



Prospect Heights
Fire Protection District
Prospect Heights, Illinois

Annual Financial Statements

For the Year Ended December 31, 2025

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	
Management’s Discussion and Analysis.....	MD&A 1-5
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	6-7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9-10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	11
Fiduciary Fund	
Statement of Fiduciary Net Position	12
Statement of Changes in Fiduciary Net Position.....	13
Notes to Financial Statements	14-45

PROSPECT HEIGHTS FIRE PROTECTION DISTRICT
PROSPECT HEIGHTS, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	46
Ambulance Fund	47
Liability Insurance Fund.....	48
Emergency and Rescue Fund	49
Schedule of Employer Contributions	
Firefighters' Pension Fund	50
Illinois Municipal Retirement Fund	51
Schedule of Changes in Employer's Net Pension Liability and Related Ratios	
Firefighters' Pension Fund	52-53
Illinois Municipal Retirement Fund	54-55
Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios	
Other Postemployment Benefit Plan	56
Notes to Required Supplementary Information	57
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
MAJOR GOVERNMENTAL FUNDS	
Schedule of Expenditures - Budget and Actual	
General Fund	58-59
Ambulance Fund	60-61
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Firefighters' Pension Fund	64
Social Security Fund.....	65
Audit Fund.....	66

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2025 and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As part of our audit for the December 31, 2025 financial statements, we also audited the adjustments as described in Footnote 10 that were applied to restate the December 31, 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sikich CPA LLC

Naperville, Illinois
August 18, 2026

Prospect Heights Fire Protection District Management's Discussion and Analysis December 31, 2025

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 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 position improved during 2025. The District concluded the year with net position of \$5,932,090. Overall revenues for governmental activities were \$7,748,740 and expenses were \$6,581,264.
- Total net position increased from \$4,764,614, as restated, to \$5,932,090 over the course of the year, an increase of \$1,167,476.
- Property tax revenue was \$5,971,841.
- The District recorded an error correction related to lease receivables and deferred inflows, which increased beginning net position by \$102,402. Beginning net position was restated from \$4,662,212 to \$4,764,614.
- The District continues to devote resources toward maintaining, improving and expanding its equipment and facilities. During 2025, governmental capital asset additions totaled \$319,288, including \$189,525 of construction in progress and \$129,763 of depreciable capital asset additions.
- The Firefighters' Pension Fund continued to improve its funded position. At April 30, 2025, the plan fiduciary net position was \$13,152,536 and the funded ratio was 94.20%, compared with 91.75% at April 30, 2024.

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 Position. This is the District-wide statement of position presenting information that includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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 position 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 - 10 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, 2025 as the pension plan has a fiscal year that ends April 30.

The basic fiduciary fund financial statements are presented on pages 12 through 13 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 14 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, Firefighters' Pension Fund and Other Postemployment Benefit Plan. Additionally, required supplementary information regarding schedules of revenues, expenditures, and changes in fund balance - budget and actual for the major budgeted funds is presented in this section. Supplementary information can be found on pages 46 through 57 of this report.

Other Information

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for nonmajor funds are presented in a subsequent section of this report beginning on page 62.

Government-wide Financial Analysis

The District's combined net position was \$5,932,090, which includes \$1,761,504 of net investment in capital assets. Total governmental activities revenues were \$7,748,740, while total expenses were \$6,581,264. Net position increased by \$1,167,476 during 2025. The increase was primarily attributable to strong ambulance service revenues, continued growth in property tax revenues, favorable investment earnings, and improvement in the funded status of the Firefighters' Pension Fund. These positive results were sufficient to offset the District's operating costs and debt service requirements. Based on 2025 operating results, the District's overall financial position continued to strengthen.

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 \$10,264,373. Of this year-end total, \$(1,072,976) was an unassigned deficit. Restricted fund balances totaled \$10,874,558, nonspendable fund balance totaled \$51,906, and assigned fund balance totaled \$410,885.

Total ending governmental fund balances increased by \$497,656 from the restated beginning balance of \$9,766,717. The increase was driven primarily by a \$918,648 increase in the Ambulance Fund and a \$102,938 increase in the Liability Insurance Fund, partially offset by decreases in the General, Emergency and Rescue, Capital Projects, Social Security and other funds.

Major Governmental Funds

The General, Ambulance, Liability Insurance, Emergency and Rescue, Capital Projects and Debt Service funds are reported as major governmental funds for 2025. The General and Ambulance Funds are the District's primary operating funds. The District does not expect the deficit fund balance in the General fund and Emergency Rescue to continue and reallocations to the tax levy and personnel costs have already been addressed.

The fund balance of the General Fund as of December 31, 2025 was a deficit of \$161,935, a decrease of \$349,292 from the prior year. The Ambulance Fund ended 2025 with a fund balance of \$3,525,019, an increase of \$918,648 from its restated beginning fund balance of \$2,606,371.

Major Fund Budgetary Highlights

The General Fund is reported as a major fund and accounts for the general operations of the District. Revenues were \$2,128,768, which was \$227,607 under budget. Expenditures were \$2,478,060, which was \$13,759 over budget. The actual decrease in fund balance of \$349,292 was \$241,366 more unfavorable than the budgeted decrease of \$107,926. The fund balance decreased from \$187,357 to a deficit of \$161,935.

The Ambulance Fund is reported as a major fund and accounts for revenue and expenditures related to providing EMS services. Revenues were \$3,077,727, which was \$571,352 over budget. Expenditures were \$2,159,079, which was \$277,853 under budget. The actual increase in fund balance of \$918,648 was \$849,205 more favorable than the budgeted increase of \$69,443. Beginning fund balance was restated from \$2,503,969 to \$2,606,371 for the lease-related error correction, and ending fund balance was \$3,525,019.

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, 2025 was \$2,763,040. During the year, capital asset additions totaled \$319,288. Depreciation expense for the year ended December 31, 2025 was \$244,475.

Debt Administration

Long-Term Debt. At December 31, 2025, the District had \$5,185,000 of General Obligation Bonds Series 2024 outstanding. The bonds are due in annual installments ranging from \$185,000 to \$465,000 plus interest at 5.00% through December 15, 2043 and were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following table summarizes long-term liabilities as of December 31, 2024 and December 31, 2025:

Governmental Activities	2024	2025
General Obligation Bonds	5,635,000	5,185,000
Unamortized Bond Premium	414,311	392,505
Net Pension Liability - Fire	1,031,813	810,112
OPEB Liability	599,295	569,178
Compensated Absences	119,417	110,024
Total	7,799,836	7,066,819

The District's total long-term liabilities decreased by \$733,017 during 2025, from \$7,799,836 to \$7,066,819. The decrease primarily reflects \$450,000 of general obligation bond principal repayments, a \$221,701 reduction in the Firefighters' Pension net pension liability, and a \$30,117 reduction in the total OPEB liability. Additional information on long-term obligations can be found in Note 8, Long-Term Liabilities, on pages 42-43.

Factors Bearing on the District's Future

The District continues to implement referendum-approved capital improvements and equipment replacement. On February 18, 2026, subsequent to year end, the District issued \$3,900,000 of General Obligation Bonds, Series 2026, to finance referendum-approved capital improvements and equipment and to pay costs of issuance.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 8,170,595
Receivables (net of allowance for uncollectibles)	
Property taxes	8,314,992
Accounts	424,409
Leases	948,579
Interest	11,582
Prepaid items	51,906
Net pension asset - IMRF	16,220
Capital assets not being depreciated	472,134
Capital assets (net of accumulated depreciation)	<u>2,290,906</u>
Total assets	<u>20,701,323</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - Firefighters' Pension Fund	953,003
Pension items - IMRF	<u>383</u>
Total deferred outflows of resources	<u>953,386</u>
Total assets and deferred outflows of resources	<u>21,654,709</u>
LIABILITIES	
Accounts payable	81,903
Accrued payroll	172,449
Accrued interest payable	10,868
Due to fiduciary component unit	216,000
Long-term liabilities	
Due within one year	295,161
Due in more than one year	<u>6,771,658</u>
Total liabilities	<u>7,548,039</u>
DEFERRED INFLOWS OF RESOURCES	
Pension items - Firefighters' Pension Fund	987,242
Deferred revenue	6,370,000
Deferred inflows - leases	<u>817,338</u>
Total deferred inflows of resources	<u>8,174,580</u>
Total liabilities and deferred inflows of resources	<u>15,722,619</u>
NET POSITION	
Net investment in capital assets	1,761,504
Restricted for	
Liability insurance	1,673,508
Retirement	1,130,968
Debt service	13,865
Ambulance services	3,525,019
Net pension asset - IMRF	16,220
Unrestricted (deficit)	<u>(2,188,994)</u>
TOTAL NET POSITION	<u><u>\$ 5,932,090</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, 2025

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	\$ 6,333,859	\$ 1,157,334	\$ -	\$ -	\$ (5,176,525)
Interest and fiscal charges on long-term debt	247,405	-	-	-	(247,405)
Total governmental activities	6,581,264	1,157,334	-	-	(5,423,930)
TOTAL PRIMARY GOVERNMENT	\$ 6,581,264	\$ 1,157,334	\$ -	\$ -	(5,423,930)
General Revenues					
Taxes					
Property					5,971,841
Replacement					142,674
Foreign fire					34,125
Investment income					384,012
Miscellaneous					58,754
Total					6,591,406
CHANGE IN NET POSITION					1,167,476
NET POSITION, JANUARY 1, AS REPORTED					4,662,212
Error correction					102,402
NET POSITION, JANUARY 1, AS RESTATED					4,764,614
NET POSITION, DECEMBER 31					\$ 5,932,090

See accompanying notes to financial statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2025

	General	Ambulance	Liability Insurance
ASSETS			
Cash	\$ -	\$ 578,558	\$ 1,484,735
Receivables (net of allowance for uncollectible)			
Property taxes	2,673,428	2,622,758	466,137
Accounts	-	424,409	-
Leases	-	948,579	-
Interest	11,582	-	-
Prepaid items	7,135	7,135	37,636
Due from other funds	-	883,221	-
Advance to other funds	-	1,061,324	-
TOTAL ASSETS	\$ 2,692,145	\$ 6,525,984	\$ 1,988,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 13,844	\$ 62,506	\$ -
Accrued salaries	101,609	67,121	-
Due to fiduciary component unit	-	-	-
Due to other funds	663,627	-	-
Advance from other funds	-	-	-
Total liabilities	779,080	129,627	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	2,075,000	2,054,000	315,000
Deferred inflows - leases	-	817,338	-
Total deferred inflows of resources	2,075,000	2,871,338	315,000
Total liabilities and deferred inflows of resources	2,854,080	3,000,965	315,000
FUND BALANCES			
Nonspendable - prepaid items	7,135	7,135	37,636
Restricted			
Liability insurance	-	-	1,635,872
Retirement	-	-	-
Debt service	-	-	-
Ambulance services	-	3,517,884	-
Capital projects	-	-	-
Assigned			
Assigned for capital projects	-	-	-
Unassigned (deficit)	(169,070)	-	-
Total fund balances (deficit)	(161,935)	3,525,019	1,673,508
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,692,145	\$ 6,525,984	\$ 1,988,508

Emergency Rescue	Capital Projects	<i>(Formerly Nonmajor)</i> Debt Service	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ 4,986,854	\$ -	\$ 1,120,448	\$ 8,170,595
658,274	-	988,459	905,936	8,314,992
-	-	-	-	424,409
-	-	-	-	948,579
-	-	-	-	11,582
-	-	-	-	51,906
-	-	-	-	883,221
-	-	-	-	1,061,324
<u>\$ 658,274</u>	<u>\$ 4,986,854</u>	<u>\$ 988,459</u>	<u>\$ 2,026,384</u>	<u>\$ 19,866,608</u>
\$ 5,553	\$ -	\$ -	\$ -	\$ 81,903
-	-	-	3,719	172,449
-	-	-	216,000	216,000
-	-	219,594	-	883,221
1,041,893	-	-	19,431	1,061,324
1,047,446	-	219,594	239,150	2,414,897
503,000	-	755,000	668,000	6,370,000
-	-	-	-	817,338
503,000	-	755,000	668,000	7,187,338
1,550,446	-	974,594	907,150	9,602,235
-	-	-	-	51,906
-	-	-	-	1,635,872
-	-	-	1,130,968	1,130,968
-	-	13,865	-	13,865
-	-	-	-	3,517,884
-	4,575,969	-	-	4,575,969
-	410,885	-	-	410,885
(892,172)	-	-	(11,734)	(1,072,976)
(892,172)	4,986,854	13,865	1,119,234	10,264,373
<u>\$ 658,274</u>	<u>\$ 4,986,854</u>	<u>\$ 988,459</u>	<u>\$ 2,026,384</u>	<u>\$ 19,866,608</u>

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, 2025

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 10,264,373
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	2,763,040
Net pension (liability) asset for the Illinois Municipal Retirement Fund is shown as an asset or liability on the statement of net position	16,220
Net pension liability for the Firefighters' Pension Fund is shown as a liability on the statement of net position	(810,112)
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	383
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 and deferred inflows of resources on the statement of net position	(34,239)
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:	
General obligation bonds	(5,185,000)
Unamortized bond premium	(392,505)
Accrued interest payable	(10,868)
Compensated absences payable	(110,024)
Total OPEB liability	<u>(569,178)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 5,932,090</u></u>

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, 2025

	General	Ambulance	Liability Insurance
REVENUES			
Property taxes	\$ 1,864,404	\$ 1,771,967	\$ 470,867
Personal property replacement taxes	74,255	68,419	-
Charges for services	-	1,157,334	-
Foreign fire insurance	34,125	-	-
Investment income	143,979	33,258	-
Miscellaneous	12,005	46,749	-
Total revenues	2,128,768	3,077,727	470,867
EXPENDITURES			
Current			
Public safety	2,468,240	2,159,079	367,929
Capital outlay	9,820	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	2,478,060	2,159,079	367,929
NET CHANGE IN FUND BALANCES	(349,292)	918,648	102,938
FUND BALANCES (DEFICIT), JANUARY 1, AS REPORTED	187,357	2,503,969	1,570,570
Change within financial reporting entity	-	-	-
Error correction	-	102,402	-
FUND BALANCES (DEFICIT), JANUARY 1, AS RESTATED	187,357	2,606,371	1,570,570
FUND BALANCES (DEFICIT), DECEMBER 31	\$ (161,935)	\$ 3,525,019	\$ 1,673,508

		<i>(Formerly Nonmajor)</i>			
Emergency Rescue	Capital Projects	Debt Service	Nonmajor Governmental	Total Governmental Funds	
\$ 483,756	\$ -	\$ 727,340	\$ 653,507	\$ 5,971,841	
-	-	-	-	142,674	
-	-	-	-	1,157,334	
-	-	-	-	34,125	
-	206,775	-	-	384,012	
-	-	-	-	58,754	
483,756	206,775	727,340	653,507	7,748,740	
401,520	10,386		692,435	6,099,589	
128,844	292,631		-	431,295	
-	-	450,000	-	450,000	
-	-	270,200	-	270,200	
530,364	303,017	720,200	692,435	7,251,084	
(46,608)	(96,242)	7,140	(38,928)	497,656	
(845,564)	5,083,096	-	1,164,887	9,664,315	
-	-	6,725	(6,725)	-	
-	-	-	-	102,402	
(845,564)	5,083,096	6,725	1,158,162	9,766,717	
\$ (892,172)	\$ 4,986,854	\$ 13,865	\$ 1,119,234	\$ 10,264,373	

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, 2025

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 497,656
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	319,288
The repayment of principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	450,000
The change in accrued interest payable is reported as interest expense on the statement of activities	989
The change in compensated absences is an increase of expenses on the statement of activities	9,393
The change in the net pension asset for the Illinois Municipal Retirement Fund is reported only in the statement of activities	1,281
The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(481)
The change in the net pension liability for the Firefighters' Pension Fund is reported only in the statement of activities	221,701
The change in deferred inflows and outflows of resources for the Firefighters' Pension Fund is reported only in the statement of activities	(139,799)
Changes in the total other postemployment benefit are reported only in the statement of activities	30,117
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	(244,475)
Amortization of bond premiums	21,806
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,167,476</u></u>

See accompanying notes to financial statements.

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

December 31, 2025

ASSETS

Cash and cash equivalents	\$ 109,553
Investments held in the Illinois Firefighters' Pension Investment Fund	13,043,461
Prepaid expenses	<u>1,117</u>
 Total assets	 <u>13,154,131</u>

LIABILITIES

Accounts payable	<u>1,595</u>
 Total liabilities	 <u>1,595</u>

NET POSITION RESTRICTED FOR PENSIONS	<u><u>\$ 13,152,536</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, 2025

ADDITIONS

Contributions

Employer contributions	\$ 615,729
Employee contributions	<u>191,037</u>

Total contributions	<u>806,766</u>
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Investment income

Net appreciation in fair value of investments	975,113
Interest	<u>247,428</u>

Total investment income	1,222,541
Less investment expense	<u>(26,868)</u>

Net investment income	<u>1,195,673</u>
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Total additions	<u>2,002,439</u>
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DEDUCTIONS

Administrative expenses	49,513
Benefits and refunds	<u>269,084</u>

Total deductions	<u>318,597</u>
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NET INCREASE	1,683,842
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NET POSITION RESTRICTED FOR PENSIONS

May 1	<u>11,468,694</u>
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April 30	<u><u>\$ 13,152,536</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, 2025

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, 2025, 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 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.

The Emergency Rescue Fund, a special revenue fund, is used to account for revenue and expenditures related to the District's emergency rescue activities and is funded by a restricted tax levy.

The Capital Projects Fund, a capital projects fund, is used to account for revenue and expenditures related to the District's capital projects.

The Debt Service Fund, a debt service fund, is used to account for revenue and expenditures related to the District's debt service payments.

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 \$5,000, 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. No accumulated sick pay is paid upon termination. Sick leave is recognized as a liability if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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.

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.

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)

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.

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).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

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 investments are subject to interest rate risk.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable certificates of deposit	\$ 353,471	\$ 136,177	\$ 217,294	\$ -	\$ -
U.S. Treasury securities	1,126,842	788,546	338,296	-	-
U.S. agency obligations	54,659	-	54,659	-	-
TOTAL	\$ 1,534,972	\$ 924,723	\$ 610,249	\$ -	\$ -

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+. The negotiable certificates of deposit are not rated.

The District had the following recurring fair value measurements as of December 31, 2025: the U.S. Treasury securities are valued using daily quoted prices (Level 1 inputs). The U.S. agency obligations and negotiable certificates of deposit are valued using evaluated pricing or matrix pricing (Level 2 inputs).

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.

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

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Construction in progress	82,609	189,525	-	272,134
Total capital assets not being depreciated	282,609	189,525	-	472,134
Capital assets being depreciated				
Building and improvements	2,140,238	44,585	-	2,184,823
Apparatus	3,346,821	53,975	-	3,400,796
Ambulance	407,288	-	-	407,288
Rescue equipment	559,803	-	-	559,803
Communication equipment	297,656	-	-	297,656
Small tools and equipment	589,170	7,382	-	596,552
Clothing and badges	177,718	-	-	177,718
Bunker equipment	92,286	-	-	92,286
Equipment	33,555	23,821	-	57,376
Hose and ladder	102,611	-	-	102,611
Total capital assets being depreciated	7,747,146	129,763	-	7,876,909
Less accumulated depreciation for				
Building and improvements	1,637,576	34,046	-	1,671,622
Apparatus	1,494,271	185,343	-	1,679,614
Ambulance	407,288	-	-	407,288
Rescue equipment	554,433	2,177	-	556,610
Communication equipment	285,099	12,557	-	297,656
Small tools and equipment	584,616	2,069	-	586,685
Clothing and badges	177,718	-	-	177,718
Bunker equipment	92,286	-	-	92,286
Equipment	11,796	5,630	-	17,426
Hose and ladder	96,445	2,653	-	99,098
Total accumulated depreciation	5,341,528	244,475	-	5,586,003
Total capital assets being depreciated, net	2,405,618	(114,712)	-	2,290,906
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 2,688,227	\$ 74,813	\$ -	\$ 2,763,040

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

GOVERNMENTAL ACTIVITIES	
Public safety	<u>\$ 244,475</u>
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u><u>\$ 244,475</u></u>

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

4. INDIVIDUAL FUND DISCLOSURES

a. Due to Fiduciary Component Unit

\$216,000 was due to the District's fiduciary component unit, the Firefighters' Pension Fund, as of December 31, 2025. As disclosed in note 1a, the FPERS is presented as of April 30, 2025, which is the FPERS fiscal year end.

b. Due To/From Other Funds

	Due From	Due To
General	\$ -	\$ 663,627
Ambulance	883,221	-
Debt Service	-	219,594
TOTAL	\$ 883,221	\$ 883,221

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

c. Advances From/To Other Funds

	Advances From	Advances To
Ambulance	\$ -	\$ 1,061,324
Audit	19,431	-
Emergency Rescue	1,041,893	-
TOTAL	\$ 1,061,324	\$ 1,061,324

The advances from/to other funds in the above table relates to deficit cash balances. The amounts are not expected to be repaid within one year.

d. Deficit Fund Balances

As of December 31, 2025, the General Fund, Emergency and Rescue Fund, and Audit Fund had deficit fund balances of (\$161,935), (\$892,172) and (\$11,734), respectively.

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

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, workmen's compensation, 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.

6. RETIREMENT FUND COMMITMENTS

The table below is a summary for all pension plans as of and for the year ended December 31, 2025:

	IMRF	Firefighters' Pension	Total
Net pension liability	\$ -	\$ 810,112	\$ 810,112
Net pension asset	16,220	-	16,220
Deferred outflows of resources	383	953,003	953,386
Deferred inflows of resources	-	987,242	987,242
Pension expense	(800)	491,337	490,537

Plan Descriptions

Illinois Municipal Retirement Fund

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.

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.

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)

Plan Administration (Continued)

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, 2024 (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	

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.

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)

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, 2025 was 0% of covered payroll.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2024 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, 2024
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.75% to 13.75%
Interest rate	7.25%
Cost of living adjustments	2.25%
Asset valuation method	Fair value

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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, 2024 was 7.25%. 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.

Long-Term Expected Rate of Return

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	33.50%	4.35%
International equity	18.00%	5.40%
Fixed income	24.50%	5.20%
Real estate	10.50%	6.40%
Alternative investments	12.50%	4.85% to 6.25%
Cash equivalents	1.00%	3.60%
TOTAL	<u>100.00%</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)

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, 2024	\$ -	\$ 14,939	\$ (14,939)
Changes for the period			
Interest	-	-	-
Difference between expected and actual experience	-	-	-
Net investment income	-	1,554	(1,554)
Benefit payments and refunds	-	-	-
Other (net transfer)	-	(273)	273
Net changes	-	1,281	(1,281)
BALANCES AT DECEMBER 31, 2024	\$ -	\$ 16,220	\$ (16,220)

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

For the year ended December 31, 2025, the District recognized pension expense of \$(800).

At December 31, 2024, 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	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	383	-
TOTAL	\$ 383	\$ -

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
(Continued)

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 December 31,	
2026	\$ 197
2027	500
2028	(217)
2029	(97)
Thereafter	<u>-</u>
TOTAL	<u>\$ 383</u>

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)	\$ (16,220)	\$ (16,220)	\$ (16,220)

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

6. RETIREMENT FUND COMMITMENTS (Continued)

Plan Descriptions (Continued)

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.

At April 30, 2024 (most recent data available), membership consisted of:

Inactive plan members currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>18</u>
TOTAL	<u>33</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.

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)

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 $\frac{1}{2}$ 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., $\frac{1}{2}\%$ for each month under 55).

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. 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, 2025, the District's contribution was 29.90% of covered payroll.

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)

Illinois Firefighters' Pension Investment Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory.

Deposits with Financial Institutions

The plan retains all of its available cash with two financial institutions. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the plan.

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.

Investments

Investments of the plan are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org.

Fair Value Measurement

The plan categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The plan held no investments subject to fair value measurement at April 30, 2025.

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)

Net Asset Value

The Net Asset Value (NAV) of the plan's pooled investment in IFPIF was \$13,043,461 at April 30, 2025. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at April 30, 2025. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

Investment Policy

IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by ILCS. The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Rate of Return

For the year ended April 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2024	\$ 12,500,507	\$ 11,468,694	\$ 1,031,813
Changes for the period			
Service cost	615,738	-	615,738
Interest	798,380	-	798,380
Difference between expected and actual experience	(125,685)	-	(125,685)
Change in assumptions	442,792	-	442,792
Changes of benefit terms	-	-	-
Employer contributions	-	615,729	(615,729)
Employee contributions	-	191,037	(191,037)
Net investment income	-	1,195,673	(1,195,673)
Benefit payments and refunds	(269,084)	(269,084)	-
Administrative expense	-	(49,513)	49,513
Net changes	1,462,141	1,683,842	(221,701)
BALANCES AT APRIL 30, 2025	\$ 13,962,648	\$ 13,152,536	\$ 810,112

Changes in assumptions were made since prior measurement date related to the inflation rate, individual pay increases, retirement rates, termination rates, disability rates, mortality rates, mortality improvement rates, and duty death probability.

The funded ratio as of April 30, 2025 was 94.20%.

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2024 using the following actuarial methods and assumptions. The total pension liability was rolled forward by the actuary using updating procedures to April 30, 2025.

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, 2024
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.75% to 10.73%
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Fair value

Mortality rates were based on the Pub-2010(A) improved to 2021 using MP-2021 Improvements Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

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 Plan (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 pension liability (asset) of the Firefighters' Pension Plan calculated using the discount rate of 6.50% 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 (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 (asset)	\$ 3,050,647	\$ 810,112	\$ (1,000,483)

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

For the year ended December 31, 2025, the District recognized pension expense of \$491,337.

At December 31, 2025, 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	\$ 61,147	\$ 836,628
Changes in assumptions	655,570	33,255
Net difference between projected and actual earnings on pension plan investments	-	117,359
Contributions made subsequent to the measurement date	236,286	-
TOTAL	<u>\$ 953,003</u>	<u>\$ 987,242</u>

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)

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.

\$236,286 contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending December 31, 2026. 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 <u>December 31,</u>	
2026	\$ 144,210
2027	(94,307)
2028	(203,891)
2029	(148,147)
2030	(10,363)
Thereafter	<u>41,973</u>
TOTAL	<u><u>\$ (270,525)</u></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 until they are Medicare eligible.

c. Membership

At December 31, 2025, 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>16</u>
TOTAL	<u><u>19</u></u>

d. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2025, as determined by an actuarial valuation as of January 1, 2025 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 updated procedures to December 31, 2025.

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, 2025
Actuarial cost method	Entry-age normal
Inflation	2.50%
Discount rate	4.83%
Healthcare cost trend rates	5.00% to 7.90% in Fiscal 2020 based on type of plan, to an ultimate trend rate of 5%
Asset valuation method	N/A
Mortality rates	PubS-2010(A) rates and improved generationally with MP-2021 improvement rates

e. Discount Rate

The discount rate was based on the S&P Municipal Bond 20 year high-grade index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2025.

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, 2025	<u>\$ 599,295</u>
Changes for the period	
Service cost	21,434
Interest	23,409
Difference between expected and actual experience	-
Changes in assumptions	(23,848)
Benefit payments	<u>(51,112)</u>
Net changes	<u>(30,117)</u>
BALANCES AT DECEMBER 31, 2025	<u><u>\$ 569,178</u></u>

Changes in assumptions related to the discount rate as of December 31, 2025.

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 (4.83%) 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 (3.83%) or 1 percentage point higher (5.83%) than the current rate:

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB liability	\$ 601,288	\$ 569,178	\$ 539,484

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 7.90% 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 6.90%) or 1 percentage point higher (6.00% to 8.90%) than the current rate:

	1% Decrease (4.00% to 6.90%)	Current Healthcare Rate (5.00% to 7.90%)	1% Increase (6.00% to 8.90%)
Total OPEB liability	\$ 527,274	\$ 569,178	\$ 616,475

h. OPEB Expense

For the year ended December 31, 2025, the District recognized OPEB expense (income) of (\$28,117). The alternative measurement method requires deferred outflows and deferred inflows to be recognized in expense immediately.

8. LONG-TERM LIABILITIES

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

	Balances January 1,	Increases	Decreases	Balances December 31	Current Portion
General obligation bonds	\$ 5,635,000	\$ -	\$ 450,000	\$ 5,185,000	\$ 185,000
Unamortized bond premium	414,311	-	21,806	392,505	-
Net pension liability - Fire Pension*	1,031,813	-	221,701	810,112	-
Total OPEB liability*	599,295	-	30,117	569,178	55,149
Compensated absences**	119,417	-	9,393	110,024	55,012
TOTAL	\$ 7,799,836	\$ -	\$ 733,017	\$ 7,066,819	\$ 295,161

*The net pension liability and the OPEB liability have historically been retired by the General Fund.

**The amount displayed as additions or reductions represents the net change in the liability.

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

8. LONG-TERM LIABILITIES (Continued)

a. General Obligation Bonds Payable

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The outstanding debt as of December 31, 2025, consists of the following individual amounts:

	<u>Fund Retired by</u>	<u>Balance December 31</u>	<u>Current Portion</u>
Governmental Activities			
General Obligation Bonds Series 2024 (\$6,100,000) - Due in annual installments of ranging from \$185,000 to \$465,000 plus interest at 5.00% through December 15, 2043.	Debt Service	\$ 5,185,000	\$ 185,000
TOTAL GOVERNMENTAL ACTIVITIES GENERAL OBLIGATION BONDS PAYABLE		<u>\$ 5,185,000</u>	<u>\$ 185,000</u>

b. Debt Service Requirements to Maturity

The annual debt service requirements to amortize the outstanding debt as of December 31, 2025, are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>General Obligation Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 185,000	\$ 247,250	\$ 432,250
2027	195,000	238,000	433,000
2028	205,000	228,250	433,250
2029	215,000	218,000	433,000
2030	225,000	207,250	432,250
2030-2034	1,300,000	856,500	2,156,500
2035-2039	1,660,000	497,250	2,157,250
2040-2043	1,200,000	97,200	1,297,200
TOTAL	<u>\$ 5,185,000</u>	<u>\$ 2,589,700</u>	<u>\$ 7,774,700</u>

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

9. LESSOR DISCLOSURES

The District entered a lease agreement in September 2018 to lease space on a cell tower. Payments ranging from \$3,287 to \$8,425 are due to the District in monthly installments, through July 2043. The lease agreement is noncancelable and maintains an interest rate of 3.47%.

During the year, the District recognized lease revenue of \$46,484 and interest revenue of \$33,258 related to leases.

10. RESTATEMENTS

Error Correction

For the year ended December 31, 2025, the District made error corrections related to recording lease receivables and deferred inflows, which resulted in a restatement to beginning fund balance and net position.

	<u>Governmental Activities</u>
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 4,662,212</u>
Error correction - Leases	<u>102,402</u>
Total net restatement	<u>102,402</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 4,764,614</u>
	<u>Ambulance Fund</u>
BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED	<u>\$ 2,503,969</u>
Error correction - Leases	<u>102,402</u>
Total net restatement	<u>102,402</u>
BEGINNING FUND BALANCE, AS RESTATED	<u>\$ 2,606,371</u>

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

10. RESTATEMENTS (Continued)

Change within Financial Reporting Entity

The District's beginning fund balances were adjusted due to a change within the reporting entity, in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The Debt Service Fund was reported as nonmajor for the fiscal year ended December 31, 2024, and is reported as major for the fiscal year ended December 31, 2025.

The net effect of the restatements is as follows:

	Debt Service	Nonmajor Governmental
BEGINNING FUND BALANCE, AS PREVIOUSLY REPORTED	\$ -	\$ 1,164,887
Change within financial reporting entity	6,725	(6,725)
Total net restatement	6,725	(6,725)
BEGINNING FUND BALANCE, AS RESTATED	\$ 6,725	\$ 1,158,162

11. SUBSEQUENT EVENTS

On February 18, 2026, the District issued \$3,900,000 General Obligation Bonds, Series 2026, to finance referendum-approved capital improvements and equipment in and for the District, and pay costs of issuance of the bonds.

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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 1,940,000	\$ 1,864,404	\$ (75,596)
Personal property replacement taxes	115,000	74,255	(40,745)
Charges for services	250,000	-	(250,000)
Foreign fire insurance	25,000	34,125	9,125
Investment income	-	143,979	143,979
Miscellaneous	26,375	12,005	(14,370)
Total revenues	2,356,375	2,128,768	(227,607)
EXPENDITURES			
Public safety			
Personnel	1,965,657	1,990,337	24,680
District administration	93,775	79,185	(14,590)
Program administration	62,500	104,152	41,652
Buildings and grounds	123,750	164,911	41,161
Equipment maintenance	78,500	129,655	51,155
Capital outlay	140,119	9,820	(130,299)
Total expenditures	2,464,301	2,478,060	13,759
NET CHANGE IN FUND BALANCE	<u>\$ (107,926)</u>	(349,292)	<u>\$ (241,366)</u>
FUND BALANCE JANUARY 1		<u>187,357</u>	
FUND BALANCE (DEFICIT), DECEMBER 31		<u>\$ (161,935)</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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 1,890,000	\$ 1,771,967	\$ (118,033)
Charges for services	451,500	1,157,334	705,834
Personal property replacement taxes	115,000	68,419	(46,581)
Investment income	-	33,258	33,258
Miscellaneous	49,875	46,749	(3,126)
Total revenues	2,506,375	3,077,727	571,352
EXPENDITURES			
Public safety			
Personnel	1,950,657	1,739,980	(210,677)
District administration	88,775	68,712	(20,063)
Program administration	37,500	25,668	(11,832)
Buildings and grounds	308,750	304,727	(4,023)
Equipment maintenance	51,250	19,992	(31,258)
Total expenditures	2,436,932	2,159,079	(277,853)
NET CHANGE IN FUND BALANCE	\$ 69,443	918,648	\$ 849,205
FUND BALANCE, JANUARY 1, AS REPORTED			
		2,503,969	
Error correction		102,402	
FUND BALANCE, JANUARY 1, AS RESTATED		2,606,371	
FUND BALANCE, DECEMBER 31		\$ 3,525,019	

(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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 475,000	\$ 470,867	\$ (4,133)
Total revenues	475,000	470,867	(4,133)
EXPENDITURES			
Public safety			
Salaries and benefits	50,000	50,234	234
Insurance	332,766	317,695	(15,071)
Capital outlay	2,000	-	(2,000)
Total expenditures	384,766	367,929	(16,837)
NET CHANGE IN FUND BALANCE	\$ 90,234	102,938	\$ 12,704
FUND BALANCE, JANUARY 1		1,570,570	
FUND BALANCE, DECEMBER 31		\$ 1,673,508	

(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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 488,000	\$ 483,756	\$ (4,244)
Intergovernmental	-	-	-
Miscellaneous	10,500	-	(10,500)
Total revenues	498,500	483,756	(14,744)
EXPENDITURES			
Public safety			
Salaries and benefits	467,500	350,000	(117,500)
Program administration	8,500	13,198	4,698
Maintenance	25,000	25,861	861
Building improvements	29,500	12,461	(17,039)
Capital outlay	-	128,844	128,844
Total expenditures	530,500	530,364	(136)
NET CHANGE IN FUND BALANCE	\$ (32,000)	(46,608)	\$ (14,608)
FUND BALANCE (DEFICIT), JANUARY 1		(845,564)	
FUND BALANCE (DEFICIT), DECEMBER 31		\$ (892,172)	

(See independent auditor's report.)

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 293,400	\$ 324,023	\$ 383,717	\$ 458,149	\$ 523,186	\$ 564,103	\$ 594,988	\$ 562,085	\$ 402,787	\$ 463,996
Contribution in relation to the actuarially determined contribution	322,103	348,253	389,235	508,676	577,775	559,453	662,258	690,512	777,927	615,729
CONTRIBUTION DEFICIENCY (Excess)	\$ (28,703)	\$ (24,230)	\$ (5,518)	\$ (50,527)	\$ (54,589)	\$ 4,650	\$ (67,270)	\$ (128,427)	\$ (375,140)	\$ (151,733)
Covered payroll	\$ 1,531,984	\$ 1,438,319	\$ 1,485,064	\$ 1,531,300	\$ 1,469,508	\$ 1,513,593	\$ 1,599,241	\$ 1,658,896	\$ 1,813,790	\$ 2,059,128
Contributions as a percentage of covered payroll	21.03%	24.21%	26.21%	33.22%	39.32%	36.96%	41.41%	41.62%	42.89%	29.90%

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 12 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 6.50% annually, projected salary increase assumption of 3.50% to 11.21% plus 2.25% for inflation compounded annually.

(See independent auditor's report.)

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

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

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	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 19 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of 7.25% annually, projected salary increases assumption of 2.75% to 13.75% compounded annually and inflation of 2.25%.

(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 Ten Fiscal Years

MEASUREMENT DATE APRIL 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TOTAL PENSION LIABILITY										
Service cost	\$ 444,606	\$ 459,427	\$ 489,290	\$ 566,067	\$ 559,381	\$ 508,337	\$ 505,940	\$ 484,465	\$ 550,575	\$ 615,738
Interest	300,002	402,773	452,223	508,770	556,413	611,361	650,471	676,203	739,295	798,380
Changes of benefit terms	-	-	-	-	77,125	-	-	(17,307)	-	-
Differences between expected and actual experience	20,889	91,268	2,267	(228,796)	(118,065)	(287,603)	(294,386)	(547,306)	48,362	(125,685)
Changes of assumptions	831,605	(144,540)	-	-	206,126	-	-	-	-	442,792
Benefit payments, including refunds of member contributions	-	(32,025)	(64,289)	(83,387)	(142,728)	(178,181)	(226,674)	(235,174)	(257,694)	(269,084)
Net change in total pension liability	1,597,102	776,903	879,491	762,654	1,138,252	653,914	635,351	360,881	1,080,538	1,462,141
Total pension liability - beginning	4,615,421	6,212,523	6,989,426	7,868,917	8,631,571	9,769,823	10,423,737	11,059,088	11,419,969	12,500,507
TOTAL PENSION LIABILITY - ENDING	\$ 6,212,523	\$ 6,989,426	\$ 7,868,917	\$ 8,631,571	\$ 9,769,823	\$ 10,423,737	\$ 11,059,088	\$ 11,419,969	\$ 12,500,507	\$ 13,962,648
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 322,103	\$ 348,253	\$ 389,235	\$ 508,676	\$ 577,775	\$ 559,453	\$ 662,258	\$ 690,512	\$ 777,927	\$ 615,729
Contributions - member	143,211	139,596	139,819	143,371	139,963	146,551	154,153	162,075	178,484	191,037
Net investment income	61,708	306,533	225,901	365,685	345,209	1,313,487	(580,014)	83,563	1,024,133	1,195,673
Benefit payments, including refunds of member contributions	-	(32,025)	(64,289)	(83,387)	(142,728)	(178,181)	(226,674)	(235,174)	(257,694)	(269,084)
Administrative expense	(17,386)	(20,259)	(28,093)	(29,149)	(48,677)	(29,873)	(29,316)	(31,027)	(48,301)	(49,513)
Net change in plan fiduciary net position	509,636	742,098	662,573	905,196	871,542	1,811,437	(19,593)	669,949	1,674,549	1,683,842
Plan fiduciary net position - beginning	3,641,307	4,150,943	4,893,041	5,555,614	6,460,810	7,332,352	9,143,789	9,124,196	9,794,145	11,468,694
PLAN FIDUCIARY NET POSITION - ENDING	\$ 4,150,943	\$ 4,893,041	\$ 5,555,614	\$ 6,460,810	\$ 7,332,352	\$ 9,143,789	\$ 9,124,196	\$ 9,794,145	\$ 11,468,694	\$ 13,152,536
EMPLOYER'S NET PENSION LIABILITY	\$ 2,061,580	\$ 2,096,385	\$ 2,313,303	\$ 2,170,761	\$ 2,437,471	\$ 1,279,948	\$ 1,934,892	\$ 1,625,824	\$ 1,031,813	\$ 810,112

MEASUREMENT DATE APRIL 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Plan fiduciary net position as a percentage of the total pension liability	66.82%	79.49%	70.60%	74.85%	75.05%	87.72%	82.50%	85.76%	91.75%	94.20%
Covered payroll	\$ 1,531,984	\$ 1,438,319	\$ 1,485,064	\$ 1,531,300	\$ 1,469,508	\$ 1,513,593	\$ 1,599,241	\$ 1,658,896	\$ 1,813,790	\$ 2,059,128
Employer's net pension liability as a percentage of covered payroll	134.57%	145.75%	155.77%	141.76%	165.87%	84.56%	120.99%	98.01%	56.89%	39.34%

For 2025, changes in assumptions included projected individual and total payroll increases, inflation rate, mortality and mortality improvement rates, retirement rates, termination rates, disability rates and marital assumptions.

Changes in benefits in 2023 relate to an annual increase of 3% of the current retirement benefits.

Changes in benefits in 2020 relate to an update to plan benefit changes under PA-101-0610. These legislative changes reflect modification to the Tier II plan provisions.

(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 Ten Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY										
Service cost	\$ 5,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	9,310	5,643	4,646	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(46,726)	(4,556)	(63,754)	-	-	-	-	-	-	-
Changes of assumptions	(52)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(5,895)	(23,087)	(5,670)	-	-	-	-	-	-	-
Net change in total pension liability	(37,574)	(22,000)	(64,778)	-	-	-	-	-	-	-
Total pension liability - beginning	124,352	86,778	64,778	-	-	-	-	-	-	-
TOTAL PENSION LIABILITY - ENDING	\$ 86,778	\$ 64,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 5,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	2,241	-	-	-	-	-	-	-	-	-
Net investment income	406	4,597	13,384	(812)	2,016	1,792	2,468	(2,450)	1,559	1,554
Benefit payments, including refunds of member contributions	(5,895)	(23,087)	(5,670)	-	-	-	-	-	-	-
Other (net transfer)	6,046	(3,669)	(64,104)	27	(19)	35	(63)	(31)	321	(273)
Net change in plan fiduciary net position	8,541	(22,159)	(56,390)	(785)	1,997	1,827	2,405	(2,481)	1,880	1,281
Plan fiduciary net position - beginning	80,104	88,645	66,486	10,096	9,311	11,308	13,135	15,540	13,059	14,939
PLAN FIDUCIARY NET POSITION - ENDING	\$ 88,645	\$ 66,486	\$ 10,096	\$ 9,311	\$ 11,308	\$ 13,135	\$ 15,540	\$ 13,059	\$ 14,939	\$ 16,220
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (1,867)	\$ (1,708)	\$ (10,096)	\$ (9,311)	\$ (11,308)	\$ (13,135)	\$ (15,540)	\$ (13,059)	\$ (14,939)	\$ (16,220)

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Plan fiduciary net position as a percentage of the total pension liability	102.15%	102.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 49,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's net pension liability (asset) as a percentage of covered payroll	(3.75%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(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 Eight Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2018	2019	2020	2021	2022	2023	2024	2025
TOTAL OPEB LIABILITY								
Service cost	\$ 17,109	\$ 16,230	\$ 18,427	\$ 11,506	\$ 11,969	\$ 23,761	\$ 26,256	\$ 21,434
Interest	17,182	18,903	13,902	6,583	6,590	23,964	21,509	23,409
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(245,257)	-	395,289	-	(65,341)	-
Changes of assumptions	(24,423)	46,131	31,909	4,889	(56,858)	18,449	(16,680)	(23,848)
Implicit benefit payments	(46,222)	(49,220)	(21,027)	(10,622)	(16,588)	(48,799)	(52,410)	(51,112)
Net change in total OPEB liability	(36,354)	32,044	(202,046)	12,356	340,402	17,375	(86,666)	(30,117)
Total OPEB liability - beginning	522,184	485,830	517,874	315,828	328,184	668,586	685,961	599,295
TOTAL OPEB LIABILITY - ENDING	\$ 485,830	\$ 517,874	\$ 315,828	\$ 328,184	\$ 668,586	\$ 685,961	\$ 599,295	\$ 569,178
Covered-employee payroll	\$ 1,523,602	\$ 1,469,532	\$ 1,508,562	\$ 2,016,731	\$ 1,773,482	\$ 1,831,120	\$ 2,462,555	\$ 2,506,660
Employer's total OPEB liability as a percentage of covered-employee payroll	31.89%	35.24%	20.94%	16.27%	37.70%	37.46%	24.34%	22.71%

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, 2019, 2020, 2021, 2022, 2023, and 2025.

Changes in assumptions related to inflation rate, retirement rates, termination rates, disability rates, mortality rates and the discount rate were made in 2024.

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, 2025

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. 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.

Expenditures exceed the budget for the General Fund (\$13,759), Social Security Fund (\$5,136), Firefighters' Pension Fund (\$33,169) and Audit Fund (\$3,630) during the year ended December 31, 2025.

**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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
EXPENDITURES			
Public safety			
Personnel			
Salaries and wages	\$ 1,733,339	\$ 1,749,844	\$ 16,505
Employee benefits	224,818	240,493	15,675
Payroll service costs	7,500	-	(7,500)
Total personnel	1,965,657	1,990,337	24,680
District administration			
Trustees compensation	10,000	-	(10,000)
Fire Commission	4,150	4,951	801
Printing and publications	2,250	6,711	4,461
Miscellaneous	3,125	4,832	1,707
Contingency	-	4,789	4,789
Office supplies	40,625	33,574	(7,051)
Public relations	1,500	583	(917)
Legal	17,500	8,531	(8,969)
Publications and notices	1,500	154	(1,346)
Affiliations and dues	625	2,812	2,187
Investment services	12,500	12,248	(252)
Total district administration	93,775	79,185	(14,590)
Program administration			
Training	52,000	78,432	26,432
Public fire education	2,500	5,484	2,984
Fire prevention bureau	2,000	110	(1,890)
MABAS	5,500	6,422	922
Safety and fitness	500	13,704	13,204
Total program administration	62,500	104,152	41,652

(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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)			
Public safety (Continued)			
Buildings and grounds			
Building improvements	\$ -	\$ 8,726	\$ 8,726
Building maintenance	-	16,780	16,780
Supplies	4,000	5,760	1,760
Utilities	19,750	27,947	8,197
Emergency dispatch	100,000	99,997	(3)
Reimbursed expenses	-	5,701	5,701
Total building and grounds	123,750	164,911	41,161
Equipment maintenance			
Maintenance of vehicles	36,000	90,959	54,959
General maintenance	8,500	13,747	5,247
Fuel	18,500	20,669	2,169
Small tool maintenance	12,250	2,917	(9,333)
Communications equipment	3,250	1,363	(1,887)
Total equipment maintenance	78,500	129,655	51,155
Capital outlay	140,119	9,820	(130,299)
TOTAL EXPENDITURES	\$ 2,464,301	\$ 2,478,060	\$ 13,759

(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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
EXPENDITURES			
Public safety			
Personnel			
Salaries and wages	\$ 1,718,339	\$ 1,512,040	\$ (206,299)
Employee benefits	224,818	217,898	(6,920)
Payroll service costs	7,500	10,042	2,542
Total personnel	1,950,657	1,739,980	(210,677)
District administration			
Trustees compensation	5,000	14,375	9,375
Fire Commission	4,150	5,338	1,188
Printing and publications	2,250	151	(2,099)
Miscellaneous	3,125	241	(2,884)
Office supplies	40,625	27,589	(13,036)
Public relations	1,500	148	(1,352)
Legal	17,500	8,622	(8,878)
Publications and notices	1,500	-	(1,500)
Affiliations and dues	625	-	(625)
Investment services	12,500	12,248	(252)
Total district administration	88,775	68,712	(20,063)
Program administration			
Training	18,000	8,970	(9,030)
Annual physicals	15,000	15,897	897
Public fire education	2,500	-	(2,500)
Fire prevention	2,000	-	(2,000)
Safety and fitness	-	801	801
Total program administration	37,500	25,668	(11,832)
Buildings and grounds			
Supplies	4,000	2,629	(1,371)
Utilities	19,750	12,887	(6,863)
Emergency dispatch	100,000	114,180	14,180
Reimbursed expenses	185,000	175,031	(9,969)
Total buildings and grounds	308,750	304,727	(4,023)

(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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)			
Public safety (Continued)			
Equipment maintenance			
Maintenance of vehicles	\$ 27,250	\$ 2,568	\$ (24,682)
General Maintenance	-	322	322
Fuel	18,500	11,460	(7,040)
Small tool maintenance	2,250	-	(2,250)
Communication equipment	3,250	5,642	2,392
Total equipment maintenance	51,250	19,992	(33,650)
TOTAL EXPENDITURES	\$ 2,436,932	\$ 2,159,079	\$ (280,245)

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

**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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 552,000	\$ 585,169	\$ 33,169
Total revenues	552,000	585,169	33,169
EXPENDITURES			
Public safety			
Pension	552,000	585,169	33,169
Total expenditures	552,000	585,169	33,169
NET CHANGE IN FUND BALANCE	<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, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 48,750	\$ 44,360	\$ (4,390)
Total revenues	48,750	44,360	(4,390)
EXPENDITURES			
Public safety			
Social Security	80,000	85,136	5,136
Total expenditures	80,000	85,136	5,136
NET CHANGE IN FUND BALANCE	<u>\$ (31,250)</u>	(40,776)	<u>\$ (9,526)</u>
FUND BALANCE, JANUARY 1		<u>1,171,744</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 1,130,968</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
AUDIT FUND**

For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 30,000	\$ 23,978	\$ (6,022)
Total revenues	30,000	23,978	(6,022)
EXPENDITURES			
Public safety			
Audit	18,500	22,130	3,630
Total expenditures	18,500	22,130	3,630
NET CHANGE IN FUND BALANCE	<u>\$ 11,500</u>	1,848	<u>\$ (9,652)</u>
FUND BALANCE (DEFICIT), JANUARY 1		<u>(13,582)</u>	
FUND BALANCE (DEFICIT), DECEMBER 31		<u><u>\$ (11,734)</u></u>	

(See independent auditor's report.)

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2025

	Special Revenue			Total
	Fire Pension	Social Security	Audit	Nonmajor Governmental
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ -	\$ 1,120,448	\$ -	\$ 1,120,448
Property taxes receivable	794,000	64,239	47,697	905,936
TOTAL ASSETS	\$ 794,000	\$ 1,184,687	\$ 47,697	\$ 2,026,384
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accrued salaries	\$ -	\$ 3,719	\$ -	\$ 3,719
Due to fiduciary component unit	216,000	-	-	216,000
Advance from other funds	-	-	19,431	19,431
Total liabilities	216,000	3,719	19,431	239,150
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	578,000	50,000	40,000	668,000
Total deferred inflows of resources	578,000	50,000	40,000	668,000
Total liabilities and deferred inflows of resources	794,000	53,719	59,431	907,150
FUND BALANCES				
Restricted				
Retirement	-	1,130,968	-	1,130,968
Unassigned (deficit)	-	-	(11,734)	(11,734)
Total fund balances (deficit)	-	1,130,968	(11,734)	1,119,234
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 794,000	\$ 1,184,687	\$ 47,697	\$ 2,026,384

(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, 2025

	Special Revenue			<i>(Formerly Nonmajor)</i>	Total
	Fire Pension	Social Security	Audit	Debt Service	Nonmajor Governmental
REVENUES					
Property taxes	\$ 585,169	\$ 44,360	\$ 23,978	\$ -	\$ 653,507
Total revenues	585,169	44,360	23,978	-	653,507
EXPENDITURES					
Current					
Public safety	585,169	85,136	22,130	-	692,435
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	585,169	85,136	22,130	-	692,435
NET CHANGE IN FUND BALANCES	-	(40,776)	1,848	-	(38,928)
FUND BALANCES (DEFICIT), JANUARY 1, AS REPORTED	-	1,171,744	(13,582)	6,725	1,164,887
Change within financial reporting entity	-	-	-	(6,725)	(6,725)
FUND BALANCES (DEFICIT), JANUARY 1, AS RESTATED	-	1,171,744	(13,582)	-	1,158,162
FUND BALANCES (DEFICIT), DECEMBER 31	\$ -	\$ 1,130,968	\$ (11,734)	\$ -	\$ 1,119,234

(See independent auditor's report.)