



**PROSPECT HEIGHTS
FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

ANNUAL FINANCIAL STATEMENTS

For the Year Ended December 31, 2019



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PROSPECT HEIGHTS, ILLINOIS
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PROSPECT HEIGHTS, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Prospect Heights Fire Protection District
Prospect Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Prospect Heights Fire Protection District, Prospect Heights, Illinois (the District), as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Prospect Heights Fire Protection District, Prospect Heights, Illinois, as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The District adopted GASB Statement No. 84, *Fiduciary Activities*, which modified certain disclosures in the notes to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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.

Sikich LLP

Naperville, Illinois
June 18, 2020

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

Prospect Heights Fire Protection District Management's Discussions and Analysis December 31, 2019

The Prospect Heights Fire Protection District (the "District") Management's Discussion and Analysis is designed to: (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and (5) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new 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 year and the 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 (beginning on page 4.)

Financial Highlights

- The District's financial status continues to be strong. The District concluded the year with a positive balance of \$1,477,340. Overall revenues for all funds this past year were \$4,769,678 and expenses were \$4,966,950.
- Total net position decreased from \$1,674,612 to \$1,477,340 over the course of the year.
- Property taxes levied and collected were \$3,958,754.
- The District continues to have the ability to devote resources toward maintaining, improving and expanding its equipment and facilities. In 2019, \$31,162 was spent on capital outlay for the purchase of new portable radios for fire ground communication. Furthermore, \$57,437 was spent to replace all dispatch-interlinked station alerting system to allow dispatch to speed up the alerting system for emergency calls.
- The District's outstanding long-term debt was paid off in 2018.
- The District renewed its' collective bargaining agreement with its members represented by Teamsters Local 700. The agreement is in place through December 31, 2021.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* that reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District does not have any funds that would be considered business-type activities.

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

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. Budgetary comparison schedules for other special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the District's adopted annual appropriated budget.

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

Fiduciary Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Fund includes the pension fund. The pension fund is presented as and for the year ended April 30, 2019 as the pension plan has a fiscal year that ends April 30.

The basic fiduciary fund financial statements are presented on pages 10 through 11 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

Required Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the District's Illinois Municipal Retirement Fund and Firefighters' Pension Fund. Additionally, required supplementary information regarding a statement of revenues, expenditures, and changes in fund balance - budget vs. actual for each major fund is presented in this section. Supplementary information can be found on pages 42 through 51 of this report.

Other Information

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 52.

Government-wide Financial Analysis

The District's combined net position was \$1,477,340, which includes a \$1,741,627 investment in capital assets. The total revenues were \$4,769,678, while the total expenditures were \$4,966,950.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,673,456. Of this year-end total, \$81,924 is unreserved and undesignated, indicating availability for continuing the District's operations. Restricted fund balances include \$1,570,215 restricted for special revenue funds.

The total ending fund balances of governmental funds shows an increase of \$157,838 over the prior year. This decrease is primarily the result of the programs described within the analysis of the District's governmental activities.

Major Governmental Funds

The General and Ambulance funds are the primary operating funds of the District.

The fund balance of the General Fund as of December 31, 2019 was \$120,330, a decrease of \$336,503 from the prior year. The fund balance of the Ambulance Fund as of December 31, 2019 was \$19,948, an increase of \$4,996 from the prior year.

Major Fund Budgetary Highlights

The general fund is reported as a major fund, and accounts for the general operations of the District. Revenues in the general fund were \$1,428,802, which was \$30,107 over budget. Expenditures were \$1,778,664, which was \$205,451 over budget. The net budget variance was an unfavorable \$235,451. The fund balance decreased to \$120,330 at the end of the year from \$456,833 in the prior year.

The ambulance fund is reported as a major fund, and accounts for the routine Fire Protection operations of the District. Revenues in the ambulance fund were \$1,783,932, which was \$49,100 over budget. Expenditures were \$1,778,936, which was \$45,812 over budget. The net budget variance was an unfavorable \$3,288. The fund balance increased to \$19,948 at the end of the year from \$14,952 in the prior year.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation for governmental activities as of December 31, 2019 was \$1,741,627. During the year, the District had capital additions of \$87,899. Depreciation expense for the year ended December 31, 2018 was \$294,938.

Debt Administration

The District has no debt at December 31, 2019.

Factors Bearing on the District's Future

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continued to spread rapidly. The economic impact of the State of Illinois' Executive Order imposing "stay at home" restrictions will be widespread and last for several years. The District is carefully monitoring the situation and evaluating its options for the current year and following year's budgetary position as the situation continues to unfold.

At the time these financial statements were prepared and audited, the District was not aware of any other existing circumstances that would adversely affect its financial health in the near future.

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 Fire Chief Drew R. Smith for the Prospect Heights Fire Protection District located at 10 East Camp McDonald Road, Prospect Heights, IL 60070.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,669,134
Receivables (net of allowance for uncollectibles)	
Property taxes	4,331,280
Accounts	163,929
Prepaid items	21,317
Net pension asset	9,311
Capital assets not being depreciated	200,000
Capital assets (net of accumulated depreciation)	<u>1,554,137</u>
 Total assets	 <u>7,949,108</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension items - Firefighters' Pension Fund	1,058,992
Pension items - IMRF	<u>1,988</u>
 Total deferred outflows of resources	 <u>1,060,980</u>
 Total assets and deferred outflows of resources	 <u>9,010,088</u>
 LIABILITIES	
Accounts payable	55,474
Accrued payroll	125,450
Long-term liabilities	
Due within one year	55,526
Due in more than one year	<u>2,645,619</u>
 Total liabilities	 <u>2,882,069</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension items - Firefighters' Pension Fund	315,250
Pension items - IMRF	4,149
Deferred revenue	<u>4,331,280</u>
 Total deferred inflows of resources	 <u>4,650,679</u>
 Total liabilities and deferred inflows of resources	 <u>7,532,748</u>
 NET POSITION	
Net investment in capital assets	1,741,627
Restricted for	
Liability insurance	1,029,758
Retirement	539,738
Audit	2,088
Ambulance services	19,948
Unrestricted (deficit)	<u>(1,855,819)</u>
 TOTAL NET POSITION	 <u><u>\$ 1,477,340</u></u>

See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities					
Public safety	\$ 4,966,950	\$ 554,214	\$ -	\$ -	\$ (4,412,736)
Total governmental activities	4,966,950	554,214	-	-	(4,412,736)
TOTAL PRIMARY GOVERNMENT	\$ 4,966,950	\$ 554,214	\$ -	\$ -	(4,412,736)
General Revenues					
Taxes					
Property					3,958,754
Replacement					114,394
Intergovernmental					21,472
Foreign fire					18,640
Investment income					43,835
Miscellaneous					58,369
Total					4,215,464
CHANGE IN NET POSITION					(197,272)
NET POSITION, JANUARY 1					1,674,612
NET POSITION, DECEMBER 31					\$ 1,477,340

See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2019

	General	Ambulance	Fire Pension	Social Security	Liability Insurance	Nonmajor Governmental	Total Governmental Funds
ASSETS							
Cash	\$ 127,712	\$ -	\$ -	\$ 530,893	\$ 1,008,441	\$ 2,088	\$ 1,669,134
Receivables (net of allowance for uncollectible)							
Property taxes	1,313,209	1,313,209	575,000	251,722	461,772	416,368	4,331,280
Accounts	-	163,929	-	-	-	-	163,929
Due from other funds	99,526	-	-	-	-	-	99,526
Prepaid items	-	-	-	-	21,317	-	21,317
TOTAL ASSETS	\$ 1,540,447	\$ 1,477,138	\$ 575,000	\$ 782,615	\$ 1,491,530	\$ 418,456	\$ 6,285,186
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 29,146	\$ 4,628	\$ -	\$ -	\$ -	\$ 21,700	\$ 55,474
Accrued salaries	77,762	43,174	-	4,514	-	-	125,450
Due to other funds	-	96,179	-	-	-	3,347	99,526
Total liabilities	106,908	143,981	-	4,514	-	25,047	280,450
DEFERRED INFLOWS OF RESOURCES							
Unavailable property tax revenue	1,313,209	1,313,209	575,000	251,722	461,772	416,368	4,331,280
Total deferred inflows of resources	1,313,209	1,313,209	575,000	251,722	461,772	416,368	4,331,280
Total liabilities and deferred inflows of resources	1,420,117	1,457,190	575,000	256,236	461,772	441,415	4,611,730
FUND BALANCES							
Nonspendable - prepaid items	-	-	-	-	21,317	-	21,317
Restricted							
Liability insurance	-	-	-	-	1,008,441	-	1,008,441
Retirement	13,359	-	-	526,379	-	-	539,738
Audit	-	-	-	-	-	2,088	2,088
Ambulance services	-	19,948	-	-	-	-	19,948
Unassigned (deficit)	106,971	-	-	-	-	(25,047)	81,924
Total fund balances (deficit)	120,330	19,948	-	526,379	1,029,758	(22,959)	1,673,456
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,540,447	\$ 1,477,138	\$ 575,000	\$ 782,615	\$ 1,491,530	\$ 418,456	\$ 6,285,186

See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

December 31, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,673,456
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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	1,754,137
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Net pension (liability) asset for the Illinois Municipal Retirement Fund is shown as an asset or liability on the statement of net position	9,311
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Net pension liability for the Firefighters' Pension Fund is shown as a liability on the statement of net position	(2,170,761)
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Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources on the statement of net position	(2,161)
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Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Firefighters' Pension Fund are recognized as deferred outflows of resources on the statement of net position	743,742
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Also, governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Long-term liabilities at year end consist of:

Notes payable	(12,510)
Total OPEB obligation	<u>(517,874)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,477,340</u>
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See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General	Ambulance	Fire Pension	Social Security	Liability Insurance	Nonmajor Governmental	Total Governmental Funds
REVENUES							
Property taxes	\$ 1,200,905	\$ 1,200,905	\$ 523,706	\$ 230,195	\$ 422,282	\$ 380,761	\$ 3,958,754
Personal property replacement taxes	114,394	-	-	-	-	-	114,394
Charges for services	11,812	542,402	-	-	-	-	554,214
Intergovernmental	21,472	-	-	-	-	-	21,472
Foreign fire insurance	18,640	-	-	-	-	-	18,640
Investment income	43,835	-	-	-	-	-	43,835
Miscellaneous	17,744	40,625	-	-	-	-	58,369
Total revenues	1,428,802	1,783,932	523,706	230,195	422,282	380,761	4,769,678
EXPENDITURES							
Current							
Public safety	1,690,878	1,777,013	523,706	99,389	247,724	138,512	4,477,222
Capital outlay	87,786	1,923	-	-	-	44,909	134,618
Total expenditures	1,778,664	1,778,936	523,706	99,389	247,724	183,421	4,611,840
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(349,862)	4,996	-	130,806	174,558	197,340	157,838
OTHER FINANCING SOURCES (USES)							
Transfers (out)	-	-	-	-	-	(13,359)	(13,359)
Transfers in	13,359	-	-	-	-	-	13,359
Total other financing sources (uses)	13,359	-	-	-	-	(13,359)	-
NET CHANGE IN FUND BALANCES	(336,503)	4,996	-	130,806	174,558	183,981	157,838
FUND BALANCES (DEFICIT), JANUARY 1	456,833	14,952	-	395,573	855,200	(206,940)	1,515,618
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 120,330	\$ 19,948	\$ -	\$ 526,379	\$ 1,029,758	\$ (22,959)	\$ 1,673,456

See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 157,838
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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	87,899
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The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(785)
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The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	12,804
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The change in the net pension liability for the Firefighters' Pension Fund is reported only in the statement of activities	142,542
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The change in deferred inflows and outflows of resources for the Firefighters' Pension Fund is reported only in the statement of activities	(298,685)
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Changes in the net other postemployment benefit are reported only in the statement of activities	(32,044)
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The change in deferred inflows and outflows of resources for OPEB is reported only in the statement of activities	22,377
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The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding or when incurred in the statement of activities	5,720
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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	<u>(294,938)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (197,272)</u>
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See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

December 31, 2019

ASSETS

Cash and cash equivalents	\$ 54,251
Investments	
U.S. treasury obligations	313,434
U.S. agency obligations	2,649,270
Corporate obligations	397,141
State and local obligations	364,325
Mutual funds	2,651,896
Receivables	
Accrued interest	32,501
Prepaid expenses	<u>1,263</u>
 Total assets	 <u>6,464,081</u>

LIABILITIES

Accounts payable	<u>3,271</u>
 Total liabilities	 <u>3,271</u>

NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 6,460,810</u></u>
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See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

For the Year Ended December 31, 2019

ADDITIONS

Contributions

Employer contributions	\$ 508,676
Employee contributions	<u>143,371</u>

Total contributions	<u>652,047</u>
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Investment income

Net appreciation in fair value of investments	154,144
Interest	<u>229,516</u>

Total investment income	383,660
Less investment expense	<u>(17,975)</u>

Net investment income	<u>365,685</u>
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Total additions	<u>1,017,732</u>
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DEDUCTIONS

Benefits	83,387
Administrative expenses	<u>29,149</u>

Total deductions	<u>112,536</u>
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NET INCREASE	905,196
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NET POSITION RESTRICTED FOR PENSIONS

May 1	<u>5,555,614</u>
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April 30	<u><u>\$ 6,460,810</u></u>
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See accompanying notes to financial statements.

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Prospect Heights Fire Protection District, Prospect Heights, Illinois (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government 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 financial reporting principles. The more significant of the District's accounting policies are described below.

a. Reporting Entity

Prospect Heights Fire Protection District was established in 1944 and is located in Prospect Heights, Illinois. The District operates under a Board-Fire Chief form of government. The mission of the District is to protect the lives and property within the community through fire prevention, public education, fire suppression, emergency medical services and public safety. The District is considered to be a primary government as defined by GASB Statement No. 14 and No. 61, since it is legally separate and fiscally independent. The accompanying financial statements present the District and its blended fiduciary component unit. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government. A blended component unit, although legally separate, is, in substance, part of the District's operations and so data from this unit is combined with the data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column on the government-wide financial statements to emphasize it is legally separate from the District. The District has no discretely presented component units.

The District's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS) as a blended fiduciary component unit as a Pension Trust Fund. The District's sworn firefighters participate in FPERS. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members of the Board of Trustees are appointed by the District's President, one member is elected by pension beneficiaries and two members are elected by active firefighter employees. The District is obligated to fund all FPERS costs not funded by FPERS participants based upon actuarial valuations, which creates a financial burden on the District. The District is authorized to approve the actuarial assumptions used in the determination of contribution levels, which results in the FPERS being fiscally dependent on the District. The information presented in the financial statements is as of and for the year ended April 30, 2019, which is the fiscal year end of FPERS.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

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

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The District utilizes a pension trust fund.

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, other than interfund service transactions, 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 user fees and charges for support. The District does not report any business-type 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 contributions 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.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

The Ambulance Fund, a special revenue fund, is used to account for revenue and expenditures related to providing EMS services funded by a restricted tax levy and user fees.

The Fire Pension Fund, a special revenue fund, which accounts for property taxes and personal property replacement taxes restricted for the payment of pension benefits and related administrative costs.

The Social Security Fund, a special revenue fund, is used to account for revenue and expenditures related to the District's retirement activities and is funded by a restricted tax levy.

The Liability Insurance Fund, a special revenue fund, is used to account for revenue and expenditures related to the District's insurance activities and is funded by a restricted tax levy.

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

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

The government-wide financial statements and the fiduciary component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities/funds are included on the statement of net position. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Program revenues consist of user fees and other charges for services, operating grants and capital grants.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible 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 or soon enough thereafter to be used to pay liabilities of the current period (60 days). 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 is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Those revenues susceptible to accrual are property taxes, ambulance fees, interest revenue and charges for services.

The District reports deferred/unavailable and unearned revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period for governmental funds or year intended to finance at the government-wide level. Unearned revenues also arise when resources are received by the District before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the District has a legal claim to the resources by meeting all eligibility requirements, the deferred inflows of resources or liability is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Investments with maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Prepaid Expenses/Items

If applicable, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/items using the consumption method. Such amounts are offset by nonspendable fund balance for prepaid expenses/items in the fund financial statements.

g. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000, tangible in nature and have an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Apparatus and vehicles	10
Equipment	3-10

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Long-Term Obligations (Continued)

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

i. Compensated Absences

Vacation time is awarded on January 1 and is required to be scheduled and used by employees during the fiscal year. There is no carryover of unused vacation time. Sick time is earned on a yearly basis. Sick leave is not accumulated or carried over into subsequent years. No accumulated sick pay is paid upon termination. Therefore, no liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

j. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year and are payable in two installments, generally due in June and September of the following year. Cook County bill and collect all property taxes and remit them to the District. 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 be extended 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.

k. Net Position/Fund Balances

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable 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.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Net Position/Fund Balances (Continued)

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 ordinances approved by the Board of Trustees. The Board of Trustees would also take action to modify or rescind committed fund balance, if applicable.

Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance remains with the Board of Trustees. Any residual fund balance in the General Fund is reported as unassigned. Deficit fund balances in other governmental funds are also reported as unassigned.

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.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the District's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets 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 financial 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

Reciprocal interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

n. Interfund Receivables/Payables

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

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Illinois Compiled Statutes (ILCS) and the District’s investment policy authorize the District to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government 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 The Illinois Funds.

The Illinois Public Treasurers’ Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer’s Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

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 objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the District’s deposits may not be returned to it. The District’s investment policy requires pledging of collateral held by the custodial bank in the District’s name for all bank balances in excess of federal depository insurance with the collateral held by an independent third party acting as the District’s agent or in a single institution collateral pool.

Investments

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds. The following table categorizes the investments held by the District according to risk level.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
Negotiable certificates of deposit	\$ 638,248	\$ 140,567	\$ 497,681	\$ -	\$ -
U.S. Treasury securities	174,493	100,094	74,399	-	-
U.S. agency obligations	166,681	20,056	146,625	-	-
Corporate bonds	35,180	-	35,180	-	-
TOTAL	\$ 1,014,602	\$ 260,717	\$ 753,885	\$ -	\$ -

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 obligations guaranteed by the United States Government and securities issued by certain agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The District’s U.S. agency obligations are rated AA+ and the corporate bonds are rated AAA. The negotiable certificates of deposit are not rated.

The District had the following recurring fair value measurements as of December 31, 2019: the U.S. Treasury securities are valued using daily quoted prices (Level 1 inputs). The U.S. agency obligations, negotiable certificates of deposit and corporate bonds are valued using evaluated pricing or matrix pricing (Level 2 inputs).

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. The District's investment policy requires all of investments to be held in safekeeping by a third party and documented by an approved written agreement.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy requires diversification to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. Diversification should be by asset type (security type and institution), characteristics, number of investment managers and investment style.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Total capital assets not being depreciated	200,000	-	-	200,000
Capital assets being depreciated				
Building and improvements	2,140,238	-	-	2,140,238
Apparatus	4,094,428	-	39,013	4,055,415
Ambulance	520,958	-	-	520,958
Rescue equipment	546,113	-	-	546,113
Communication equipment	209,757	87,899	-	297,656
Small tools and equipment	574,685	-	-	574,685
Clothing and badges	177,718	-	-	177,718
Bunker equipment	92,286	-	-	92,286
Equipment	80,723	-	-	80,723
Hose and ladder	95,951	-	-	95,951
Total capital assets being depreciated	8,532,857	87,899	39,013	8,581,743

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Building and improvements	\$ 1,391,794	\$ 43,192	\$ -	\$ 1,434,986
Apparatus	3,476,012	114,925	39,013	3,551,924
Ambulance	520,958	-	-	520,958
Rescue equipment	502,511	15,764	-	518,275
Communication equipment	192,430	18,338	-	210,768
Small tools and equipment	311,415	65,874	-	377,289
Clothing and badges	168,214	9,573	-	177,787
Bunker equipment	65,920	13,184	-	79,104
Equipment	66,244	11,532	-	77,776
Hose and ladder	76,183	2,556	-	78,739
Total accumulated depreciation	6,771,681	294,938	39,013	7,027,606
Total capital assets being depreciated, net	1,761,176	(207,039)	-	1,554,137
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 1,961,176	\$ (207,039)	\$ -	\$ 1,754,137

Depreciation expense was charged to functions/programs of the District's governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Public Safety	\$ 294,938
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 294,938

4. INDIVIDUAL FUND DISCLOSURES

a. Interfund Receivables/Payables

	Due to Other Funds	Due from Other Funds
General	\$ -	\$ 99,526
Ambulance	96,179	-
Nonmajor Governmental		
Emergency Rescue	3,347	-
TOTAL	\$ 99,526	\$ 99,526

The due to/from other funds in the above table relates to deficit cash balances. The amounts will be repaid within one year.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers

Individual fund interfund transfers are as follows:

	Transfers In	Transfers (Out)
Nonmajor Governmental Funds		
General Fund	\$ 13,359	\$ -
IMRF Fund	-	13,359
Total Nonmajor Governmental Funds	\$ 13,359	\$ 13,359

The transfers resulted from:

- \$13,359 transferred to the General Fund from the General and IMRF Fund as a result of the IMRF fund being closed. The amount will not be repaid.

c. Deficit Fund Balances

The following funds reported a deficit fund balance at December 31, 2019:

Emergency Rescue	<u>\$ 25,047</u>
TOTAL	<u>\$ 25,047</u>

5. 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; illnesses of employees; and natural disasters. Medical and liability risks are covered by commercial insurance purchased from independent third parties. The amount of coverage has not decreased nor have the amount of settlements exceeded commercial insurance coverage for the past several years.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS

Plan Descriptions (Continued)

The District contributes to two defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Firefighters' Pension Plan, which is a single-employer pension plan (collectively called the pension plans). The benefits, benefit levels, employee contributions and employer contributions for all plans are governed by ILCS and can only be amended by the Illinois General Assembly. The Firefighters' Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by contacting the Prospect Heights Fire Protection District, 10 E. Camp McDonald Road, Prospect Heights, Illinois 60070. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Firefighters' Pension Plan) 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, 2018 (most recent information available), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
TOTAL	-

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

All employees (other than those covered by the Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. 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 (reduced 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 all other requirements are established by state statute. Participating members are required to contribute 4.50% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The required employer contribution rate for the year ended December 31, 2019 was 0% of covered payroll.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2018 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.

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%
Cost of living adjustments	3.00%
Asset valuation method	Fair value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

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

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2018 was 7.25% (7.50% in 2017). 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 actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The discount rate was unchanged from the prior measurement period.

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2018	\$ -	\$ 10,096	\$ (10,096)
Changes for the period			
Interest	-	-	-
Difference between expected and actual experience	-	-	-
Net investment income	-	(812)	812
Benefit payments and refunds	-	-	-
Other (net transfer)	-	27	(27)
Net changes	-	(785)	785
BALANCES AT DECEMBER 31, 2018	\$ -	\$ 9,311	\$ (9,311)

Changes in assumptions related to inflation rates, salary rates and mortality were made since the prior measurement date.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended December 31, 2019, the District recognized pension expense of \$(12,019).

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 892	\$ 398
Changes in assumption	1,096	-
Net difference between projected and actual earnings on pension plan investments	-	3,751
TOTAL	<u>\$ 1,988</u>	<u>\$ 4,149</u>

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

Fiscal Year Ending <u>December 31,</u>	
2020	\$ (246)
2021	(1,033)
2022	(1,240)
2023	358
Thereafter	-
TOTAL	<u>\$ (2,161)</u>

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the District calculated using the discount rate of 7.25% as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ (9,311)	\$ (9,311)	\$ (9,311)

Firefighters' Pension Plan

The District contributes to a defined benefit pension plan, the Firefighters' Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the plan is governed by ILCS and can only be amended by the Illinois General Assembly. The Firefighters' Pension Plan issues a separate report that includes financial statements, note disclosures and required supplementary information, which can be obtained at the District's offices.

Plan Administration

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois Legislature. The District accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the District Board of Trustees, one member is elected by pension beneficiaries and two members are elected by active firefighters.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Plan Administration (Continued)

At April 30, 2019, membership consisted of:

Inactive plan members currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>14</u>
TOTAL	<u><u>17</u></u>

Benefits Provided

The Firefighters' Pension Plan provides retirement 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% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% 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 greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or 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% 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% 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).

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the Firefighters' Pension Plan. 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 service cost for the Firefighters' Pension Plan. However, the District has elected to fund 100% of the past service cost by 2040. For the year ended April 30, 2019, the District's contribution was 33.22% of covered payroll.

Investment Policy

The Firefighters' Pension Fund's (the Fund) investment policy authorizes the Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, state and municipal obligations, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government 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 The Illinois Funds. The Fund's investment policy does limit their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity and corporate debt securities and real estate investment trusts.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

It is the policy of the 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 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.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	28.00%	6.60%
Small Cap Domestic Equity	8.00%	8.40%
International Equity	4.00%	6.40%
Fixed Income	60.00%	1.60%

The long-term expected real rates of return are net of a 2.90% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund.

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 consultant in 2019 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense 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 estimates or geometric mean real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the above table.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Concentrations

There are no investments (other than United States Government guaranteed obligations and mutual funds) in any one organization that represent 5% or more of Fund's investments as of April 30, 2019.

Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.33%. 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 held by the custodial bank in the Fund's name for all bank balances in excess of federal depository insurance.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. treasury obligations	\$ 313,434	\$ 49,727	\$ 237,387	\$ 26,320	\$ -
U.S. agency obligations	2,649,270	69,850	1,039,687	1,508,305	31,428
State and local obligations	364,325	65,359	202,316	96,650	-
Corporate obligations	397,141	60,114	154,972	182,055	-
TOTAL	\$ 3,724,170	\$ 245,050	\$ 1,634,362	\$ 1,813,330	\$ 31,428

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Interest Rate Risk (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

The Fund has the following recurring fair value measurements as of April 30, 2019: the U.S. government obligations and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, state and local obligations and corporate obligations are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

The Fund 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 obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment-grade corporate and state and local government bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The Fund's U.S. agency obligations consist of FHLMC, FNMA, FHLB and FFCB securities. For ratings that were available, these securities were rated Aaa by a national rating agency. The state and local obligations are rated Aa3 to Aaa. The corporate obligations are rated Ba1 to Aaa.

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. In accordance with the District's investment policy, the District limits its exposure to custodial credit risk by utilizing and independent third-party institution to act as a custodian for its securities.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2018	\$ 7,868,917	\$ 5,555,614	\$ 2,313,303
Changes for the period			
Service cost	566,067	-	566,067
Interest	508,770	-	508,770
Difference between expected and actual experience	(228,796)	-	(228,796)
Employer contributions	-	508,676	(508,676)
Employee contributions	-	143,371	(143,371)
Net investment income	-	365,685	(365,685)
Benefit payments and refunds	(83,387)	(83,387)	-
Administrative expense	-	(29,149)	29,149
Net changes	762,654	905,196	(142,542)
BALANCES AT APRIL 30, 2019	\$ 8,631,571	\$ 6,460,810	\$ 2,170,761

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2018 using the following actuarial methods and assumptions. The total pension liability was rolled forward by the actuary using updating procedures to April 30, 2019.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

Actuarial valuation date	May 1, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.75% to 11.46%
Interest rate	6.50%
Cost of living adjustments	3.00% (Tier 1) ½ of the increase in the Consumer Price Index (Tier 2)
Asset valuation method	Fair value

Mortality rates were based on the RP-2014 Combined Healthy Mortality Table, projected to the valuation date with Scale BB for Healthy Members and the RP-2014 Disabled Retiree, projected to the valuation date with the Scale BB for Disabled Members.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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 actuarially determined contribution rates and the member rate. Based on 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 of 6.50% was applied to all periods of projected benefit payments to determine the total pension liability.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Fund (Continued)

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 of the Firefighters' Pension Plan calculated using the discount rate of 6.50% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 3,724,482	\$ 2,170,761	\$ 922,337

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

For the year ended December 31, 2019, the District recognized pension expense of \$679,849.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 84,143	\$ 207,805
Changes in assumptions	574,141	107,445
Net difference between projected and actual earnings on pension plan investments	103,057	-
Contributions made subsequent to the measurement date	297,651	-
TOTAL	\$ 1,058,992	\$ 315,250

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Changes in the net pension liability related to the difference in actual and expected experience or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

\$297,651 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2020	\$ 97,883
2021	59,980
2022	64,489
2023	43,221
2024	40,629
Thereafter	<u>139,889</u>
TOTAL	<u>\$ 446,091</u>

7. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the District provides other 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report. The activity of the plan is reported in the District's governmental activities.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the District's retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan but can purchase a Medicare supplement plan from the District's insurance provider. Retirees pay 100% of the premium. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the District is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime.

c. Membership

At December 31, 2019, membership consisted of:

Inactive fund members or beneficiaries currently receiving benefits payments	3
Inactive fund members entitled to but not yet receiving benefit payments	-
Active fund members	<u>13</u>
TOTAL	<u><u>16</u></u>

d. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2019, as determined by an actuarial valuation as of January 1, 2018 using the alternative measurement method, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2019, including updating the discount rate at December 31, 2019, as noted in the table on the following page.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Actuarial Assumptions and Other Inputs (Continued)

Actuarial valuation date	January 1, 2018
Actuarial cost method	Entry-age normal
Inflation	2.25%
Discount rate	2.74%
Healthcare cost trend rates	5.00% to 7.20% in Fiscal 2019 based on type of plan, to an ultimate trend rate of 5%
Asset valuation method	N/A
Mortality rates	RP - 2014 rates adjusted to 2006 rates and improved generationally with MP-2019 improvement rates

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20 year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2019.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2019	<u>\$ 485,830</u>
Changes for the period	
Service cost	16,230
Interest	18,903
Changes in assumptions	46,131
Benefit payments	<u>(49,220)</u>
Net changes	<u>32,044</u>
BALANCES AT DECEMBER 31, 2019	<u><u>\$ 517,874</u></u>

Changes in assumptions related to the discount rate were made in 2019.

g. Rate Sensitivity

The following is a sensitivity analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the District calculated using the discount rate of 2.74% as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 562,062	\$ 517,874	\$ 479,131

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the District calculated using the healthcare rate of 5.00% to 7.20% as well as what the District's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 6.20%) or 1 percentage point higher (6.00% to 8.20%) than the current rate:

	1% Decrease (4.00% to 6.20%)	Current Healthcare Rate (5.00% to 7.20%)	1% Increase (6.00% to 8.20%)
Total OPEB liability	\$ 458,607	\$ 517,874	\$ 587,590

h. OPEB Expense

For the year ended December 31, 2019, the District recognized OPEB expense of \$9,667.

8. LONG-TERM LIABILITIES

During the fiscal year, the following changes occurred in long-term liabilities:

	Balances January 1, Restated	Increases	Decreases	Balances December 31	Current Portion
Capital lease payable	\$ 18,230	\$ -	\$ 5,720	\$ 12,510	\$ 6,306
Net pension liability - Fire Pension	2,313,303	-	142,542	2,170,761	-
Total OPEB liability	485,830	32,044	-	517,874	49,220
TOTAL	\$ 2,817,363	\$ 32,044	\$ 148,262	\$ 2,701,145	\$ 55,526

Long-term debt at December 31, 2019 is comprised of the following:

Capital Lease - \$28,844 original principal, dated February 17, 2017; due in monthly installments of \$554; interest payable monthly at a rate of 5.75%.

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM LIABILITIES (Continued)

Debt Service to Maturity

Fiscal Year	Capital Lease Payable	
	Principal	Interest
2020	\$ 6,306	\$ 343
2021	6,204	663
TOTAL	<u>\$ 12,510</u>	<u>\$ 1,006</u>

9. SUBSEQUENT EVENT

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. As a result, equity investments of the Firefighters' Pension Plan have experienced significant declines in quoted prices on active markets. Management of the Firefighters' Pension Plan is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

REQUIRED SUPPLEMENTARY INFORMATION

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 1,323,859	\$ 1,323,859	\$ 1,200,905	\$ (122,954)
Personal property replacement taxes	100,000	100,000	114,394	14,394
Charges for services	-	-	11,812	11,812
Intergovernmental	16,500	16,500	21,472	4,972
Foreign fire insurance	18,000	18,000	18,640	640
Investment income	-	-	43,835	43,835
Miscellaneous	550	550	17,744	17,194
Total revenues	1,458,909	1,458,909	1,428,802	(30,107)
EXPENDITURES				
Public safety				
Personnel	1,221,106	1,221,106	1,330,045	108,939
District administration	76,482	76,482	76,304	(178)
Program administration	47,000	47,000	82,493	35,493
Buildings and grounds	121,525	121,525	159,093	37,568
Equipment maintenance	89,100	89,100	42,943	(46,157)
Capital outlay	18,000	18,000	87,786	69,786
Total expenditures	1,573,213	1,573,213	1,778,664	205,451
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(114,304)	(114,304)	(349,862)	(235,558)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	13,359	13,359
Total other financing sources (uses)	-	-	13,359	13,359
NET CHANGE IN FUND BALANCE	<u>\$ (114,304)</u>	<u>\$ (114,304)</u>	(336,503)	<u>\$ (235,558)</u>
FUND BALANCE, JANUARY 1			<u>456,833</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 120,330</u>	

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 1,323,859	\$ 1,323,859	\$ 1,200,905	\$ (122,954)
Charges for services	371,500	371,500	542,402	170,902
Miscellaneous	39,473	39,473	40,625	1,152
Total revenues	1,734,832	1,734,832	1,783,932	49,100
EXPENDITURES				
Current				
Personnel	1,412,167	1,412,167	1,574,188	162,021
District administration	89,482	89,482	35,192	(54,290)
Program administration	40,000	40,000	21,933	(18,067)
Buildings and grounds	141,525	141,525	136,552	(4,973)
Equipment maintenance	49,950	49,950	9,148	(40,802)
Capital outlay	-	-	1,923	1,923
Total expenditures	1,733,124	1,733,124	1,778,936	45,812
NET CHANGE IN FUND BALANCE	<u>\$ 1,708</u>	<u>\$ 1,708</u>	4,996	<u>\$ 3,288</u>
FUND BALANCE, JANUARY 1			<u>14,952</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 19,948</u>	

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 530,036	\$ 530,036	\$ 523,706	\$ (6,330)
Total revenues	530,036	530,036	523,706	(6,330)
EXPENDITURES				
Public safety				
Current				
Pension	530,036	530,036	523,706	(6,330)
Total expenditures	530,036	530,036	523,706	(6,330)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, JANUARY 1			<u>-</u>	
FUND BALANCE, DECEMBER 31			<u>\$ -</u>	

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 232,775	\$ 232,775	\$ 230,195	\$ (2,580)
Total revenues	<u>232,775</u>	<u>232,775</u>	<u>230,195</u>	<u>(2,580)</u>
EXPENDITURES				
Current				
Public safety				
Social Security	<u>106,629</u>	<u>106,629</u>	<u>99,389</u>	<u>(7,240)</u>
Total expenditures	<u>106,629</u>	<u>106,629</u>	<u>99,389</u>	<u>(7,240)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 126,146</u>	<u>\$ 126,146</u>	<u>130,806</u>	<u>\$ 4,660</u>
FUND BALANCE, JANUARY 1			<u>395,573</u>	
FUND BALANCE, DECEMBER 31			<u><u>\$ 526,379</u></u>	

(See independent auditor's report.)

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 427,015	\$ 427,015	\$ 422,282	\$ (4,733)
Total revenues	427,015	427,015	422,282	(4,733)
EXPENDITURES				
Public safety				
Current				
Salaries and benefits	199,708	199,708	69,391	(130,317)
Insurance	226,408	226,408	178,333	(48,075)
Total expenditures	426,116	426,116	247,724	(178,392)
NET CHANGE IN FUND BALANCE	<u>\$ 899</u>	<u>\$ 899</u>	174,558	<u>\$ 173,659</u>
FUND BALANCE, JANUARY 1			<u>855,200</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,029,758</u>	

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 295,619	\$ 293,400	\$ 324,023	\$ 383,717	\$ 458,149
Contribution in relation to the actuarially determined contribution	296,475	322,103	348,253	389,235	508,676
CONTRIBUTION DEFICIENCY (Excess)	\$ (856)	\$ (28,703)	\$ (24,230)	\$ (5,518)	\$ (50,527)
Covered payroll	\$ 1,491,197	\$ 1,531,984	\$ 1,438,319	\$ 1,485,064	\$ 1,531,300
Contributions as a percentage of covered payroll	19.88%	21.03%	24.21%	26.21%	33.22%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 19 years; the asset valuation method was 5-year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 6.50% annually, projected salary increase assumption of 3.75% to 11.46% plus 2.50% for inflation compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Six Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 6,395	\$ 5,742	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	6,395	5,743	-	-	-	-
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,977	\$ 49,803	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	106.99%	11.53%	N/A	N/A	N/A	N/A

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 427,562	\$ 444,606	\$ 459,427	\$ 489,290	\$ 566,067
Interest	256,388	300,002	402,773	452,223	508,770
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(113,949)	20,889	91,268	2,267	(228,796)
Changes of assumptions	382,732	831,605	(144,540)	-	-
Benefit payments, including refunds of member contributions	-	-	(32,025)	(64,289)	(83,387)
Net change in total pension liability	952,733	1,597,102	776,903	879,491	762,654
Total pension liability - beginning	3,662,688	4,615,421	6,212,523	6,989,426	7,868,917
TOTAL PENSION LIABILITY - ENDING	\$ 4,615,421	\$ 6,212,523	\$ 6,989,426	\$ 7,868,917	\$ 8,631,571
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 296,475	\$ 322,103	\$ 348,253	\$ 389,235	\$ 508,676
Contributions - member	139,836	143,211	139,596	139,819	143,371
Net investment income	150,348	61,708	306,533	225,901	365,685
Benefit payments, including refunds of member contributions	-	-	(32,025)	(64,289)	(83,387)
Administrative expense	(13,138)	(17,386)	(20,259)	(28,093)	(29,149)
Net change in plan fiduciary net position	573,521	509,636	742,098	662,573	905,196
Plan fiduciary net position - beginning	3,067,786	3,641,307	4,150,943	4,893,041	5,555,614
PLAN FIDUCIARY NET POSITION - ENDING	\$ 3,641,307	\$ 4,150,943	\$ 4,893,041	\$ 5,555,614	\$ 6,460,810
EMPLOYER'S NET PENSION LIABILITY	\$ 974,114	\$ 2,061,580	\$ 2,096,385	\$ 2,313,303	\$ 2,170,761
Plan fiduciary net position as a percentage of the total pension liability	78.89%	78.76%	70.01%	70.60%	74.85%
Covered payroll	\$ 1,491,197	\$ 1,531,984	\$ 1,438,319	\$ 1,485,064	\$ 1,531,300
Employer's net pension liability as a percentage of covered payroll	65.32%	134.57%	145.75%	155.77%	141.76%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

Last Five Calendar Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service cost	\$ 6,112	\$ 5,789	\$ -	\$ -	\$ -
Interest	8,293	9,310	5,643	4,646	-
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	2,347	(46,726)	(4,556)	(63,754)	-
Changes of assumptions	2,881	(52)	-	-	-
Benefit payments, including refunds of member contributions	(5,592)	(5,895)	(23,087)	(5,670)	-
Net change in total pension liability	14,041	(37,574)	(22,000)	(64,778)	-
Total pension liability - beginning	110,311	124,352	86,778	64,778	-
TOTAL PENSION LIABILITY - ENDING	\$ 124,352	\$ 86,778	\$ 64,778	\$ -	\$ -
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 6,395	\$ 5,743	\$ -	\$ -	\$ -
Contributions - member	2,609	2,241	-	-	-
Net investment income	4,477	406	4,597	13,384	(812)
Benefit payments, including refunds of member contributions	(5,592)	(5,895)	(23,087)	(5,670)	-
Other (net transfer)	528	6,046	(3,669)	(64,104)	27
Net change in plan fiduciary net position	8,417	8,541	(22,159)	(56,390)	(785)
Plan fiduciary net position - beginning	71,687	80,104	88,645	66,486	10,096
PLAN FIDUCIARY NET POSITION - ENDING	\$ 80,104	\$ 88,645	\$ 66,486	\$ 10,096	\$ 9,311
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 44,248	\$ (1,867)	\$ (1,708)	\$ (10,096)	\$ (9,311)
Plan fiduciary net position as a percentage of the total pension liability	64.42%	102.15%	102.64%	0.00%	0.00%
Covered payroll	\$ 57,977	\$ 49,803	\$ -	\$ -	\$ -
Employer's net pension liability (asset) as a percentage of covered payroll	76.32%	(3.75%)	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	(2.00%)	8.79%	6.35%	4.46%	6.33%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2018	2019
TOTAL OPEB LIABILITY		
Service cost	\$ 17,109	\$ 16,230
Interest	17,182	18,903
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(24,423)	46,131
Implicit benefit payments	<u>(46,222)</u>	<u>(49,220)</u>
Net change in total OPEB liability	(36,354)	32,044
Total OPEB liability - beginning	<u>522,184</u>	<u>485,830</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 485,830</u></u>	<u><u>\$ 517,874</u></u>
Covered-employee payroll	\$ 1,523,602	\$ 1,469,532
Employer's total OPEB liability as a percentage of covered-employee payroll	31.89%	35.24%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions related to the discount rate were made in 2018 and 2019.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgets are adopted on a basis consistent with GAAP.

The District follows these procedures in establishing a budget:

1. Prior to December 1, the Treasurer submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The proposed budget is reviewed in detail in open meetings and subsequently submitted to the District's Board of Trustees.
3. A work budget approved by the District's Board of Trustees is adopted by January 1.
4. All formal budget transfers must be approved by the District's Board of Trustees. Any increases to the final budget require open meetings before the District's Board of Trustees approval.

A budget is prepared for all general and special revenue funds except the IMRF Fund. The budget is prepared in accordance with the Illinois Fire District Code and is derived from the combined annual budget and appropriation ordinance of the District. All budgets are prepared based on the annual fiscal year of the District. All budgetary funds are controlled by an integrated budgetary accounting system in accordance with the various legal requirements which govern the District. The legal level of control is the fund level. All budgets expire at the end of the year.

The following governmental funds had an excess of actual expenditures over budget for the fiscal year.

Fund	Excess
General Fund	\$ 205,451
Ambulance Fund	45,812
Audit Fund	534

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

MAJOR GOVERNMENTAL FUNDS

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Public safety				
Personnel				
Salaries and wages	\$ 1,020,657	\$ 1,020,657	\$ 1,117,343	\$ 96,686
Employee benefits	197,699	197,699	205,640	7,941
Payroll service costs	2,750	2,750	7,062	4,312
Total personnel	1,221,106	1,221,106	1,330,045	108,939
District administration				
Trustees compensation	10,000	10,000	2,750	(7,250)
Fire Commission	3,150	3,150	7,606	4,456
Printing and publications	2,000	2,000	5,353	3,353
Miscellaneous	3,625	3,625	9,463	5,838
Contingency	19,702	19,702	-	(19,702)
Office supplies	16,780	16,780	25,175	8,395
Public relations	1,750	1,750	896	(854)
Legal	15,000	15,000	23,074	8,074
Publications and notices	2,250	2,250	-	(2,250)
Affiliations and dues	625	625	1,987	1,362
Investment services	1,600	1,600	-	(1,600)
Total district administration	76,482	76,482	76,304	(178)
Program administration				
Training	34,500	34,500	53,145	18,645
Public fire education	2,500	2,500	3,685	1,185
Fire prevention bureau	4,000	4,000	2,684	(1,316)
MABAS	5,500	5,500	5,347	(153)
Safety and fitness	500	500	17,632	17,132
Total program administration	47,000	47,000	82,493	35,493
Buildings and grounds				
Building improvements	-	-	468	468
Building maintenance	-	-	26,666	26,666
Supplies	3,000	3,000	3,413	413
Utilities	25,925	25,925	29,763	3,838
Emergency dispatch	92,600	92,600	92,280	(320)
Reimbursed expenses	-	-	6,503	6,503
Total building and grounds	121,525	121,525	159,093	37,568

(This schedule is continued on the following page.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND**

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Public safety (Continued)				
Equipment maintenance				
Maintenance of vehicles	\$ 42,500	\$ 42,500	\$ 5,807	\$ (36,693)
General maintenance	6,250	6,250	4,100	(2,150)
Fuel	15,000	15,000	28,829	13,829
Small tool maintenance	15,750	15,750	751	(14,999)
Communications equipment	9,600	9,600	3,456	(6,144)
Total equipment maintenance	89,100	89,100	42,943	(46,157)
Capital outlay	18,000	18,000	87,786	69,786
TOTAL EXPENDITURES	\$ 1,573,213	\$ 1,573,213	\$ 1,778,664	\$ 205,451

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
AMBULANCE FUND**

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Public safety				
Personnel				
Salaries and wages	\$ 1,210,218	\$ 1,210,218	\$ 1,419,158	\$ 208,940
Employee benefits	199,199	199,199	155,030	(44,169)
Payroll service costs	2,750	2,750	-	(2,750)
Total personnel	1,412,167	1,412,167	1,574,188	162,021
District administration				
Trustees compensation	5,000	5,000	10,875	5,875
Fire Commission	3,150	3,150	2,250	(900)
Printing and publications	2,000	2,000	195	(1,805)
Miscellaneous	3,625	3,625	446	(3,179)
Contingency	37,702	37,702	-	(37,702)
Office supplies	16,780	16,780	2,776	(14,004)
Public relations	1,750	1,750	1,400	(350)
Legal	15,000	15,000	14,188	(812)
Publications and notices	2,250	2,250	1,425	(825)
Affiliations and dues	625	625	-	(625)
Investment services	1,600	1,600	1,637	37
Total district administration	89,482	89,482	35,192	(54,290)
Program administration				
Training	26,500	26,500	10,704	(15,796)
EMS equipment and maintenance	11,000	11,000	8,011	(2,989)
Public fire education	2,500	2,500	2,834	334
Safety and fitness	-	-	384	384
Total program administration	40,000	40,000	21,933	(18,067)
Buildings and grounds				
Building improvements	-	-	2,418	2,418
Supplies	3,000	3,000	3,349	349
Utilities	25,925	25,925	11,796	(14,129)
Emergency dispatch	92,600	92,600	92,280	(320)
Reimbursed expenses	20,000	20,000	26,709	6,709
Total buildings and grounds	141,525	141,525	136,552	(4,973)

(This schedule is continued on the following page.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
AMBULANCE FUND**

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Public safety (Continued)				
Equipment maintenance				
Maintenance of vehicles	\$ 31,100	\$ 31,100	\$ 8,729	\$ (22,371)
General maintenance	-	-	308	308
Fuel	15,000	15,000	111	(14,889)
Small tool maintenance	250	250	-	(250)
Communications equipment	3,600	3,600	-	(3,600)
Total equipment maintenance	49,950	49,950	9,148	(40,802)
Capital outlay	-	-	1,923	1,923
TOTAL EXPENDITURES	\$ 1,733,124	\$ 1,733,124	\$ 1,778,936	\$ 45,812

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

	Special Revenue			Total
	Audit	IMRF	Emergency Rescue	Nonmajor Governmental
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 2,088	\$ -	\$ -	\$ 2,088
Property taxes receivable	9,251	-	407,117	416,368
TOTAL ASSETS	<u>\$ 11,339</u>	<u>\$ -</u>	<u>\$ 407,117</u>	<u>\$ 418,456</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 21,700	\$ 21,700
Accrued wages	-	-	-	-
Due to other funds	-	-	3,347	3,347
Total liabilities	<u>-</u>	<u>-</u>	<u>25,047</u>	<u>25,047</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	<u>9,251</u>	<u>-</u>	<u>407,117</u>	<u>416,368</u>
Total deferred inflows of resources	<u>9,251</u>	<u>-</u>	<u>407,117</u>	<u>416,368</u>
Total liabilities and deferred inflows of resources	<u>9,251</u>	<u>-</u>	<u>432,164</u>	<u>441,415</u>
FUND BALANCES				
Restricted				
Retirement	-	-	-	-
Audit	2,088	-	-	2,088
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(25,047)</u>	<u>(25,047)</u>
Total fund balances (deficit)	<u>2,088</u>	<u>-</u>	<u>(25,047)</u>	<u>(22,959)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 11,339</u>	<u>\$ -</u>	<u>\$ 407,117</u>	<u>\$ 418,456</u>

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	Special Revenue			Total
	Audit	IMRF	Emergency Rescue	Nonmajor Governmental
REVENUES				
Property taxes	\$ 8,460	\$ -	\$ 372,301	\$ 380,761
Total revenues	8,460	-	372,301	380,761
EXPENDITURES				
Current				
Public safety	8,800	-	129,712	138,512
Capital outlay	-	-	44,909	44,909
Total expenditures	8,800	-	174,621	183,421
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(340)	-	197,680	197,340
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(13,359)	-	(13,359)
Total other financing sources (uses)	-	(13,359)	-	(13,359)
NET CHANGE IN FUND BALANCES	(340)	(13,359)	197,680	183,981
FUND BALANCES (DEFICIT), JANUARY 1	2,428	13,359	(222,727)	(206,940)
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 2,088	\$ -	\$ (25,047)	\$ (22,959)

(See independent auditor's report.)

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 9,325	\$ 9,325	\$ 8,460	\$ (865)
Total revenues	9,325	9,325	8,460	(865)
EXPENDITURES				
Public safety				
Current				
Audit	8,266	8,266	8,800	534
Total expenditures	8,266	8,266	8,800	534
NET CHANGE IN FUND BALANCE	<u>\$ 1,059</u>	<u>\$ 1,059</u>	(340)	<u>\$ (1,399)</u>
FUND BALANCE, JANUARY 1			<u>2,428</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 2,088</u>	

(See independent auditor's report.)

**PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS**

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 376,473	\$ 376,473	\$ 372,301	\$ (4,172)
Miscellaneous	56,500	56,500	-	(56,500)
Total revenues	432,973	432,973	372,301	(60,672)
EXPENDITURES				
Current				
Public safety				
Salaries and benefits	321,000	321,000	-	(321,000)
Program administration	8,750	8,750	20,621	11,871
Maintenance	20,400	20,400	94,276	73,876
Building improvements	25,000	25,000	14,815	(10,185)
Capital outlay	597,472	597,472	44,909	(552,563)
Total expenditures	972,622	972,622	174,621	(798,001)
NET CHANGE IN FUND BALANCE	<u>\$ (539,649)</u>	<u>\$ (539,649)</u>	197,680	<u>\$ 737,329</u>
FUND BALANCE (DEFICIT), JANUARY 1			<u>(222,727)</u>	
FUND BALANCE (DEFICIT), DECEMBER 31			<u>\$ (25,047)</u>	

(See independent auditor's report.)