51,466)	-
Administrative expense	-	-	-
Other (net transfer)	-	4,844	(4,844)
Net changes	<u>169,684</u>	<u>128,150</u>	<u>41,534</u>
Balances at December 31, 2016	<u>\$ 1,716,120</u>	<u>\$ 1,515,038</u>	<u>\$ 201,082</u>

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

For the year ended December 31, 2016, the District recognized pension expense of \$117,178. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Illinois Municipal Retirement Fund (Cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 47,526	\$ -
Changes in assumptions	1,371	6,621
Net difference between projected and actual earnings on pension plan investments	72,533	-
Employer contributions after the measurement date	-	-
Total	<u>\$ 121,430</u>	<u>\$ 6,621</u>

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

Period Ended December 31	Net Deferred Outflows of Resources
2017	\$ 55,751
2018	36,258
2019	21,138
2020	1,662
2021	-
Thereafter	-
Total	<u>\$ 114,809</u>

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Illinois Municipal Retirement Fund (Cont.)

##### Discount Rate Sensitivity

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

	1 % Decrease 6.50%	Rate 7.50%	1 % Increase 8.50%
Net Pension Liability	\$ 432,299	\$ 201,082	\$ 9,448

#### Firefighters' Pension Plan

##### Plan Administration

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

##### Plan Membership

At December 31, 2016 membership consisted of the following:

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Firefighters' Pension Plan

##### Benefits Provided

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

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Firefighters' Pension Plan (Cont.)

##### Contributions

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

##### Investment Policy

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

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Firefighters' Pension Plan (Cont.)

#### Investment Policy (Cont.)

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	50.00%	1.30%
Equities		
U.S. Large Cap	35.00%	6.50%
U.S. Small Cap	10.00%	8.50%
International	5.00%	6.80%

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



LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Investment Policy (Cont.)

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultants, in which best-estimate ranges of expected future real rates of return (net of pension plan investment expenses and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimate or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are listed in the table above.

Concentrations

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund does not have a formal written policy with regard to concentration credit risk for investments. At December 31, 2016 the Fund had over 5%, \$8,772,397, of fiduciary net position invested in various agency securities as indicated in a succeeding table. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government. They are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The following table presents equity mutual funds.

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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Equity Mutual Funds	Fair Value
Vanguard 500 Index Admiral Fund	3,023,020
T. Rowe Price Growth Stock Fund	2,834,022
Pioneer Equity Income Fund	1,497,590
LSV Value Equity Fund	1,417,765
Homestead Small Company Stock Fund	905,051
T.Rowe Price Diversified Small Cap Growth Fund	892,006
Bridgeway Ultra-Small Company Market Fund	408,020
Oppenheimer International Growth Fund	405,135
Hennessy Focus Institutional Fund	387,533
Cohen & Steers Realty Shares Fund	296,399
Fidelity Advisors Materials Fund	217,474
Oppenheimer Developing Markets Fund	200,796
American Beacon International Equity Fund	198,248
First Eagle Overseas Fund	190,120
Vanguard Energy Fund Admiral Shares Fund	72,227
Total	<u>12,945,406</u>

### Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Deposits with Financial Institutions

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Firefighters' Pension Plan (Cont.)

##### Interest Rate Risk

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

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
State and local obligations	\$ 1,902,727	\$ 45,527	\$ 810,457	\$ 830,662	\$ 216,081
U.S. Treasury notes	1,735,804	426,172	683,613	626,019	-
U.S. Agencies	6,634,767	-	1,287,215	5,304,929	42,623
Corporate Bonds	2,372,326	459,566	1,293,713	604,205	14,842
Total	12,645,624	931,265	4,074,998	7,365,815	273,546
Investments not subject interest rate risk					
Equity mutual funds	12,945,406				
Total	\$ 25,591,030				

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

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Firefighters' Pension Plan (Cont.)

#### Interest Rate Risk (Cont.)

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 1,735,804	\$ 1,735,804	\$ -	\$ -
U.S. Agencies	6,634,767	-	6,634,767	-
State and Local Government Obligations	1,902,727	-	1,902,727	-
Corporate Debt Securities	2,372,326	-	2,372,326	-
Equity Securities				
Mutual Funds	12,945,406	12,945,406	-	-
	<u>\$ 25,591,030</u>	<u>\$ 14,681,210</u>	<u>\$ 10,909,820</u>	<u>\$ -</u>

# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

### 10. EMPLOYEE RETIREMENT SYSTEMS Cont.)

#### Firefighters' Pension Plan (Cont.)

##### Credit Risk

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

Investment	Par Value	Interest Rate	Maturity Date
Will Co. School District Municipal Bond	45,000	4.20%	10.01.2020
Tennessee Valley Authority	100,000	0.00%	09.15.2025
Federal Farm Credit Bank	50,000	2.70%	11.25.2025
Federal Farm Credit Bank	10,000	2.80%	11.25.2026
Federal Home Loan Bank	150,000	2.60%	03.04.2022
Federal National Mortgage Assoc.	5,372	4.00%	10.01.2040
Federal National Mortgage Assoc.	11,499	4.50%	11.01.2040

##### Custodial Credit Risk

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

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

December 31, 2016

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10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Net Pension Liability

The components of the net pension liability as of December 31, 2015 were as follows:

Total pension liability	\$ 36,997,172
Plan fiduciary net position	<u>25,702,661</u>
Net pension liability	<u><u>\$ 11,294,511</u></u>
Plan fiduciary net position as a percentage of the total pension liability	69.47%

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

Actuarial Assumptions

Assumptions employed are presented in the following table.

LEMONT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

Actuarial Assumptions (Cont.)

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry Age Normal
Assumptions	
Inflation	3.00%
Salary increases	4.00-18.99%
Interest	7.00%
Cost of living adjustments	3.50%
Asset valuation method	Market

Mortality rates were based upon the assumption study prepared by an independent actuary for Illinois Firefighters 2012.

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

For the year ended December 31, 2016, the District recognized pension expense of \$1,779,296. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to Firefighters' Pension from the following sources.

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

December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

Firefighters' Pension Plan (Cont.)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 195,066	\$ -
Changes in assumptions	-	(1,049,194)
Net difference between projected and actual earnings on pension plan investments	918,616	-
Employer contributions after the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 1,113,682</u>	<u>\$ (1,049,194)</u>

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

<u>Period Ended December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	203,104
2018	203,104
2019	203,103
2020	(44,639)
2021	(88,486)
Thereafter	<u>(411,698)</u>
Total	<u>\$ 64,488</u>



# LEMONT FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2016

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### 10. EMPLOYEE RETIREMENT SYSTEMS (Cont.)

#### Firefighters' Pension Plan (Cont.)

##### Discount Rate

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

##### Discount Rate Sensitivity

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

	1% Decrease	Current Discount Rate	1 % Increase
	6.00%	7.00%	8.00%
Net pension liability	\$ 17,881,396	\$ 11,294,511	\$ 6,025,743

### 11. CONTINGENCIES

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

### 12. SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 9, 2017, the date on which the financial statements were available to be issued.

**LEMONT FIRE PROTECTION DISTRICT  
GENERAL FUND**

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

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Property taxes		
Corporate	\$ 3,653,153	\$ 3,421,115
Pension	1,540,000	1,454,408
Personal property replacement taxes	135,000	97,219
Charges for services		
Fines and service fees	30,000	17,471
Impact fees	5,000	1,650
Grant revenue	5,000	-
Investment income	1,000	918
Miscellaneous		
Employee insurance	20,000	38,358
Donations	6,000	900
Other	65,000	820
IFDEBC equity	-	-
Total revenues	<u>5,460,153</u>	<u>5,032,859</u>
Expenditures		
Current		
Administration	403,719	330,231
Suppression and EMS	5,353,896	4,643,042
Maintenance	261,050	151,202
Communications	136,275	102,717
Fire prevention bureau	358,741	284,214
Total expenditures	<u>6,513,681</u>	<u>5,511,406</u>
Net Change in Fund Balance	<u>(1,053,528)</u>	(478,547)
Fund Balance - January 1		<u>398,477</u>
Fund Balance - December 31		<u>\$ (80,070)</u>

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**  
**AMBULANCE FUND**

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

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 3,477,892	\$ 3,258,107
Personal property replacement taxes	135,000	97,219
Charges for services		
Ambulance fees	740,000	860,187
CPR class income	2,000	3,617
Impact fees	5,000	1,650
Investment income	1,000	918
Miscellaneous		
Donations	4,000	200
Other	25,000	310
Total revenues	<u>4,389,892</u>	<u>4,222,208</u>
Expenditures		
Current		
Administration	328,859	258,251
Suppression and EMS	3,655,472	3,054,992
Maintenance	326,763	237,053
Communications	130,525	102,717
Total expenditures	<u>4,441,619</u>	<u>3,653,013</u>
Excess (Deficiency) of Revenues over Expenditures	(51,727)	569,195
Other Financing Sources (Uses)		
Transfers (out)	<u>(1,050,000)</u>	<u>(500,000)</u>
Net Change in Fund Balance	<u>\$ (1,101,727)</u>	69,195
Fund Balance - January 1		<u>946,954</u>
Fund Balance - December 31		<u>\$ 1,016,149</u>

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT  
TORT LIABILITY FUND**

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

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 1,014,000	\$ 950,217
WC property taxes	235,000	219,891
Grant revenue	18,068	18,068
Total revenues	<u>1,267,068</u>	<u>1,188,176</u>
Expenditures		
Legal liability fees	17,250	-
Liability insurance	77,600	72,867
Opti-com traffic control	17,250	6,010
Risk care management physicals	34,500	23,229
Risk care management training/equipment	8,625	7,237
Risk care management wages	955,971	831,279
Unemployment insurance	34,500	(113)
Workers compensation insurance	265,194	237,483
IPRF grant	20,778	16,300
Total expenditures	<u>1,431,668</u>	<u>1,194,292</u>
Net Change in Fund Balance	<u>(164,600)</u>	(6,116)
Fund Balance - January 1		<u>(149,045)</u>
Fund Balance - December 31		<u>\$ (155,161)</u>

See independent auditor's report.

# LEMONT FIRE PROTECTION DISTRICT

## SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2016

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

N/A - Information is not available.

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

December 31, 2016

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

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**

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

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

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**

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

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

See independent auditor's report.



# LEMONT FIRE PROTECTION DISTRICT

## SCHEDULE OF EMPLOYER CONTRIBUTIONS - ILLINOIS MUNICIPAL RETIREMENT FUND

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution in Relation to the Actuarially Determined Contribution	\$ 41,175	\$ 44,935	52,514	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	46,783	44,936	52,514	-	-	-	-	-	-	-
	(5,608)	(1)	-	-	-	-	-	-	-	-

Covered - Employee Payroll \$ 429,351 \$ 451,609 \$ 564,058

Contribution as a Percentage of Covered - Employee Payroll 10.90% 9.95% 9.31%

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

### Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age normal
Amortization Period	Level % of pay; closed
Remaining amortization period	27 years 28 years
Asset valuation method	5-year Smoothed Market
Inflation	2.75%
Salary increases	3.75-14.50%
Investment rate of return	7.50%
Retirement age Mortality	Exper. Based RP-2014 Comb. HealthyMortality Table

# LEMONT FIRE PROTECTION DISTRICT

## SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIREFIGHTERS' PENSION

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,531,085	\$ 1,351,540	1,437,968		-	-	-	-	-	-
Contribution in Relation to the Actuarially Determined Contribution	1,281,717	1,514,889	1,570,559		-	-	-	-	-	-
Contribution Deficiency (Excess)	249,368	(163,349)	(132,591)		-	-	-	-	-	-

Covered - Employee Payroll \$ 4,858,379 \$ 4,858,436 \$ 5,510,064

Contribution as a Percentage of Covered - Employee Payroll 26.38% 31.18% 28.50%

### Notes

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

### Methods and assumptions used to determine contribution rates

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

**LEMONT FIRE PROTECTION DISTRICT**

**SCHEDULE OF INVESTMENT RETURNS - FIREFIGHTERS' PENSION**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return Net of Investment Expense	5.49%	1.31%	6.08%	-	-	-	-	-	-	-

See independent auditor's report.

## LEMONT FIRE PROTECTION DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

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#### APPROPRIATIONS

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

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

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

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

**LEMONT FIRE PROTECTION DISTRICT**  
CAPITAL PROJECTS FUND

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

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Revenues		
Grant revenue	\$ -	\$ -
Investment income	60,000	30,916
Total revenues	<u>60,000</u>	<u>30,916</u>
Expenditures		
Capital outlay		
Buildings		
Paving/seal coating	8,625	5,765
Building funds	140,300	136,432
Equipment		
Hose	14,260	12,510
Personal protective equipment	-	29,655
Railroad grant	57,500	-
Vehicle lifts maintenance shop	63,250	-
Extrication tools	40,250	-
Dive equipment	-	75,398
Administrative vehicle	-	29,957
Ladder truck	1,495,000	1,164,838
Debt service - principal	644,715	621,862
Debt service - interest	-	43,018
Total expenditures	<u>2,463,900</u>	<u>2,119,435</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,403,900)</u>	<u>(2,088,519)</u>
Other Financing Sources (Uses)		
Transfers in	1,000,000	500,000
Total	<u>1,000,000</u>	<u>500,000</u>
Net Change in Fund Balance	<u>\$ (1,403,900)</u>	(1,588,519)
Fund Balance - January 1		<u>3,184,771</u>
Fund Balance - December 31		<u>\$ 1,596,252</u>

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT**  
GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Administration		
Personnel		
Administrative assistant	\$ 91,201	\$ 79,854
Chief officer (Fire Chief)	120,100	108,699
Clerical overtime	4,600	3,632
Commissioners	1,380	1,200
Trustees	10,350	9,000
IT manager	39,813	38,982
	<u>267,444</u>	<u>241,367</u>
Commodities		
IT equipment - software	29,900	18,104
IT subscriptions	14,375	9,253
Dues/subscriptions	4,600	3,342
Office equipment	4,600	356
Office supplies	5,750	2,219
Postage	3,450	451
	<u>62,675</u>	<u>33,725</u>
Contractual		
Accounting service	2,875	420
Consulting service	5,750	525
Accreditation service	6,325	2,045
Legal services	28,750	35,400
Physicals for hiring	2,875	1,295
Publications/reports	4,600	1,886
Public relations/rewards	6,900	2,760
Seminars/conferences	11,500	4,301
Testing	4,025	4,386
District newsletter	-	2,121
	<u>73,600</u>	<u>55,139</u>
Total Administration	<u>403,719</u>	<u>330,231</u>
Suppression and EMS		
Personnel		
Firefighters/medics	1,495,393	1,189,299
Lieutenants	590,126	484,925
Net health insurance cost	527,051	475,363
Pension costs	1,769,644	1,569,481
Holiday pay/battalion chiefs	6,900	2,218
Education incentives	69,863	64,560
Overtime - firefighters	86,250	144,972

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT  
GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES  
BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Suppression and EMS (Cont.)		
Personnel		
Uniforms	\$ 13,570	\$ 12,350
Overtime - lieutenants	46,000	89,931
Battalion chief	240,796	233,265
Chief officer school reimbursement	6,900	1,775
Sick leave retirement plan	291,413	210,649
H.S.A. contributions	127,650	114,000
	<u>5,271,556</u>	<u>4,592,788</u>
Commodities		
Fire equipment/supplies	18,515	11,109
S.C.B.A.	6,900	3,543
Training equipment/supplies	4,485	2,017
Target training solutions	5,290	3,526
Turn out gear	17,250	9,383
Dive team supplies/training	6,325	3,173
Haz-mat team supplies/training	2,875	2,439
Cause & origin team supplies/training	1,725	1,246
	<u>63,365</u>	<u>36,436</u>
Contractual		
Special association - CART/MABAS	4,600	2,413
Blue card training	5,750	4,228
Seminars/school/training	8,625	7,177
	<u>18,975</u>	<u>13,818</u>
Total Suppression and EMS	<u>5,353,896</u>	<u>4,643,042</u>
Maintenance		
Commodities		
Firemen association supplies/equipment	5,750	2,582
Furniture/appliances	5,750	2,268
Hardware supplies	1,150	331
Janitor/building/supplies	6,900	3,936
Tools	5,750	3,193
	<u>25,300</u>	<u>12,310</u>

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT**  
GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Maintenance (Cont.)		
Contractual		
Building maintenance	\$ 28,750	\$ 22,026
Electricity	28,750	15,879
Heating fuel	13,800	5,599
Maintenance fire equipment	4,600	2,920
Maintenance office equipment	4,600	2,681
Telephone service	34,500	25,923
Trash collection	2,875	2,245
Vehicle fuel	34,500	16,153
Vehicle maintenance - fire	71,300	35,361
Water	4,600	3,260
Mobile phone service	7,475	6,845
	<u>235,750</u>	<u>138,892</u>
 Total Maintenance	 <u>261,050</u>	 <u>151,202</u>
Communications		
Commodities		
Communications equipment	8,050	1,933
9-1-1 grant purchases	5,750	-
	<u>13,800</u>	<u>1,933</u>
Contractual		
Internet service	31,050	24,646
Radio and equipment repairs	4,600	669
Paging service	575	-
Orland central dispatch service	86,250	75,469
	<u>122,475</u>	<u>100,784</u>
 Total Communications	 <u>136,275</u>	 <u>102,717</u>

See independent auditor's report



**LEMONT FIRE PROTECTION DISTRICT**  
GENERAL FUND

**SCHEDULE OF DETAILED EXPENDITURES**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Fire Prevention Bureau		
Personnel		
Fire marshal	\$ 36,248	\$ 42,390
Public educator	41,256	36,699
Full-time inspectors	115,858	89,015
Administrative assistant	81,429	71,260
Overtime	4,600	2,888
Part-time clerical	17,250	12,004
	<u>296,641</u>	<u>254,256</u>
Commodities		
Codes/reference manuals	3,450	1,463
Dues	1,150	790
Office supplies/equipment	11,500	1,989
Public education materials	34,500	21,971
	<u>50,600</u>	<u>26,213</u>
Contractual		
Consulting services	4,600	1,533
Seminars/conferences/training	6,900	2,212
	<u>11,500</u>	<u>3,745</u>
Total Fire Prevention Bureau	<u>358,741</u>	<u>284,214</u>
Total General Fund	<u>\$ 6,513,681</u>	<u>\$ 5,511,406</u>

See independent auditor's report

**LEMONT FIRE PROTECTION DISTRICT**  
**AMBULANCE FUND**

**SCHEDULE OF DETAILED EXPENDITURES**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Administration		
Personnel		
Secretaries	\$ 27,025	\$ 19,332
Chief officer	107,024	97,050
Commissioners	2,760	2,400
Trustees	15,525	11,773
	<u>152,334</u>	<u>130,555</u>
Commodities		
IT equipment - software	29,900	18,104
IT subscriptions	14,375	9,253
Dues/subscriptions	4,600	3,342
Office equipment	4,600	356
Office supplies	5,750	2,219
Postage	3,450	450
	<u>62,675</u>	<u>33,724</u>
Contractual		
Ambulance billing service	40,250	40,983
Accounting service	2,875	420
Consulting service	5,750	525
Accreditation service	6,325	2,045
Legal services	28,750	35,400
Physicals for hiring	2,875	1,295
Publications/reports	4,600	1,886
Public relations/rewards	6,900	2,761
Seminars/conferences	11,500	4,271
Testing	4,025	4,386
	<u>113,850</u>	<u>93,972</u>
Total Administration	<u>328,859</u>	<u>258,251</u>
Suppression and EMS		
Personnel		
Firefighters/medics	1,477,920	1,211,598
Lieutenants	585,353	485,913
Paid on call firefighters	86,250	67,842
EMS coordinator	60,116	52,328
Net health insurance cost	527,051	473,374
Holiday pay/battalion chiefs	8,625	6,895
Education incentives	68,713	59,750
Overtime - firefighters	86,250	146,064

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**  
**AMBULANCE FUND**

**SCHEDULE OF DETAILED EXPENDITURES**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Suppression and EMS (Cont.)		
Personnel		
Uniforms	\$ 13,570	\$ 12,350
Overtime - lieutenants	46,000	97,886
Battalion chiefs	240,579	200,816
Chief officer school reimbursement	6,900	1,775
Sick leave retirement plan	233,095	68,229
H.S.A. contributions	127,650	114,000
	<u>3,568,072</u>	<u>2,998,820</u>
Commodities		
Ambulance equipment/supplies	25,300	17,634
S.C.B.A.	6,900	3,543
Training equipment/supplies	4,485	1,882
Target training solutions	5,290	3,526
Turn out gear	17,250	9,383
Haz-mat team supplies/training	2,875	2,439
TRT team supplies	4,025	2,133
	<u>66,125</u>	<u>40,540</u>
Contractual		
CPR class supplies	3,450	2,927
Special association - CART/MABAS	4,600	2,413
Oxygen and cylinder rental	4,600	2,990
Seminars/school/training	8,625	7,302
	<u>21,275</u>	<u>15,632</u>
Total Suppression and EMS	<u>3,655,472</u>	<u>3,054,992</u>
Maintenance		
Personnel		
Mechanic	70,658	61,971
Overtime	6,900	4,910
Uniforms	5,405	3,963
Part-time personnel	11,500	-
Facility - equipment manager	-	37,600
	<u>94,463</u>	<u>108,444</u>
Commodities		
Furniture/appliances	5,750	1,528
Hardware supplies	1,150	331
Janitor/building/supplies	6,900	3,936
Tools	5,750	3,193
	<u>19,550</u>	<u>8,988</u>

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**  
**AMBULANCE FUND**

**SCHEDULE OF DETAILED EXPENDITURES**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	Original and Final Budget	Actual
Maintenance (Cont.)		
Contractual		
Building maintenance	\$ 28,750	\$ 22,043
Electricity	28,750	15,879
Heating fuel	13,800	5,599
Maintenance ambulance equipment	6,900	6,888
Maintenance office equipment	4,600	2,681
Telephone service	34,500	25,923
Trash collection	2,875	2,246
Vehicle fuel	34,500	16,153
Vehicle maintenance - ambulance	46,000	12,121
Water	4,600	3,243
Mobile phone service	7,475	6,845
	<u>212,750</u>	<u>119,621</u>
 Total Maintenance	 <u>326,763</u>	 <u>237,053</u>
 Communications		
Commodities		
Communications equipment	8,050	1,933
	<u>8,050</u>	<u>1,933</u>
 Contractual		
Internet service	31,050	24,646
Radio and equipment repairs	4,600	669
Paging service	575	-
Orland central dispatch service	86,250	75,469
	<u>122,475</u>	<u>100,784</u>
 Total Communications	 <u>130,525</u>	 <u>102,717</u>
 Total Ambulance	 <u>\$ 4,441,619</u>	 <u>\$ 3,653,013</u>

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**  
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

December 31, 2016

	Social Security and IMRF	Audit	Foreign Fire	Debt Service	Total
<b>ASSETS</b>					
Assets					
Cash and investments	\$ (17,376)	\$ 1,808	\$ 98,158	\$ (1)	\$ 82,589
Receivables					
Property taxes	187,165	10,956	-	-	198,121
Due from other funds	-	4,082	-	19,702	23,784
Total assets	169,789	16,846	98,158	19,701	304,494
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Due to other funds	38,961	-	-	-	38,961
Deferred Inflows of Resources					
Unavailable property taxes	187,165	10,956	-	-	198,121
Fund Balances					
Restricted for debt service	-	-	-	19,701	19,701
Restricted for retirement	(56,337)	-	-	-	(56,337)
Restricted for audit	-	5,890	-	-	5,890
Restricted for foreign fire	-	-	98,158	-	98,158
Total fund balances	(56,337)	5,890	98,158	19,701	67,412
Total liabilities, deferred resources, and fund balances	\$ 169,789	\$ 16,846	\$ 98,158	\$ 19,701	\$ 304,494

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**  
**NONMAJOR GOVERNMENTAL FUNDS**

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

For the Year Ended December 31, 2016

	Social Security and IMRF	Audit	Foreign Fire	Debt Service	Total
Revenues					
Property taxes	\$ 154,875	\$ 9,849	\$ -	\$ -	\$ 164,724
Other taxes	-	-	30,259	-	30,259
Miscellaneous	-	-	1	-	1
Total revenues	154,875	9,849	30,260	-	194,984
Expenditures					
Current					
Public safety	182,358	10,500	18,390	-	211,248
Total expenditures	182,358	10,500	18,390	-	211,248
Net Change in Fund Balances	(27,483)	(651)	11,870	-	(16,264)
Fund Balances - January 1	(28,854)	6,541	86,288	19,701	83,676
Fund Balances - December 31	\$ (56,337)	\$ 5,890	\$ 98,158	\$ 19,701	\$ 67,412

See independent auditor's report.

LEMONT PROTECTION DISTRICT  
SOCIAL SECURITY AND IMRF FUND

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

For the Year Ended December 31, 2016

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	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 168,000	\$ 154,875
Total revenues	<u>168,000</u>	<u>154,875</u>
Expenditures		
IMRF	48,324	52,537
Social security	142,970	129,821
Total expenditures	<u>191,294</u>	<u>182,358</u>
Net Change in Fund Balance	<u>\$ (23,294)</u>	(27,483)
Fund Balance - January 1		<u>(28,854)</u>
Fund Balance - December 31		<u>\$ (56,337)</u>

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT  
AUDIT FUND

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

For the Year Ended December 31, 2016

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	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 10,000	\$ 9,849
Total revenues	<u>10,000</u>	<u>9,849</u>
Expenditures		
Audit expense	16,790	10,500
Total expenditures	<u>16,790</u>	<u>10,500</u>
Net Change in Fund Balance	<u>\$ (6,790)</u>	(651)
Fund Balance - January 1		<u>6,541</u>
Fund Balance - December 31		<u>\$ 5,890</u>

See independent auditor's report.



**LEMONT FIRE PROTECTION DISTRICT**  
**FOREIGN FIRE FUND**

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

For the Year Ended December 31, 2016

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	Original and Final Budget	Actual
Revenues		
Foreign fire insurance taxes	\$ -	\$ 30,259
Other income	-	1
Total revenues	<u>-</u>	<u>30,260</u>
Expenditures		
Supplies and equipment	-	18,390
Total expenditures	<u>-</u>	<u>18,390</u>
Net Change in Fund Balance	<u>\$ -</u>	11,870
Fund Balance - January 1		<u>86,288</u>
Fund Balance - December 31		<u>\$ 98,158</u>

See independent auditor's report.

LEMONT FIRE PROTECTION DISTRICT  
DEBT SERVICE FUND

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

For the Year Ended December 31, 2016

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

See independent auditor's report.

# LEMONT FIRE PROTECTION DISTRICT

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

December 31, 2016

Tax Levy Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Valuation	\$ 697,998,917	\$ 701,988,387	\$ 719,083,473	\$ 764,081,846	\$ 825,382,889	\$ 982,583,102	\$ 993,060,854	\$ 971,519,147	\$ 832,623,077	\$ 767,061,971
Tax Rates										
General	0.3358	0.3363	0.3323	0.3428	0.3632	0.2574	0.2450	0.2426	0.2507	0.2347
Ambulance	0.3197	0.3190	0.2828	0.2774	0.2403	0.2574	0.2450	0.2426	0.2507	0.2347
Liability insurance	0.0932	0.0802	0.0771	0.0524	0.0261	0.0258	0.0113	0.0111	0.0158	0.0159
Workers compensation	0.0216	0.0238	0.0223	0.0224	0.0192	0.0189	0.0206	0.0230	0.0276	0.0280
Audit	0.0009	0.0008	0.0014	0.0010	0.0008	0.0010	0.0009	0.0011	0.0011	0.0011
Pension	0.1423	0.1255	0.1273	0.0856	0.0630	0.0602	0.0519	0.0588	0.0430	0.0678
Social security/IMRF	0.0154	0.0146	0.0191	0.0192	0.0153	0.0152	0.0131	0.0139	0.0143	0.0147
Bond & interest	-	-	-	-	-	-	-	0.0367	0.0423	0.0452
Total	0.9289	0.8982	0.8623	0.8008	0.7279	0.6359	0.5878	0.6298	0.6455	0.6421
Tax Extensions										
General	\$ 2,343,705	\$ 2,360,754	\$ 2,389,454	\$ 2,619,831	\$ 2,998,159	\$ 2,528,923	\$ 2,432,085	\$ 2,356,905	\$ 2,087,383	\$ 1,800,294
Ambulance	2,232,065	2,239,803	2,033,304	2,119,477	1,983,814	2,528,923	2,432,085	2,356,905	2,087,383	1,800,294
Liability insurance	650,867	562,716	554,262	399,961	215,908	253,502	111,977	107,839	132,478	121,963
Workers compensation	150,312	167,413	160,304	171,067	158,332	186,308	203,328	223,449	230,138	214,777
Audit	6,566	5,899	9,829	8,031	6,773	10,180	8,840	10,687	8,491	8,438
Pension	992,525	866,461	916,399	653,378	519,651	591,212	516,542	571,253	358,199	520,068
Social security/IMRF	107,260	101,775	138,375	147,776	125,309	149,657	130,639	135,041	118,889	112,758
Bond & interest	-	-	-	-	-	-	-	356,548	352,337	346,712
Total	\$ 6,483,300	\$ 6,304,821	\$ 6,201,927	\$ 6,119,521	\$ 6,007,946	\$ 6,248,705	\$ 5,835,496	\$ 6,118,627	\$ 5,375,298	\$ 4,925,304

See independent auditor's report.

# LEMONT FIRE PROTECTION DISTRICT

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

December 31, 2016

Tax Levy Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Valuation	\$ 169,887,852	\$ 165,126,988	\$ 166,630,842	\$ 175,246,912	\$ 188,618,893	\$ 195,410,318	\$ 207,541,269	\$ 205,924,049	\$ 193,059,866	\$ 180,224,218
Tax Rates										
General	0.2886	0.2838	0.2895	0.2963	0.3519	0.2886	0.2467	0.2332	0.2460	0.2327
Ambulance	0.2749	0.2699	0.2468	0.2426	0.2311	0.2885	0.2467	0.2333	0.2459	0.2327
Liability insurance	0.0802	0.0678	0.0678	0.0469	0.0252	0.0283	0.0208	0.0223	0.0271	0.0277
Workers compensation	0.0186	0.0204	0.0194	0.0198	0.0185	0.0215	0.0116	0.0109	0.0156	0.0159
Audit	0.0009	0.0007	0.0012	0.0012	0.0008	0.0013	0.0010	0.0012	0.0010	0.0011
Pension	0.1224	0.1041	0.1122	0.0755	0.0608	0.0672	0.0526	0.0562	0.0423	0.0673
Social security/IMRF	0.0135	0.0123	0.0170	0.0170	0.0149	0.0170	0.0135	0.0135	0.0141	0.0146
Bond & interest	-	-	-	-	-	-	-	0.0353	0.0423	0.0437
	0.7991	0.7590	0.7539	0.6993	0.7032	0.7124	0.5929	0.6059	0.6343	0.6357
Tax Extensions										
General	\$ 490,296	\$ 468,630	\$ 482,396	\$ 519,257	\$ 663,750	\$ 563,954	\$ 512,467	\$ 480,215	\$ 474,927	\$ 419,382
Ambulance	467,022	445,678	411,245	425,149	435,898	563,759	512,467	480,421	474,734	419,382
Liability insurance	136,250	111,956	112,976	82,191	47,532	55,301	24,097	22,446	30,117	28,656
Workers compensation	31,599	33,686	32,326	34,699	34,895	42,013	43,208	45,921	52,316	49,922
Audit	1,529	1,156	1,999	2,103	1,509	2,540	2,077	2,471	1,931	1,982
Pension	207,943	171,897	186,960	132,311	114,680	131,316	108,850	115,729	81,664	121,291
Social security/IMRF	22,935	20,311	28,327	29,792	28,104	33,220	28,043	27,800	27,221	26,313
Bond & interest	-	-	-	-	-	-	-	72,691	81,664	78,758
	\$ 1,357,574	\$ 1,253,314	\$ 1,256,229	\$ 1,225,502	\$ 1,326,368	\$ 1,392,103	\$ 1,231,209	\$ 1,247,694	\$ 1,224,574	\$ 1,145,686

See independent auditor's report.

**LEMONT FIRE PROTECTION DISTRICT**  
**SCHEDULE OF ASSESSED VALUATIONS, RATES, AND EXTENSIONS - WILL COUNTY**  
**LAST TEN LEVY YEARS**

December 31, 2016

Tax Levy Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Valuation	\$ 201,543,072	\$ 209,063,428	\$ 211,914,556	\$ 217,095,811	\$ 219,892,933	\$ 224,907,891	\$ 159,121,709	\$ 160,172,030	\$ 145,009,799	\$ 136,700,033
Tax Rates										
General	0.3091	0.2892	0.2709	0.3893	0.2788	0.2481	0.2395	0.2043	0.2434	0.2179
Ambulance	0.2944	0.2744	0.2308	0.3008	0.1658	0.2481	0.2395	0.2042	0.2434	0.2178
Liability insurance	0.0859	0.0690	0.0635	0.0517	0.0186	0.0243	0.0112	0.0094	0.0155	0.0134
Workers compensation	0.0199	0.0206	0.0182	0.0244	0.0137	0.0185	0.0202	0.0194	0.0269	0.0253
Audit	0.0009	0.0008	0.0011	0.0012	0.0006	0.0011	0.0010	0.0010	0.0011	0.0010
Pension	0.1309	0.1062	0.1051	0.0899	0.0450	0.0580	0.0510	0.0503	0.0418	0.0647
Social security/IMRF	0.0144	0.0127	0.0158	0.0209	0.0112	0.0146	0.0130	0.1160	0.0141	0.0139
Bond & interest	-	-	-	-	-	0.0001	0.0004	0.0318	0.0402	0.0387
	0.8555	0.7729	0.7054	0.8782	0.5337	0.6128	0.5758	0.6364	0.6264	0.5927
Tax Extensions										
General	\$ 622,970	\$ 604,611	\$ 574,077	\$ 845,154	\$ 613,061	\$ 557,996	\$ 381,098	\$ 327,231	\$ 352,954	\$ 297,869
Ambulance	593,343	573,670	489,099	653,024	364,582	557,996	381,098	327,071	352,954	297,733
Liability insurance	173,125	144,254	134,566	112,239	40,900	54,653	17,821	15,056	22,476	18,318
Workers compensation	40,107	43,067	38,568	52,971	30,125	41,608	32,142	31,073	39,008	34,585
Audit	1,814	1,673	2,331	2,605	1,319	2,474	1,591	1,602	1,595	1,367
Pension	263,820	222,025	222,722	195,169	98,952	130,446	81,150	80,567	60,614	88,445
Social security/IMRF	29,022	26,551	33,483	45,373	24,628	32,836	20,686	18,580	20,446	19,001
Bond & interest	-	-	-	-	-	225	638	50,935	58,294	52,903
	\$ 1,724,201	\$ 1,615,851	\$ 1,494,846	\$ 1,906,935	\$ 1,173,567	\$ 1,378,234	\$ 916,224	\$ 852,115	\$ 908,341	\$ 810,221

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