

**Darien-Woodridge Fire Protection District
Darien, Illinois**

Annual Financial Report

For the Year Ended
May 31, 2016

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Darien-Woodridge Fire Protection District

Table of Contents

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	17
Pension Fund	
Statement of Fund Net Position - Pension Funds	18
Schedule of Revenues, Expenses and Changes in Fund Net Position	19
Notes to Financial Statements	20-43
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions - IMRF	44
Schedule of Change in the Employer's Net Pension Liability and Related Ratios - IMRF	45
Schedule of Employer Contributions - Firefighters' Pension Fund	46
Schedule of Change in the Employer's Net Pension Liability and Related Ratios - Firefighters' Pension Fun	47
Schedule of Investment Returns - Firefighters' Pension Fund	48
Schedule of Revenue, Expenditures and Changes in Fund Balance (Budget and Actual) - Fire Protection Fund	49
Schedule of Revenue, Expenditures and Changes in Fund Balance (Budget and Actual) - Ambulance Fund	50
Schedule of Revenue, Expenditures and Changes in Fund Balance (Budget and Actual) - Tort Liability Insurance Fund	51
NON-MAJOR FUNDS	
Combining Balance Sheet - Non-Major Funds	52
Combining Schedule of Revenue, Expenditures and Changes in Fund Balance - Non-Major Funds	53
Schedule of Revenue, Expenditures and Changes in Fund Balance (Budget and Actual) - Payroll Taxes & IMRF Fund	54
Schedule of Revenue, Expenditures and Changes in Fund Balance (Budget and Actual) - Audit Fund	55
SUPPLEMENTAL INFORMATION and STATISTICAL SECTION	
Statistical Comparison of Property Taxes Levied to Property taxes Collected	56

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Financial
Management
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INDEPENDENT AUDITORS REPORT

The Honorable President
and Members of the Board of Trustees
Darien-Woodridge Fire
Protection District

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, 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 Darien-Woodridge Fire Protection District as of May 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-11) and budgetary comparison information (beginning on page 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Darien-Woodridge Fire basic financial statements. The combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended May 31, 2015, which are not presented with the accompanying financial statements. In our report dated October 26, 2016, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2015 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Miriani & Associates, LTD.

MIRIANI & ASSOCIATES, LTD.
October 17, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

As management of the Darien-Woodridge Fire Protection District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended May 31, 2016. Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with the District's Financial Statements (beginning on page 12).

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

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

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements beginning on page 12.

Financial Highlights

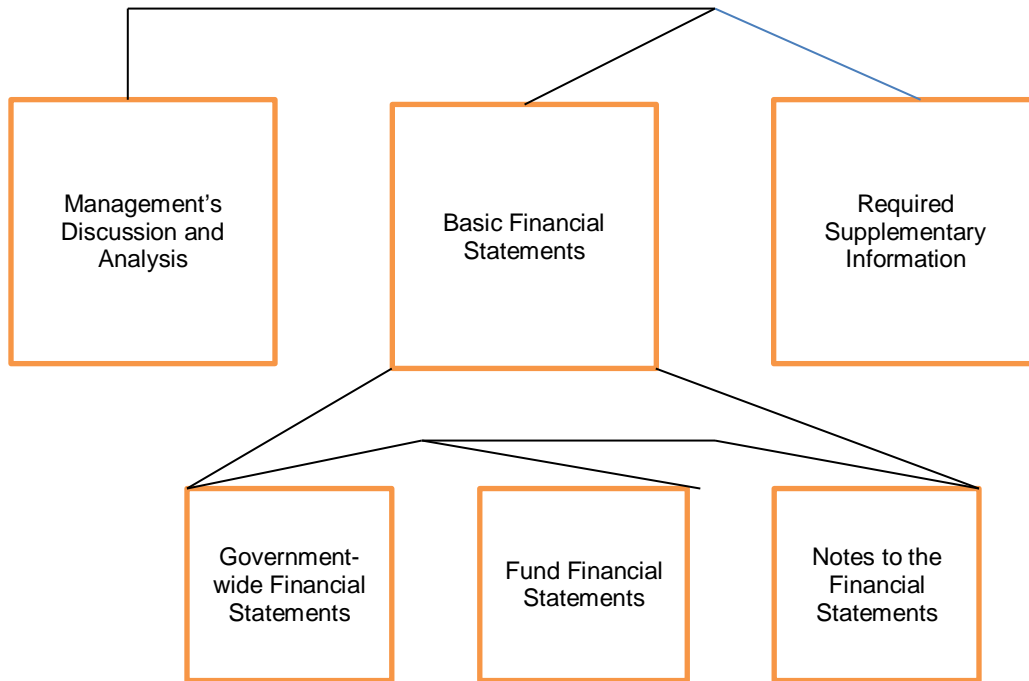
- The District liabilities/deferred inflows exceeded assets/deferred outflows at May 31, 2016, by \$10,314,080. GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These standards were implemented effective June 1, 2015 and as a result net position decreased by \$7,513,240. See note 18 for additional details.
- The District's net position decreased by \$1,082,718 for the fiscal year. Property taxes collected were \$6,451,640, compared to the prior year of \$6,301,359.
- At May 31, 2016, the District's governmental funds reported combined fund balances of \$1,478,388, an increase of \$57,997.

Overview of the Financial Statements

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

The following chart summarizes the District's financial statements:

Organizational Chart of Annual Financial Reports



Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include all assets and liabilities using the modified cash basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses activity when cash is received or paid and includes capital asset activity.

The statement of net position presents information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two 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 is improving or deteriorating.

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

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

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and fund balances for the Corporate and Ambulance Fund and Capital Projects Fund all of which are considered to be major funds. Information from the District's other governmental funds are combined into a single column presentation. Individual fund information for these nonmajor governmental funds is provided elsewhere in the report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements (beginning on page 20).

Other Information

In addition to the basic financial statements, this report also includes certain required supplementary information related to budgetary information and the District's progress in funding its obligation to provide pension benefits to its employees. Nonmajor fund information can be found immediately following the required supplementary information.

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

The following table reflects the condensed Statement of Net Position:

	<u>2015</u>	<u>2016</u>
Assets		
Current Assets	\$ 7,463,506	\$ 7,598,554
Capital Assets	<u>5,059,112</u>	<u>5,404,420</u>
Total Assets	<u>12,522,618</u>	<u>13,002,974</u>
Deferred Outflows of Resources	<u>129,762</u>	<u>8,471,219</u>
Liabilities		
Current Liabilities	772,489	827,153
Non-Current Liabilities	<u>7,746,125</u>	<u>25,047,942</u>
Total Liabilities	<u>8,518,614</u>	<u>25,875,095</u>
Deferred Inflows of Resources	<u>5,851,888</u>	<u>5,913,178</u>
Net Position		
Net Investment in Capital Assets	(1,746,455)	(1,634,691)
Restricted	754,190	881,390
Unrestricted	<u>(725,857)</u>	<u>(9,560,779)</u>
Net Position	<u>\$ (1,718,122)</u>	<u>\$ (10,314,080)</u>

(Prior year information has not been updated for the effects of restatement due to the implementation of GASB Statement No.68 and No. 71 in 2015/2016)

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, liabilities/deferred inflows exceeded assets/deferred outflows by \$10,314,080. The largest part of the District's net position reflects its investment in capital assets (land, buildings and improvements, infrastructure and vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Total revenues were \$7,469,297 while the expenses totaled \$8,152,015 resulting in a decrease of \$1,082,718 in net position.

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

The following table reflects the condensed Statement of Activities:

	<u>2015</u>	<u>2016</u>
Revenues:		
Program Revenues:		
Capital Grants & Contributions	\$ 30,704	\$ 24,330
Charge for Services	657,940	871,543
General Revenues:		
Property Taxes	6,301,359	6,451,640
Other Taxes	38,312	35,270
Earnings on Investments	5,400	4,733
Other General Revenue	<u>82,945</u>	<u>81,781</u>
Total Revenues	<u>7,116,660</u>	<u>7,469,297</u>
Expenses:		
Public Safety	6,754,545	8,324,977
Interest on Long-term Debt	<u>234,017</u>	<u>227,038</u>
Total Expenses	<u>6,988,562</u>	<u>8,552,015</u>
Excess or (Deficiency) of Revenues over Expenditures	128,098	(1,082,718)
Net Position		
Beginning of Year	(1,846,220)	(1,718,122)
Restatement	<u>-</u>	<u>(7,513,240)</u>
End of Year	<u>\$ (1,718,122)</u>	<u>\$ (10,314,080)</u>

(Prior year information has not been updated for the effects of restatement due to the implementation of GASB Statement No. 68 and No. 71 in 2015/2016)

Normal Impact on the District's Revenue & Expenses

Economic conditions - this can reflect a declining, stable or growing economic environment and has a direct impact on property taxes, state replacement income tax, etc.

Changing patterns in intergovernmental and grant revenue - while certain recurring revenue (state shared revenue, etc.) may experience significant changes due to the economic environment, non-recurring or one-time grants are less predictable and often distort their impact on a year-to-year comparison.

Market impacts on investment income - market conditions may cause investment income to fluctuate.

Changes in authorized personnel - change in service demands may cause the District to change staffing levels. Personnel costs are a significant operating cost for the District.

Inflation - while overall inflation has been controlled in recent years, the District is a major consumer of certain commodities such as fuel, supplies, etc.

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District's governmental funds reported combined ending fund balances of \$1,478,388 and a net increase of \$57,997 (see page 15 for additional details).

CORPORATE & AMBULANCE FUND BUDGETARY HIGHLIGHTS

The following table reflects significant budgetary variances in the Corporate & Ambulance Fund:

	2016			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>Corporate & Ambulance Fund</u>				
Revenues:				
Property Taxes	\$ 5,331,190	\$ 5,331,190	\$ 5,282,647	\$ (48,543)
Replacement Taxes	29,468	29,468	28,870	(598)
Service Fees	889,500	889,500	871,543	(17,957)
Other	<u>106,898</u>	<u>106,898</u>	<u>96,626</u>	<u>(10,272)</u>
Total Revenue	<u>6,357,056</u>	<u>6,357,056</u>	<u>6,279,686</u>	<u>(77,370)</u>
Expenditures:				
Public Safety	5,962,364	5,962,364	5,828,506	133,858
Debt Service	<u>520,400</u>	<u>520,400</u>	<u>520,382</u>	<u>18</u>
Total Expenditures	<u>6,482,764</u>	<u>6,482,764</u>	<u>6,348,888</u>	<u>133,876</u>
Net Change in Fund Balance	<u>\$ (125,708)</u>	<u>\$ (125,708)</u>	<u>\$ (69,202)</u>	<u>\$ 56,506</u>

Additional details regarding budgetary variances for the Corporate and Ambulance Fund can be found beginning on page 49 and page 50.

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

CAPITAL PROJECTS FUND BUDGETARY HIGHLIGHTS

The following table reflects significant budgetary variances in the Capital Projects Fund:

	2016			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>Tort Liability Insurance Fund</u>				
Revenues:				
Property Taxes	\$ 1,032,698	\$ 1,032,698	\$ 1,030,523	(2,175)
Replacement Taxes	5,759	5,759	5,642	(117)
Other	<u>90</u>	<u>90</u>	<u>-</u>	<u>(90)</u>
Total Revenue	<u>1,038,547</u>	<u>1,038,547</u>	<u>1,036,165</u>	<u>(2,382)</u>
Expenditures:				
Public Safety	<u>888,188</u>	<u>888,188</u>	<u>860,924</u>	<u>(27,264)</u>
Total Expenditures	<u>888,188</u>	<u>888,188</u>	<u>860,924</u>	<u>(27,264)</u>
Net Change in Fund Balance	<u>\$ 150,359</u>	<u>\$ 150,359</u>	<u>\$ 175,241</u>	<u>\$ (29,646)</u>

Additional details regarding budgetary variances for the Capital Projects Fund can be found beginning on page 51.

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Activities Change in Capital Assets

	<u>May 31, 2015</u>	<u>Additions</u>	<u>Retirement</u>	<u>May 31, 2016</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 805,000	\$ -	\$ -	\$ 805,000
Capital assets subject to depreciation				
Building & Improvements	5,640,488	114,348	-	5,754,836
Fire & Rescue Equipment	3,439,461	617,249	42,365	4,014,345
Office & Furniture	180,965	1,102	-	182,067
	<u>9,260,914</u>	<u>732,699</u>	<u>42,365</u>	<u>9,951,248</u>
Total capital assets subject to depreciation				
Less: Accumulated depreciation for:				
Building & Improvements	2,701,516	147,411	-	2,848,927
Fire & Rescue Equipment	2,148,788	234,513	42,365	2,340,936
Office & Furniture	156,498	5,467	-	161,965
	<u>5,006,802</u>	<u>387,391</u>	<u>42,365</u>	<u>5,351,828</u>
Total accumulated depreciation				
Net capital assets subject to depreciation	<u>4,254,112</u>	<u>345,308</u>	<u>-</u>	<u>4,599,420</u>
Net capital assets - Governmental activities	<u>\$ 5,059,112</u>	<u>\$ 345,308</u>	<u>\$ -</u>	<u>\$ 5,404,420</u>

There were no major capital expenditures during the fiscal year.

Detailed information on the District's capital asset activity can be found in Note 6 on page 27 of the basic financial statements.

Debt Administration

At May 31, 2016, the District outstanding general obligation bonds totaled \$5,815,000; outstanding capital leases totaled \$1,224,111. Detailed information on the District's long-term debt activity can be found in Note 7 on page 28 of the basic financial statements.

Darien-Woodridge Fire Protection District
Darien, Illinois
Management's Discussion and Analysis
May 31, 2016

Financial Analysis of the District's Funds

Changes in Fund Balance - Governmental Funds

Governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,478,388. Of this year-end total, the corporate fund reported a fund balance of \$596,999. The remaining \$881,389 is restricted, assigned or unrestricted. The following is a summary of changes in fund balances for the year ended May 31, 2016:

<i>Governmental Funds</i>	<i>Fund Balance May 31, 2015</i>	<i>Increase (Decrease)</i>	<i>Fund Balance May 31, 2016</i>
General Funds			
<i>Corporate Fund</i>	\$ (1,855,627)	\$ (626,228)	\$ (2,481,855)
<i>Ambulance Fund</i>	2,521,828	\$ 557,026	3,078,854
Special Revenue Funds			
<i>FICA & IMRF Fund</i>	94,535	23,635	118,170
<i>Tort Liability Insurance Fund</i>	12,848	175,241	188,089
<i>Audit Fund</i>	6,062	1,275	7,337
<i>Debt Service Fund</i>	287,303	-	287,303
<i>Capital Projects</i>	344,711	(74,801)	269,910
<i>Foreign Fire Insurance Fund</i>	8,731	1,849	10,580
	<u>\$ 1,420,391</u>	<u>\$ 57,997</u>	<u>\$ 1,478,388</u>

ECONOMIC FACTORS

Property tax revenues are capped under State of Illinois rules for non-home rule communities like Districts. No additions to property tax revenues are allowed beyond the increase in the rate of inflation and a percentage factor for new construction.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances. If you have any questions about this report or would like to request additional information, please contact the District at 7550 Lyman Avenue, Darien, IL 60561.

BASIC FINANCIAL STATEMENTS

Darien-Woodridge Fire Protection District

Darien, Illinois

Statement of Net Position

May 31, 2016

	Governmental Activities
Assets	
Cash & Cash Equivalents	\$ 1,457,578
Investments	208,456
Receivables:	
Property Taxes	5,791,079
Prepaid Expenses	141,441
Capital Assets, Not Being Depreciated	805,000
Capital Assets, Net of Accumulated Depreciation	<u>4,599,420</u>
 Total Assets	 <u>13,002,974</u>
Deferred Outflows of Resources	
Pension Related Items	8,349,567
Unamortized Bond Issuance Costs	<u>121,652</u>
 Total Deferred Outflows	 <u>8,471,219</u>
 Total Assets and Deferred Outflows	 <u>21,474,193</u>
Liabilities	
Accounts Payable	42,369
Accrued Payroll	286,717
Interest Payable	111,758
Long-term and Other Liabilities	
Due Within One Year	386,309
Due in More Than One Year	<u>25,047,942</u>
 Total Liabilities	 25,875,095
Deferred Inflows of Resources	
Pension Related Items	
Unearned Property Tax Revenue	5,791,079
Unamortized Bond Premium	<u>122,099</u>
 Total Deferred Inflows of Resources	 <u>5,913,178</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>31,788,273</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	(1,634,691)
Restricted For	
- Capital Projects	269,910
- Debt Service	287,303
- Special Revenue	324,177
Unrestricted	<u>(9,560,779)</u>
 Net Position	 <u>\$ (10,314,080)</u>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District

Darien, Illinois

Statement of Activity

For the Year Ended May 31, 2016

Functions/Program	Expenses	Program Revenue		Net (Expenses), Revenue and Changes in Net Position Governmental Activities
		Charge for Services	Operating Grants	
Governmental Activities				
General Government	\$ 8,324,977	\$ 871,543	\$ 24,330	\$ 7,429,104
Interest on Long Term Debt	<u>227,038</u>	<u>-</u>	<u>-</u>	<u>227,038</u>
Total Governmental Activities	<u>\$ 8,552,015</u>	<u>\$ 871,543</u>	<u>\$ 24,330</u>	<u>7,656,142</u>
General Revenues				
Taxes				
Property				6,451,640
Replacement				35,270
Investment Income				4,733
Miscellaneous				<u>81,781</u>
Total General Revenue				<u>6,573,424</u>
Increase (Decrease) in Net Position				(1,082,718)
Net Position (Restated)				
Beginning				<u>(9,231,362)</u>
Ending				<u>\$ (10,314,080)</u>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District

Darien, Illinois

Governmental Funds

Balance Sheet

May 31, 2016

	General Fund	Tort Liability Funds	Other Governmental Funds	Total
ASSETS				
Cash & Cash Equivalents	\$ 631,025	\$ 133,253	\$ 693,300	\$ 1,457,578
Investments	208,456	-	-	208,456
Receivables:				
Property Taxes	4,329,807	1,310,457	150,815	5,791,079
Prepaid Expenses	<u>84,928</u>	<u>56,513</u>	<u>-</u>	<u>141,441</u>
 Total Assets	 <u>\$ 5,254,216</u>	 <u>\$ 1,500,223</u>	 <u>\$ 844,115</u>	 <u>\$ 7,598,554</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 40,692	\$ 1,677	\$ -	\$ 42,369
Accrued Payroll	<u>286,718</u>	<u>-</u>	<u>-</u>	<u>286,718</u>
 Total Liabilities	 <u>327,410</u>	 <u>1,677</u>	 <u>-</u>	 <u>329,087</u>
Deferred Inflows of Resources				
Unearned Property Tax Revenue	<u>4,329,807</u>	<u>1,310,457</u>	<u>150,815</u>	<u>5,791,079</u>
 Total Deferred Inflows of Resources	 <u>4,329,807</u>	 <u>1,310,457</u>	 <u>150,815</u>	 <u>5,791,079</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>4,657,217</u>	 <u>1,312,134</u>	 <u>150,815</u>	 <u>6,120,166</u>
Fund Balance				
Nonspendable				
Prepays Items	84,928	56,513	-	141,441
Restricted for:				
Special Revenue	-	131,576	136,087	267,663
Debt Service	-	-	287,303	287,303
Capital Replacement Fund	-	-	269,910	269,910
Unrestricted	<u>512,071</u>	<u>-</u>	<u>-</u>	<u>512,071</u>
 Total Fund Balance	 <u>596,999</u>	 <u>188,089</u>	 <u>693,300</u>	 <u>1,478,388</u>
 Total Liabilities, Deferred Inflows and Fund Balance	 <u>\$ 5,254,216</u>	 <u>\$ 1,500,223</u>	 <u>\$ 844,115</u>	 <u>\$ 7,598,554</u>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District

Darien, Illinois

Governmental Funds

Statement of Revenue, Expenditures and Changes in Fund Balances

For the Year Ended May 31, 2016

	General	Tort Liability Funds	Other Governmental Funds	Total
REVENUES				
Property Taxes	\$ 5,282,647	\$ 1,030,523	\$ 138,470	\$ 6,451,640
State Replacement Taxes	28,870	5,642	758	35,270
Interest Income	4,430	-	303	4,733
Charge for Services	850,869	-	-	850,869
Fees	20,674	-	-	20,674
SUFD Reimbursement	59,108	-	-	59,108
Grants Received	24,330	-	-	24,330
Other Income	8,458	-	13,915	22,373
Total Revenue	6,279,386	1,036,165	153,446	7,468,997
EXPENDITURES				
Fire Protection	2,464,969	566,584	12,066	3,043,619
Ambulance	2,569,681	-	-	2,569,681
Debt Service				
Principal	290,000	-	-	290,000
Interest	230,382	-	-	230,382
Firefighters' Pension Fund	713,856	-	-	713,856
Capital Outlay	-	-	155,104	155,104
Payroll Taxes & IMRF	-	-	106,518	106,518
Tort Liability Insurance	-	294,340	-	294,340
Audit	-	-	7,800	7,800
Total Expenditures	6,268,888	860,924	281,488	7,411,300
Excess (Deficiency) of Revenues over Expenditures	10,498	175,241	(128,042)	57,697
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	300	-	-	300
Transfers - In	-	-	80,000	80,000
Transfers - Out	(80,000)	-	-	(80,000)
Total Other Financing Sources (Uses)	(79,700)	-	80,000	300
Net Change in Fund Balances	(69,202)	175,241	(48,042)	57,997
Fund Balance, Beginning of Year	666,201	12,848	741,342	1,420,391
Fund Balance, End of Year	\$ 596,999	\$ 188,089	\$ 693,300	\$ 1,478,388

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District
Darien, Illinois
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
May 31, 2016

Total Fund Balances - Governmental Funds	\$	1,478,388
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 funds.		5,404,420
Deferred outflows of resources related to pensions are not current financial resources and are not reported in the funds		8,349,567
Bond payable, unamortized bond issuance costs and unamortized bond premium is not reported as liabilities in the funds financial statements.		(5,815,446)
Leases payable are not reported as liabilities in the funds financial statements.		(1,224,111)
Interest payable is not reported as liabilities in the funds financial statements.		(111,758)
Long term portion of compensated absences are not reported in the funds financial statements.		(208,435)
Net pension liability is not reported in the fund financial statements.		<u>(18,186,705)</u>
Net Position of Governmental Activities	\$	<u>(10,314,080)</u>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District

Darien, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended May 31, 2016

Net Change in Fund Balances - Total Governmental Funds	
Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 57,997
Amounts reported for governments activities in the Statement of Activities are different because:	
Depreciation and disposition of capital assets is not considered an expenditure in the fund financial statements.	(387,391)
Purchase of capital assets are treated as an expenditure in the fund financial statements.	163,205
Changes in long-term compensated absences are not recorded in the fund financial statements.	19,320
Changes in net pension obligation are not recorded in the fund financial statements.	(1,275,144)
Payment of bond principal is treated as an expenditure in the fund financial statements.	290,000
Payments of lease principal are treated as an expenditure in the fund financial statements.	45,950
Changes in accrued interest are not considered an expenditure in the fund financial statements.	3,345
Changes in Net Position of Governmental Activities	
Statement of Activities - "Increase (Decrease) in Net Position"	<u>\$ (1,082,718)</u>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District
Darien, Illinois
Firefighter's Pension Trust Fund
A Fiduciary Fund
Statement of Fund Net Position
May 31, 2016

	<u>2016</u>
Assets	
Cash & Cash Equivalents	\$ 29,330
Investments:	
U.S. Treasury Securities	8,286
U.S. Government Agency Securities	3,017,364
Money Market Mutual Funds	113,940
Equity Mutual Funds	8,727,448
Common Stocks	2,809,167
Corporate & Municipal Bonds	3,549,856
Receivables	
Interest Receivable	90,812
Prepaid Expenses	1,224
	<hr/>
Total Assets	18,347,427
	<hr/>
Liabilities	
Accrued Expenses	8,368
	<hr/>
Total Liabilities	8,368
	<hr/>
Plan Net Position Held in Trust for Pension Benefits (A schedule of funding progress is presented in the required supplementary information)	\$ 18,339,059
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District

Darien, Illinois

Firefighter's Pension Trust Fund

A Fiduciary Fund

Schedule of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended May 31, 2016

	<u>2016</u>
Additions	
Contributions	
Employer	\$ 713,857
Plan Member	282,650
	<hr/>
Total Contributions	996,507
	<hr/>
Investment Income	
Net Appreciation (Depreciation) in	
Fair Value of Investments	
Fixed Income Securities	(103,175)
Mutual Funds	(637,923)
Equities	(183,806)
Interest & Dividend Income	
Fixed Income Securities	299,736
Mutual Funds	411,549
Equities	51,781
	<hr/>
Total Investment Income	(161,838)
	<hr/>
Less: Investment Expenses	(31,026)
	<hr/>
Net Investment Income	(192,864)
	<hr/>
Total Additions	803,643
	<hr/>
Deductions	
Pension Benefits & Refunds	
Benefits	1,085,597
Refunds	3,737
Administrative Expenses	
Professional Fees	21,263
Other	9,860
	<hr/>
Total Deductions	1,120,457
	<hr/>
Net Increase (Decrease)	(316,814)
	<hr/>
Plan Net Position Held in Trust for Pension Benefits	
Beginning of Year	18,655,873
	<hr/>
End of Year	\$ 18,339,059
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Darien-Woodridge Fire Protection District (the "District") is a municipal corporation of the State of Illinois headquartered in the County of DuPage and duly chartered pursuant to Illinois Fire Protection District Art, 70 ILSC 705.

The District serves approximately 40,000 residents and is made up of parts of the City of Darien, Village of Downers Grove and Woodridge, and a large area of unincorporated DuPage County. The District provides both fire and emergency medical services ("EMS") to residents of this area. In addition, the District has ongoing fire inspection and fire education programs and offers education in CPR and other medical topics along with a blood pressure screening program.

The financial statements of 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

As required by accounting principles generally accepted in the United States of America, these financial statements present the District and any component units, entities for which the District is considered to be financially accountable. At May 31, 2016, there were no entities that would be considered a component unit of the District. Also, the District is not considered a component unit of any other governmental entity.

b. Fund Accounting

GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented effective June 1, 2015.

Government-Wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of material interfund activity has been eliminated from these statements

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

Fund Financial Statements - Financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least ten (10) percent of the corresponding total for all funds of that category or type, and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund is at least five (5) percent of the corresponding total for all governmental funds combined.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Fund Accounting (Continued)

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

The District reports the following major governmental funds

- **Corporate & Ambulance Fund** – Corporate and Ambulance Funds accounts for the District's primary operating activities. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Tort Liability Fund** – Tort Liability Fund accounts for and report financial resources that are restricted, committed or assigned to expenditure for insurance and risk management.

The other governmental funds of the District account for property taxes and other resources, whose use is restricted to a particular purpose.

- **Special Revenue Funds** – The special revenue fund type is used to account for the proceeds of specific revenue sources (other than those accounted for in debt service) that are legally restricted to expenditures for specified purposes. These nonmajor funds consist of the IMRF Fund, which accounts for the cost relating to employer IMRF contributions for District's employees, the Social Security and Medicare Fund, which accounts for the cost relating to employer payroll taxes for the District's employees, the Audit Fund, which accounts for the cost of the District's annual audit. The District also reports the Foreign Fire Insurance Fund as a nonmajor funds. The Foreign Fire Insurance Fund accounts for state allotment of charges assessed to insurance companies and is restricted for fire department related purposes under the control of the Foreign Fire Insurance Board.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District maintains one fiduciary funds: the Firefighters' Pension Fund (see note 10 for additional information).

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

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement of focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance the District's operations. "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.

Property taxes, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. The District considers property taxes available if they are due and collected within 60 days in the year intended to finance. All other revenues are recognized when the cash is received. Expenditures are recorded when the related fund liability is incurred.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports deferred revenues on its Governmental Funds Balance Sheet. For governmental funds financial statements, deferred revenues occur when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

On the Government-Wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included in the Statement of Net Assets and the Statement of Activities presents increases and decreases in net total assets.

The measurement focus incorporates the current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements, but are excluded from fund financial statements. The related expenditures are recognized in the fund financial statements when the liabilities are liquidated. Historically, the expenditures have been recorded to the general and special revenue funds.

d. Deposits and Investments

Investments of the District's operating funds with maturities of one year or more from the date of purchase, other than non-negotiable certificates of deposit, are stated at fair value based on quoted market prices. Investments with maturities of one year or less from the date of purchase and non-negotiable certificates of deposit are stated at cost or amortized cost. All other investments which do not consider market rates are stated at cost. Investment income has been allocated to each fund based on investments held by the fund. All investments of the fiduciary fund are reported at fair value.

e. Receivables and Payables

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

f. Prepaid Expenses/Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/items.

g. Capital Assets

In the government-wide financial statements, the District has adopted a capitalization threshold of \$1,000 for individual equipment and apparatus and \$10,000 for building and improvements. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to June 1, 2004, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statement. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government wide financial statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is currently encouraged, but not required.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings	40 years
Machinery and Equipment	5 to 10 years
Vehicles	5 to 10 years
Furniture	3 to 10 years

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made.

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

h. Accumulated Vacation and Sick Pay

All full-time employees earn vacation benefits in varying annual amounts. Nonunion employees are allowed to carry over up to 10 days of vacation benefits each year. These benefits accumulated but do not vest. Unused benefits lapse if not used before termination or retirement. Due to uncertainty of the timing of nonunion vacation benefits, the entire accrued liability of \$86,988 is recorded as a non-current liability. Effective September 2, 1993, union employees must utilize vacation benefits each year or benefits lapse. Therefore, unused vacation pay of \$94,005 is expected to be expended from available resources and is recorded as an accrued liability in the appropriate general fund account.

Sick pay accumulates at a rate of 6 days per year (48 hours) for management personnel, which can accumulate to a maximum of one year's time (2080 hours). Accumulated sick pay vests to nonunion employees after 19 years of service and the unused portion is paid at retirement. At year end, the unused sick pay for nonunion employees of \$437,853.

Firefighters hired prior to June 1, 2006 can accumulate sick pay of up to 120 shift days (2,880 hours). Firefighters hired on or after June 1, 2006 can accumulate sick pay of up to 60 shift days (1,440 days). Effective September 2, 1993, the union employees' sick pay vests only after 19 years of service and not at all for terminated employees. The accrual for this unused sick pay of \$440,110.

i. 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 net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

j. Fund Position and Fund Balance

Net position represents the difference between assets and liabilities. Net invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Position and Fund Balance

In order to comply with the Governmental Accounting Standard Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the fund balance section of the statement of assets, liabilities and fund balances of the governmental funds include the following line items:

- Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because they are either (a) not spendable by form (i.e. inventory or prepaid amounts) or (b) legally or contractually required to be maintained intact.
- Restricted fund balance has externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments, as well as, limitations imposed by law through constitutional provision or enabling legislation.
- Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For the District, the Board of Trustees is the highest level of decision making.
- Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Trustees designated for that purpose. The intended use is established by an official designated for that purpose. The Board of Trustees has not designated any members of management for this purpose nor has it adopted a specific policy granting members of management the authority to assign fund balance.

Unassigned fund balance is the total fund balance in the Corporate Fund in excess of nonspendable, restricted, committed, and assigned fund balance.

If an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the District will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

The District does not have a minimum fund balance policy.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

l. Total Columns on Combined Statements

Total columns on the Combined Statements are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The Fire Chief submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- The working budget is then approved by the Board and adopted. The Board holds public hearings to solicit comments and may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to August 31, the final budget is passed by an appropriation ordinance.
- The tax levy ordinance for the next fiscal year is filed with the County Clerk by the last Tuesday in December to obtain tax revenue.
- The Board of Trustees must approve all formal appropriation transfers. Any increases to the final budget require a public hearing before the Board of Trustees' approval. No formal supplemental appropriation was made during the fiscal year. The Fire Chief can approve expenditures that exceed any line item of department expenditures of a fund as long as the expenditures does not exceed appropriations. Thus, the legal level of budgetary control is determined by fund.
- The legal budgetary authority lapses at the end of the fiscal year.
- The Budget for fiscal year ended May 31, 2016 was not amended.

NOTE 2 - PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The taxes attach as an enforceable lien on property on January 1. The owner of real property on January 1 in any year is liable for taxes for the year. 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.

Property taxes are collected by the Kane County Collector who remits to the District its share of taxes collected. Taxes levied in one year become payable during the following year in two equal installments, on June 1 and on September 1. Taxes on railroad real property used for transportation purposes are payable in one installment on August 1. The District generally receives the real estate taxes within 30 to 60 days of the due dates.

The levy for the year 2015 are based upon an assessed valuation of \$1,019,017,902. The following are the tax rate limits permitted by Illinois statute and by local referendum and actual rates levied per \$100 of assessed valuation and the extensions produced there from:

Fund and/or purpose	Limit	Rate	Extension
Corporate	0.4000	0.2046	\$ 2,084,911
Ambulance	0.4000	0.2203	2,244,896
Firefighters' Pension	None	0.0675	687,837
Fire Pension Exempt	None	0.0040	40,761
IMRF	None	0.0027	27,513
Social Security	None	0.0113	115,149
Tort Liability	None	0.1286	1,310,457
Audit	0.005	0.0008	8,152
		<u>0.6398</u>	<u>\$ 6,519,676</u>

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 3 - PERSONAL PROPERTY REPLACEMENT TAX

The Personal Property Replacement Tax represents an additional State of Illinois income tax on corporations (certain utilities), trusts, partnerships, and Subchapter S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and waste services.

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

NOTE 4 – DISTRICT CASH AND INVESTMENTS

At May 31, 2016, the District had cash and investments on the financial statements consisting of the following:

	Cash & Cash Equivalents	Investments	Total
Cash and Investments	\$ 1,457,578	\$ 208,456	\$ 1,666,034

At year-end the District had the following debt investment and maturities:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1 Year	1 to 5	6 to 10	More than 10
Negotiable Certificates of Deposits	\$ 207,152	\$ 207,152	\$ -	\$ -	\$ -
Money Market Mutual Funds	1,304	1,304	-	-	-
	<u>\$ 208,456</u>	<u>\$ 208,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Illinois statute authorizes the District to invest in obligations of the U.S Treasury, U.S. Agencies and banks and savings and loan associations covered by federal depository insurance. The District may also invest in commercial paper of U.S. corporations with assets exceeding \$500,000,000 provided that (a) the obligations are rated with the 3 highest classifications by at least 2 standards rating services and they mature within 180 days from the date of purchase, and (b) no more that 25% of any fund is invested in such obligation at any one time and (c) such purchases do not exceed 10% of the corporation's outstanding obligations.

Investment Policy - Governmental Funds

The District holds money market type investments and deposits with financial institutions. As of May 31, 2016, the carrying amount of the District's deposits for governmental funds totaled \$1,457,078 and the bank balances totaled \$1,485,179. The weighted-average maturity of these investments held by the District is less than one (1) year.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all bank balances in excess of the federal depository insurance, at an amount of not less than 110% of the fair market value of the funds secured. At year-end the entire amount of the governmental funds bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. At year-end the governmental funds did not hold any investments of this type.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 4 – DISTRICT CASH AND INVESTMENTS (Continued)

Concentrations: This is a risk of loss attributed to the magnitude of the District's investment in a single issuer. Although the District's investment policy does not formally address this risk, it is the District's practice to diversify its investments with various financial institutions.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES and TRANSFERS

For the year ended May 31, 2016 transfers consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
Corporate Fund	\$ -	\$ 40,000
Ambulance Fund	-	40,000
Capital Projects Fund	<u>80,000</u>	<u>-</u>
	<u>\$ 80,000</u>	<u>\$ 80,000</u>

The purpose of this transfer is to fund the future acquisition of equipment. The transfer will not be repaid

NOTE 6 – CAPITAL ASSETS

As of June 1, 2004, records were updated to report the actual capital assets in use, to prospectively report capital assets, and to calculate and report depreciation of governmental type capital assets, historical costs or estimated historical costs if actual costs are not available. Total depreciation expense for governmental activities for the year ended May 31, 2016 was \$387,391. A summary of the changes in capital assets for the year follows:

	<u>May 31, 2015</u>	<u>Additions</u>	<u>Retirement</u>	<u>May 31, 2016</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 805,000	\$ -	\$ -	\$ 805,000
Capital assets subject to depreciation				
Building & Improvements	5,640,488	114,348	-	5,754,836
Fire & Rescue Equipment	3,439,461	617,249	42,365	4,014,345
Office & Furniture	<u>180,965</u>	<u>1,102</u>	<u>-</u>	<u>182,067</u>
Total capital assets subject to depreciation	<u>9,260,914</u>	<u>732,699</u>	<u>42,365</u>	<u>9,951,248</u>
Less: Accumulated depreciation for:				
Building & Improvements	2,701,516	147,411	-	2,848,927
Fire & Rescue Equipment	2,148,788	234,513	42,365	2,340,936
Office & Furniture	<u>156,498</u>	<u>5,467</u>	<u>-</u>	<u>161,965</u>
Total accumulated depreciation	<u>5,006,802</u>	<u>387,391</u>	<u>42,365</u>	<u>5,351,828</u>
Net capital assets subject to depreciation	<u>4,254,112</u>	<u>345,308</u>	<u>-</u>	<u>4,599,420</u>
Net capital assets - Governmental activities	<u>\$ 5,059,112</u>	<u>\$ 345,308</u>	<u>\$ -</u>	<u>\$ 5,404,420</u>

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 7 – LONG TERM DEBT

General Obligation Bonds:

The District issued \$6,875,000 Series 2011 Fire Protection Notes, dated October 11, 2011, to advance refund the Series 2001 Fire Protection Notes and an additional \$825,000 to purchase equipment over the next three years. Principal is due annually each January 1 through January 1, 2031. Interest is payable semiannually each January 1 and July 1 at rates ranging from 2.000% to 4.25%.

Capital Leases Payable:

On September 27, 2011, the District entered into a lease payable at 4.17% interest to finance the purchase of a 2011 Pierce Velocity PUC 105' Ladder Truck. The note is payable in annual installment of principal and interest of \$75,749 through 2026.

On December 16, 2015, the District entered into a lease payable at 3.77% interest to finance the purchase of a 2016 Impel Pumper. The note is payable in annual installment of principal and interest of \$59,874 through 2027.

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

	Balance May 31, 2015	Increases	Retirements	Balance May 31, 2016	Current Portion
General Obligation Bonds	\$ 6,105,000	\$ -	\$ 290,000	\$ 5,815,000	\$ 300,000
Oshkosh Capital Lease	700,567	-	45,950	654,617	47,905
PNC Equipment Finance	-	569,494	-	569,494	38,404
Compensated absences payable	227,755	-	19,320	208,435	-
Net pension liability - Firefighters' Pension Fund	8,353,240	9,537,363	-	17,890,603	
Net pension liability - Illinois Municipal Retirement Fund	<u>284,290</u>	<u>11,812</u>	<u>-</u>	<u>296,102</u>	<u>-</u>
	<u>\$ 15,670,852</u>	<u>\$ 10,118,669</u>	<u>\$ 355,270</u>	<u>\$ 25,434,251</u>	<u>\$ 386,309</u>

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 7 – LONG TERM DEBT (Continued)

The annual debt service requirements to amortize debt outstanding debt is as follows:

Year Ended May 31	Notes Payable		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2017	300,000	221,681	86,309	49,314
2018	315,000	209,681	89,795	45,828
2019	320,000	197,081	93,421	42,202
2020	335,000	184,281	97,194	38,429
2021	335,000	174,231	101,121	34,502
2022	350,000	164,181	105,207	30,416
2023	370,000	152,806	109,459	26,164
2024	385,000	139,856	113,883	21,740
2025	400,000	125,419	118,487	17,136
2026	410,000	109,419	123,276	12,347
2027	420,000	93,019	128,260	7,362
2028	445,000	76,219	57,698	2,175
2029	455,000	58,419	1	-
2030	475,000	40,219	-	-
2031	500,000	20,625	-	-
	<u>\$ 5,815,000</u>	<u>\$ 1,967,137</u>	<u>\$ 1,224,111</u>	<u>\$ 327,615</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all governmental employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan was converted to a trust in the name of the District's fiduciary agent to comply with amendments to Section 457. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the District is not required to report the assets and liabilities of the plan on its balance sheet unless it is acting as a fiduciary agent. The District does not act as a fiduciary agent.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – Illinois Municipal Retirement Fund (IMRF)

IMRF Plan Description

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

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS – Illinois Municipal Retirement Fund (IMRF) (Continued)

Benefits Provided

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

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

	IMRF (Regular Plan)
Retirees and Beneficiaries currently receiving benefits	6
Inactive Plan Members entitled to but not yet receiving benefits	3
Active Plan Members	2
Total	11

Contributions

As set by statute, the Districts Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Districts' annual contribution rate for calendar year 2015 was 23.20%. For the calendar year 2015, the District contributed \$26,428 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS – Illinois Municipal Retirement Fund (IMRF) (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.50%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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 Returns
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.45% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.45%.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS – Illinois Municipal Retirement Fund (IMRF) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.45% for the regular plan, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

IMRF Regular Plan	1% Lower 6.45%	Current Discount Rate 7.45%	1% Higher 8.45%
Total Pension Liability	\$ 1,345,159	\$ 1,210,692	\$ 1,099,539
Plan Fiduciary Net Position	<u>914,590</u>	<u>914,590</u>	<u>914,590</u>
Net Pension Liability (Asset)	<u>\$ 430,569</u>	<u>\$ 296,102</u>	<u>\$ 184,949</u>

Changes in the Net Pension Liability

IMRF Regular Plan	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A) - (B)
Balances at December 31, 2014	\$ 1,170,448	\$ 886,156	\$ 284,292
Changes for the year:			
Service Cost	11,524	-	11,524
Interest on the Total Pension Liability	84,817	-	84,817
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	17,531	-	17,531
Changes of Assumptions	(1,235)	-	(1,235)
Contributions - Employer	-	26,428	(26,428)
Contributions - Employees	-	5,126	(5,126)
Net Investment Income	-	4,329	(4,329)
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Administrative Expenses	(72,393)	(72,393)	-
Other (Net Transfer)	-	64,944	(64,944)
Net Changes	<u>40,244</u>	<u>28,434</u>	<u>11,810</u>
Balances at December 31, 2015	<u>\$ 1,210,692</u>	<u>\$ 914,590</u>	<u>\$ 296,102</u>

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

For the year ended December 31, 2015, the District recognized pension expense/(income) of \$(22,691). At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS – Illinois Municipal Retirement Fund (IMRF) (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 11,294	\$ -	\$ 11,294
Changes of assumptions	-	796	(796)
Net difference between projected and actual earnings on pension plan investments	<u>50,430</u>	<u>-</u>	<u>50,430</u>
Total Deferred Amounts to be recognized in pension expense in future periods	61,724	796	60,928
Pension Contributions made subsequent to the Measurement Date	<u>12,800</u>	<u>-</u>	<u>12,800</u>
Total Deferred Amounts Related to Pensions	<u>\$ 74,524</u>	<u>\$ 1,592</u>	<u>\$ 73,728</u>

Year Ending December 31,	Net Deferred Outflows of Resources
2016	\$ 18,405
2017	17,307
2018	12,607
2019	12,609
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 60,928</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan

Firefighters’ Pension Fund Plan Description

The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum 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 Fund as a pension trust fund. The Fund is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Districts’ Trustees, one member is elected by pension beneficiaries and two members are elected by active firefighters.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Plan Membership

At May 31, 2016, the measurement date, the Firefighters’ Pension Plan membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	20
Inactive Plan Members Entitled to but not Receiving Benefits	2
Active Plan Members	<u>35</u>
	<u>57</u>

(Based on the May 31, 2016 actuarial report)

Benefits Provided

The following is a summary of the Firefighters’ Pension Plan as provided for in Illinois State Statutes.

The Firefighters’ Pension Plan provides retirement benefits through two tiers as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% 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 eight years but less than 20 years of credited services may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters’ salary for the pension purposes is capped at \$106,800 for the calendar year of 2011, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighters retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, effective each January 1st thereafter. The increase is the lesser of 3% of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Deposits, Investments and Concentrations

The deposits and investments of the Pension Fund are held separately from those of other District funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer’s Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, District, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies,

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Deposits, Investments and Concentrations (Continued)

provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund’s fiduciary net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with fiduciary net position of \$2.5 million or more may invest up to forty-five percent of fiduciary net position in separate accounts of life insurance companies and mutual funds. Pension Funds with fiduciary net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the fiduciary net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with fiduciary net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty-five percent of its fiduciary net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2012.

Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end the carrying amount of the Pension Fund’s deposits totaled \$29,330 and the bank balances totaled \$33,064.

Investments. At year-end the Pension Fund has the following debt investments and maturities:

Investment Type	Fair Value	Investment Maturities - in Years			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$ 8,286	\$ -	\$ 8,286	\$ -	\$ -
Federal Farm Credit Bank	1,600,094	178,817	546,473	874,804	-
Federal Home Loan Bank	1,413,067	771,744	193,454	447,869	-
Mortgage Backed Securities	4,203	-	1,254	2,949	-
State and Local Obligations	744,026	-	424,668	319,358	-
Corporate Bonds	2,805,830	339,919	1,386,418	1,079,493	-
Money Market Mutual Funds	<u>113,940</u>	<u>113,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,689,446</u>	<u>\$ 1,404,420</u>	<u>\$ 2,560,553</u>	<u>\$ 2,724,473</u>	<u>\$ -</u>

The Pension Fund assumes any callable securities will not be called.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund’s investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund’s investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code.

The investments in the securities of State and Local Obligations were rated A or better, U.S. Government Agencies were all rated AA+ or better by Standard & Poor’s or by Moody’s Investors Services or were small issues that were unrated or underrated. Unrated (N/R) and underrated investments are listed in the following table.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Deposits, Investments and Concentrations (Continued)

Investment	Market Value	Interest Rate	Maturity Date	Standard & Poors	Moody's
Municipal Bonds					
Kane, Cook & DuPage	\$ 37,245	4.750%	1-Jan-18	N/R	N/R
Kane, Cook & DuPage	68,135	4.750%	1-Jan-18	AA-	N/R
Wheeling IL Park District	106,568	4.500%	1-Nov-19	AA-	N/R
Will & Kendall County	160,904	5.500%	1-Jan-20	AA-	N/R
Glenview, IL	212,520	3.250%	1-Dec-22	N/R	Aaa
Mortgage Backed Securities					
FHLMC Gold Pool	2,949	6.000%	1-Oct-23	N/R	N/R
GNMA Pool	1,254	4.500%	15-Aug-18	N/R	N/R

The Pension Fund's investment policy also prescribes to the “prudent person” rule, which states, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return.”

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund’s deposits may not be returned to it. At May 31, 2016, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund’s investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Fund’s deposits with financial institutions.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. While it is not required in the investment policy, the Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Pension Fund’s investment in a single issuer. The Pension Fund’s investment policy states “the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.” At May 31, 2016, the Pension Fund has over 5%, \$916,953, of fiduciary net position invested in various agency securities as indicated in the preceding table. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the “full faith and credit” backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Deposits, Investments and Concentrations (Continued)

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>
Cash and Cash Equivalents	1.00%
Fixed Income	69.00%
Equities	30.00%
Equity Diversification	
US Large Cap Stock	70.00%
US Small Cap Stocks	20.00%
Foreign Securities	10.00%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fiduciary net position.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	
US Large Cap Domestic Equity	6.80%
Small Cap Domestic Equity	8.90%
International Equity	3.30%
Fixed Income	2.20%
Cash	0.00%
Inflation	3.30%

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

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Deposits, Investments and Concentrations (Continued)

The Pension Fund has diversified its equity holdings as follows:

	Fair Value
American Beacon Large Capital Value	\$ 1,611,126 *
Fidelity Advisor New Insights	876,885
JP Morgan Mid Cap Value Fund	645,531
Lazard Emerging Markets Equity Fund	177,250
MFS International Value	1,158,130 *
Oppenheimer Developing Markets	362,621
Oppenheimer International Growth	1,296,090 *
T Rowe Price Growth Mid-Cap Growth Fund	462,171
TCW Select Equities Fund	509,109
Undiscovered Managers Behavioral Value	496,348
Deutsche Global Infrast- Inc	529,759
Invesco Global Real Estate Fund	517,005
Sector SPDR Trust Utilities - EFT	<u>85,423</u>
 Total Equity Mutual Funds	 <u>\$ 8,727,448</u>

* represents over 5% of Net Position

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. For the year-ended May 31, 2016, the District’s contribution was 24.69% of covered payroll. For the year ended May 31, 2016 the District contributed \$326,769 to the plan. The District is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the District to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040.

Net Pension Liability

The District’s net pension liability was measured as of May 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at May 31, 2016:

Actuarial Valuation Date	May 31, 2016
Actuarial Cost Method	Entry Age Normal (Level %)
Asset Valuation Method	Market Value
Actuarial Assumptions	
Discount Rate	5.89%
Salary Increases	4.00% - 24.96%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Single Discount Rate

A Single Discount Rate of 5.89% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members’ contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.26%, and the resulting single discount rate is 5.89%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 5.89%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower	Current Discount Rate	1% Higher
Firefighters’ Pension Plan	4.89%	5.89%	6.89%
Total Pension Liability	\$ 42,314,883	\$ 36,229,662	\$ 31,349,472
Plan Fiduciary Net Position	<u>18,339,059</u>	<u>18,339,059</u>	<u>18,339,059</u>
Net Pension Liability (Asset)	<u>\$ 23,975,824</u>	<u>\$ 17,890,603</u>	<u>\$ 13,010,413</u>

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Firefighters’ Pension Plan (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A) - (B)
Balances at May 31, 2015	\$ 27,009,113	\$ 18,655,873	\$ 8,353,240
Changes for the year:			
Service Cost	904,663	-	904,663
Interest on the Total Pension Liability	1,558,756	-	1,558,756
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	628,547	-	628,547
Changes of Assumptions	7,217,917	-	7,217,917
Contributions - Employer	-	713,857	(713,857)
Contributions - Employees	-	282,650	(282,650)
Contributions - Other	-	-	-
Net Investment Income	-	(192,864)	192,864
Benefit Payments, including Refunds of Employee Contributions	(1,089,334)	(1,089,334)	-
Administrative Expenses	-	(31,123)	31,123
Other (Net Transfer)	-	-	-
Net Changes	<u>9,220,549</u>	<u>(316,814)</u>	<u>9,537,363</u>
Balances at May 31, 2016	<u>\$ 36,229,662</u>	<u>\$ 18,339,059</u>	<u>\$ 17,890,603</u>

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

For the year ended May 31, 2016, the District recognized pension expense of \$1,979,981. At May 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS – Fire Fighters’ Pension Fund (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 566,803	\$ -	\$ 566,803
Changes of assumptions	6,508,887	-	6,508,887
Net difference between projected and actual earnings on pension plan investments	<u>1,195,549</u>	<u>-</u>	<u>1,195,549</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u><u>8,271,239</u></u>	<u><u>\$ -</u></u>	<u><u>8,271,239</u></u>

Year Ending May 31,	Net Deferred Outflows of Resources
2016	\$ 1,069,662
2017	1,069,662
2018	1,069,662
2019	1,069,659
2020	770,774
Thereafter	<u>3,221,820</u>
Total	<u><u>\$ 8,271,239</u></u>

Rate of Return

For the year ended May 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.77%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 11 - 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; and natural disasters. The District has purchased commercial insurance from private insurance companies to cover these risks. Risks covered include general liability, workers’ compensation, medical and other. Premiums have been recorded as expenditures in appropriate funds. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage during the year ended May 31, 2016.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 12 - DEFICIT FUND BALANCE

For the year ended May 31, 2016, none of the District's funds had a deficit fund balance.

NOTE 13 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

For the year ended May 31, 2016, none of the District's funds had an excess of actual expenditures over legally enacted budgeted amounts.

NOTE 14 - LEGAL DEBT MARGIN

Assessed Valuation (2015 tax levy)	<u>\$ 1,019,017,902</u>
Legal Debt Limits - 5.75% of Assessed Valuation	\$ 58,593,529
Outstanding Debt	<u>5,815,000</u>
Legal Debt Margin, May 31, 2016	<u>\$ 52,778,529</u>

NOTE 15 – COMMON BANK ACCOUNTS

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their un-invested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balances attributed to each participating fund.

NOTE 16 – JOINT VENTURE

The District is a member of the Southwest United Fire Districts ("SUFD"). The District pays annual contributions to this organization for training and maintenance services provided to the District. During the year ended May 31, 2016, the District paid \$0 to this organization. Southwest United Fire District reimbursed District the \$59,108 for administrative expenses.

NOTE 17 - CONTINGENCIES

- a) Per management, the District or its Pension Fund is not aware of any pending or threatened litigation, claims or assessments against them.
- b) The Firefighters' Pension Fund is subject to a program compliance audit by the Illinois Department of Insurance. The compliance audit by the Illinois Department of Insurance for the year period ended May 31, 2016 has not yet been conducted. Accordingly, the Pension Fund's compliance with applicable requirements will be established at some future date. The amount of any adjustments to be made by the Illinois Department of Insurance cannot be determined at this time however, the Pension Fund expects such adjustments, if any, to be immaterial.

Darien-Woodridge Fire Protection District
Darien, Illinois
Notes to the Financial Statements
May 31, 2016

NOTE 18 – RESTATEMENT OF NET POSITION and FUND BALANCE

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension liability and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Governmental Activities</u>
Net Position - May 31, 2015 (as reported)	\$ (1,718,122)
Add: Prior year's net pension obligation	1,048,753
Add: Prior year's deferred outflows of resources related to pensions (IMRF)	75,537
Deduct: Prior year's net pension liability related to pensions (IMRF)	(284,290)
Deduct: Prior year's net pension liability related to pensions (Firefighters' Pension Fund)	<u>(8,353,240)</u>
Net Position - May 31, 2015 (restated)	<u>\$ (9,231,362)</u>

NOTE 19 - DATE OF MANAGEMENT'S REVIEW

Management has evaluated events and transactions occurring after the balance sheet date through October 17, 2016, which is the date the financial statement were available to be used. Management has determined that none of the events occurring after the date of the balance sheet through the date of management's review substantially affect the amount and disclosure of the accompanying financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

IMRF - Schedule of Employer Contributions

IMRF - Schedule of Change in the Employer's Net Pension Liability

Firefighters' Pension Fund - Schedule of Employer Contributions

Firefighters' Pension Fund - Schedule of Change in the Employer's Net Pension Liability

Firefighters' Pension Fund - Schedule of Investment Returns

Budgetary Comparison Schedule - Major Fund

- Ambulance Fund
- Fire Protection Fund
- Tort Liability Fund

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

The Fire Chief submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed expenditures and the means of financing them.

The working budget is then approved by the Board and adopted. The Board holds public hearings to solicit comments and may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to August 31, the final budget is passed by an appropriation ordinance.

The tax levy ordinance for the next fiscal year is filed with the County Clerk by the last Tuesday in December to obtain tax revenue.

The Board of Trustees must approve all formal appropriation transfers. Any increases to the final budget require a public hearing before the Board of Trustees' approval. No formal supplemental appropriation was made during the fiscal year. The Fire Chief can approve expenditures that exceed any line item of department expenditures of a fund as long as the expenditures does not exceed appropriations. Thus, the legal level of budgetary control is determined by fund.

The legal budgetary authority lapses at the end of the fiscal year.

The Budget for fiscal year ended May 31, 2016 was not amended.

Darien-Woodridge Fire

Darien, Illinois

Required Supplementary Information

For the Year Ended May 31, 2016

SCHEDULE OF EMPLOYER CONTRIBUTION ILLINOIS MUNICIPAL RETIREMENT FUND

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 26,428	\$ 26,428	\$ 0	\$ 113,913	23.20%
2015	14,671	14,671	0	104,273	14.07%

Notes to Schedule

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actual cost method	Aggregate Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset valuation method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price inflation	3.00% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

(See independent auditor's report.)

Darien-Woodridge Fire

Darien, Illinois

Required Supplementary Information

For the Year Ended May 31, 2016

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

	12/31/2016	12/31/2015
Total Pension Liability		
Service Costs	\$ 11,524	\$ 11,790
Interest	84,817	77,714
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	17,531	40,638
Change of Assumptions	(1,235)	43,170
Benefit Payments, Including Refunds of Member Contributions	<u>(72,393)</u>	<u>(74,633)</u>
Net Change in Total Pension Liabilities	40,244	98,679
Total Pension Liability - Beginning	<u>1,170,448</u>	<u>1,071,769</u>
Total Pension Liability - Ending	<u>\$ 1,210,692</u>	<u>\$ 1,170,448</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 26,428	\$ 14,672
Contributions - Members	5,126	4,692
Contributions - Other	-	-
Net Investment Income	4,329	51,431
Benefit Payments, Including Refunds of Member Contributions	(72,393)	(74,633)
Administrative Expenses	-	-
Other (Net Transfers)	<u>64,944</u>	<u>19,222</u>
Net Change in Plan Net Position	28,434	15,384
Plan Net Position - Beginning	<u>886,156</u>	<u>870,772</u>
Plan Net Position - Ending	<u>\$ 914,590</u>	<u>\$ 886,156</u>
Employer's Net Pension Liability	<u>\$ 296,102</u>	<u>\$ 284,292</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>75.54%</u>	<u>75.71%</u>
Covered Payroll	<u>\$ 113,913</u>	<u>\$ 104,273</u>
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	<u>259.94%</u>	<u>272.64%</u>

(See independent auditor's report.)

Darien-Woodridge Fire

Darien, Illinois

Required Supplementary Information

For the Year Ended May 31, 2016

SCHEDULE OF EMPLOYER CONTRIBUTION FIREFIGHTER'S PENSION FUND

Calendar Year Ended May 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 781,395	\$ 713,857	\$ 67,538	\$ 3,099,627	23.03%
2015	745,784	699,266	46,518	2,783,049	25.13%

Notes to Schedule

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actual cost method	Aggregate Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	100% Funded by 2040
Asset valuation method	5-Year smoothed market
Wage growth	3.25%
Price inflation	2.50% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary increases	3.75% to 10.50% including inflation
Investment rate of return	6.25%
Retirement age	See the Notes to the Financial Statements
Mortality	Mortality rates are based on rates developed in the Lauterbach & Amen, LLP 2016 Mortality Table for Illinois Firefighters

(See independent auditor's report.)

Darien-Woodridge Fire

Darien, Illinois

Required Supplementary Information

For the Year Ended May 31, 2016

FIREFIGHTERS' PENSION FUND SCHEDULE OF CHANGE IN THE EMPLOYER'S NET PENSION LIABILITY

	05/31/2016	05/31/2015
Total Pension Liability		
Service Costs	\$ 904,663	\$ 655,115
Interest	1,558,756	1,713,093
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	628,547	(104,281)
Change of Assumptions	7,217,917	1,644,280
Benefit Payments, Including Refunds of Member Contributions	<u>(1,089,334)</u>	<u>(1,055,936)</u>
Net Change in Total Pension Liabilities	9,220,549	2,852,271
Total Pension Liability - Beginning	<u>27,009,113</u>	<u>24,156,842</u>
Total Pension Liability - Ending	<u>\$ 36,229,662</u>	<u>\$ 27,009,113</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 713,857	\$ 699,266
Contributions - Members	282,650	259,408
Contributions - Other	-	-
Net Investment Income	(192,864)	1,004,935
Benefit Payments, Including Refunds of Member Contributions	(1,089,334)	(1,055,935)
Administrative Expenses	(31,123)	(30,048)
Other	-	-
Net Change in Plan Net Position	(316,814)	877,626
Plan Net Position - Beginning	<u>18,655,873</u>	<u>17,778,247</u>
Plan Net Position - Ending	<u>18,339,059</u>	<u>18,655,873</u>
Employer's Net Pension Liability	<u>\$ 17,890,603</u>	<u>\$ 8,353,240</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>50.62%</u>	<u>69.07%</u>
Covered Payroll	<u>\$ 3,099,627</u>	<u>\$ 2,783,049</u>
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	<u>577.19%</u>	<u>300.15%</u>

(See independent auditor's report.)

Darien-Woodridge Fire Protection District

Darien, Illinois
Required Supplementary Information
For the Year Ended May 31, 2016

FIREFIGHTERS' PENSION FUND SCHEDULE OF INVESTMENT RETURNS

Fiscal Year	Annual Money-Weights Rate of Return, Net of Investment Expenses
2016	(0.77)%
2015	5.83%

(See independent auditor's report.)

Darien-Woodridge Fire Protection District
Darien, Illinois
Fire Protection Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended May 31, 2016
With Comparative Totals For the Year Ended May 31, 2015

	2016			Variance With Final Budget	2015
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Property Taxes	\$ 2,822,355	\$ 2,822,355	\$ 2,779,095	\$ (43,260)	\$ 3,211,217
Replacement Taxes	15,478	15,478	15,163	(315)	19,553
Interest Income	3,180	3,180	2,215	(965)	2,268
Charge for Services	250	250	30	(220)	45
Fees	12,000	12,000	10,337	(1,663)	9,059
Grants	15,000	15,000	12,165	(2,835)	15,352
SUFD Reimbursements	30,000	30,000	29,554	(446)	29,586
Other Income	5,250	5,250	4,229	(1,021)	4,966
Total Revenues	2,903,513	2,903,513	2,852,788	(50,725)	3,292,046
Expenses					
General Administration	51,000	51,000	46,914	(4,086)	66,637
Debt Service					
Principal	260,200	260,200	145,000	(115,200)	140,000
Interest	-	-	115,191	115,191	119,391
Communications	95,610	95,610	100,667	5,057	95,190
Fire Station	85,225	85,225	65,559	(19,666)	76,931
Mobile Equipment	4,350	4,350	3,819	(531)	31,423
Apparatus Maintenance	127,150	127,150	88,975	(38,175)	88,246
Training	24,125	24,125	22,096	(2,029)	17,807
Quartermaster	41,210	41,210	35,214	(5,996)	32,439
Fire Investigations	5,850	5,850	1,575	(4,275)	2,802
Hazardous Materials	6,420	6,420	1,233	(5,187)	4,001
Payroll & Related	2,141,307	2,141,307	2,083,911	(57,396)	2,148,496
Pension Plan Payment	745,000	745,000	713,856	(31,144)	699,266
Health & Safety	1,650	1,650	300	(1,350)	21,361
Public Education	9,085	9,085	7,941	(1,144)	5,698
Portable Equipment	4,895	4,895	1,083	(3,812)	3,038
Rescue Specialist Team	5,725	5,725	5,682	(43)	1,605
Total Expenditures	3,608,802	3,608,802	3,439,016	(169,786)	3,554,331
Excess (Deficiency) of Revenue over Expenditures	(705,289)	(705,289)	(586,228)	119,061	(262,285)
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	200
Transfers - Out	(15,000)	(15,000)	(40,000)	(25,000)	(75,000)
Total Other Financing Sources	(15,000)	(15,000)	(40,000)	(25,000)	(74,800)
Net Change in Fund Balance	\$ (720,289)	\$ (720,289)	(626,228)	\$ 94,061	(337,085)
Fund Balance					
Beginning of Year			(1,855,627)		(1,518,542)
End of Year			<u>\$ (2,481,855)</u>		<u>\$ (1,855,627)</u>

Darien-Woodridge Fire Protection District
Darien, Illinois
Ambulance Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended May 31, 2016
With Comparative Totals For the Year Ended May 31, 2015

	2016			Variance Over (Under)	2015
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Property Taxes	\$ 2,508,835	\$ 2,508,835	\$ 2,503,552	\$ (5,283)	\$ 2,610,052
Replacement Taxes	13,990	13,990	13,707	(283)	15,844
Interest Income	3,218	3,218	2,215	(1,003)	2,922
Charge for Services	865,250	865,250	850,839	(14,411)	639,792
Fees	12,000	12,000	10,337	(1,663)	9,044
Grants	15,000	15,000	12,165	(2,835)	15,352
SUFD Reimbursements	30,000	30,000	29,554	(446)	29,586
Other Income	5,250	5,250	4,229	(1,021)	4,966
Total Revenues	3,453,543	3,453,543	3,426,598	(26,945)	3,327,558
Expenses					
General Administration	51,000	51,000	46,795	(4,205)	67,629
Debt Service					
Principal	260,200	260,200	145,000	(115,200)	140,000
Interest	-	-	115,191	115,191	119,391
Communications	95,610	95,610	100,667	5,057	95,189
Fire Station	85,225	85,225	65,386	(19,839)	76,969
Mobile Equipment	4,350	4,350	3,833	(517)	31,423
Apparatus Maintenance	127,150	127,150	88,963	(38,187)	88,247
Training	24,125	24,125	21,801	(2,324)	17,807
Quartermaster	41,210	41,210	35,214	(5,996)	32,438
Fire Investigations	-	-	-	-	200
EMS	17,810	17,810	24,462	6,652	86,590
Hazardous Materials	6,420	6,420	1,224	(5,196)	4,001
Payroll & Related	2,141,307	2,141,307	2,166,330	25,023	2,176,928
Health & Safety	1,650	1,650	300	(1,350)	21,360
Public Education	9,085	9,085	7,941	(1,144)	5,698
Portable Equipment	4,895	4,895	1,083	(3,812)	3,763
Rescue Specialist Team	5,725	5,725	5,682	(43)	1,605
Total Expenditures	2,875,762	2,875,762	2,829,872	(45,890)	2,969,238
Excess (Deficiency) of Revenue over Expenditures	577,781	577,781	596,726	18,945	358,320
Other Financing Sources (Uses)					
Sale of Assets	-	-	300	300	200
Transfers - Out	(15,000)	(15,000)	(40,000)	(25,000)	(75,000)
Total Other Financing Sources	(15,000)	(15,000)	(39,700)	(24,700)	(74,800)
Net Change in Fund Balance	\$ 562,781	\$ 562,781	557,026	\$ (5,755)	283,520
Fund Balance					
Beginning of Year			2,521,828		2,238,308
End of Year			<u>\$ 3,078,854</u>		<u>\$ 2,521,828</u>

Darien-Woodridge Fire Protection District
Darien, Illinois
Tort Liability Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended May 31, 2016
With Comparative Totals For the Year Ended May 31, 2015

	2016			Variance Over (Under)	2015
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Property Taxes	\$ 1,032,698	\$ 1,032,698	\$ 1,030,523	\$ (2,175)	\$ 353,330
Replacement Taxes	5,759	5,759	5,642	(117)	2,145
Interest Income	90	90	-	(90)	7
Total Revenues	1,038,547	1,038,547	1,036,165	(2,382)	355,482
Expenses					
Risk Management	604,188	604,188	566,584	(37,604)	-
Worker's Compensation	230,000	230,000	242,886	12,886	247,381
Vehicle Insurance	15,000	15,000	11,919	(3,081)	11,284
General Liability	37,000	37,000	38,102	1,102	36,577
Accident & Sickness	2,000	2,000	1,433	(567)	1,489
Total Expenditures	888,188	888,188	860,924	(27,264)	296,731
Net Change in Fund Balance	\$ 150,359	\$ 150,359	175,241	\$ 24,882	58,751
Fund Balance					
Beginning of Year			12,848		(45,903)
End of Year			\$ 188,089		\$ 12,848

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NON-MAJOR FUNDS

Payroll Taxes and IMRF - The Payroll Taxes and IMRF Fund accounts for the District's participation in the Illinois Municipal Retirement Fund and contributions to employee social security benefits. Financing is provided by a specific annual property tax levy which provided a sufficient amount to pay the District's contributions on behalf of its employees.

Audit - The Audit Fund accounts for revenues derived from a specific property tax levy and expenditures of these monies for the District's annual audit.

Debt Service - The Debt Service Fund accounts for the accumulation of resources for the payment of bond principal, interest, and related costs.

Capital Replacement Fund - The Capital Replacement Fund accounts for the accumulation of resources for the future replacement/purchase of capital equipment.

Foreign Fire Insurance Board - The Foreign Fire Insurance Board accounts for the accumulation of resources for the purpose of expensing funds received for the maintenance and benefit of the District.

Darien-Woodridge Fire Protection District

Darien, Illinois

Non-Major Funds

Combining Balance Sheet

May 31, 2016

	Special Revenue Funds					Total
	Payroll Taxes and IMRF	Audit	Foreign Fire Insurance	Capital Replacements Fund	Debt Service	
ASSETS						
Cash & Cash Equivalents	\$ 118,170	\$ 7,337	\$ 10,580	\$ 269,910	\$ 287,303	\$ 693,300
Receivables:						
Property Taxes	142,663	8,152	-	-	-	150,815
Total Assets	<u>\$ 260,833</u>	<u>\$ 15,489</u>	<u>\$ 10,580</u>	<u>\$ 269,910</u>	<u>\$ 287,303</u>	<u>\$ 844,115</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Deferred Inflows of Resources						
Unearned Property Tax Revenue	142,663	8,152	-	-	-	150,815
Total Deferred Inflows of Resources	142,663	8,152	-	-	-	150,815
Fund Balance						
Nonspendable						
Restricted for:						
Special Revenue	118,170	7,337	10,580	269,910	287,303	693,300
Total Fund Balance	118,170	7,337	10,580	269,910	287,303	693,300
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 260,833</u>	<u>\$ 15,489</u>	<u>\$ 10,580</u>	<u>\$ 269,910</u>	<u>\$ 287,303</u>	<u>\$ 844,115</u>

Darien-Woodridge Fire Protection District

Darien, Illinois

Non-Major Funds

Combining Schedule of Revenue, Expenditures and Changes in Fund Balance

For the Year Ended May 31, 2016

	Special Revenue Funds			Capital Replacements Fund	Debt Service	Total
	Payroll Taxes and IMRF	Audit	Foreign Fire Insurance			
Revenues						
Property Taxes	\$ 129,444	\$ 9,026	\$ -	\$ -	\$ -	\$ 138,470
Replacement Taxes	709	49	-	-	-	758
Interest Income	-	-	-	303	-	303
Other Income	-	-	13,915	-	-	13,915
Total Revenues	130,153	9,075	13,915	303	-	153,446
Expenses						
Payroll taxes & IMRF	106,518	-	-	-	-	106,518
Audit	-	7,800	-	-	-	7,800
Capital Projects	-	-	-	155,104	-	155,104
Foreign Fire Insurance	-	-	12,066	-	-	12,066
Total Expenditures	106,518	7,800	12,066	155,104	-	281,488
Excess (Deficiency) of Revenue over Expenditures	23,635	1,275	1,849	(154,801)	-	(128,042)
Other Financing Sources (Uses)						
Transfers - In	-	-	-	80,000	-	80,000
Total Other Financing Sources (Uses)	-	-	-	80,000	-	80,000
Net Change in Fund Balance	23,635	1,275	1,849	(74,801)	-	(48,042)
Fund Balance						
Beginning of Year (Restated)	94,535	6,062	8,731	344,711	287,303	741,342
End of Year	\$ 118,170	\$ 7,337	\$ 10,580	\$ 269,910	\$ 287,303	\$ 693,300

Darien-Woodridge Fire Protection District
Darien, Illinois
Payroll Taxes and IMRF Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended May 31, 2016
With Comparative Totals For the Year Ended May 31, 2015

	2016			Variance Over (Under)	2015
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Property Taxes	\$ 129,718	\$ 129,718	\$ 129,444	\$ (274)	\$ 117,779
Replacement Taxes	723	723	709	(14)	715
Interest Income	11	11	-	(11)	2
Total Revenues	130,452	130,452	130,153	(299)	118,496
Expenses					
IMRF Expense	26,400	26,400	26,860	460	19,262
Payroll Taxes	89,450	89,450	79,658	(9,792)	73,289
Total Expenditures	115,850	115,850	106,518	(9,332)	92,551
Net Change in Fund Balance	\$ 14,602	\$ 14,602	23,635	\$ 9,033	25,945
Fund Balance					
Beginning of Year			94,535		68,590
End of Year			\$ 118,170		\$ 94,535

Darien-Woodridge Fire Protection District
Darien, Illinois
Audit Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended May 31, 2016
With Comparative Totals For the Year Ended May 31, 2015

	2016			Variance Over (Under)	2015
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Property Taxes	\$ 9,044	\$ 9,044	\$ 9,026	\$ (18)	\$ 8,981
Replacement Taxes	50	50	49	(1)	55
Interest Income	1	1	-	(1)	-
Total Revenues	9,095	9,095	9,075	(20)	9,036
Expenses					
Audit	8,000	8,000	7,800	(200)	7,150
Total Expenditures	8,000	8,000	7,800	(200)	7,150
Net Change in Fund Balance	\$ 1,095	\$ 1,095	1,275	\$ 180	1,886
Fund Balance					
Beginning of Year			6,062		4,176
End of Year			\$ 7,337		\$ 6,062

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**SUPPLEMENTAL INFORMATION
and
STATISTICAL SECTION**

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Darien-Woodridge Fire Protection District

Darien, Illinois

Statistical Comparison of Property Taxes Levied to Property Taxes Collected

Tax Years 2015-2010

May 31, 2016

	2015	2014	2013	2012	2011	2010
Assessed Valuation	<u>\$ 1,019,017,902</u>	<u>\$ 999,938,887</u>	<u>\$ 993,430,659</u>	<u>\$ 1,043,196,339</u>	<u>\$ 1,134,815,276</u>	<u>\$ 1,183,079,767</u>
Tax Rates						
Fire Protection	0.2046	0.2062	0.2521	0.2506	0.2134	0.2037
Ambulance	0.2203	0.2495	0.2615	0.2528	0.2076	0.1973
Pension	0.0715	0.0698	0.0706	0.0280	0.0663	0.0465
Audit	0.0008	0.0009	0.0009	0.0008	0.0009	0.0008
Payroll Taxes and IMRF	0.0140	0.0129	0.0118	0.0136	0.0098	0.0129
Tort Liability	<u>0.1286</u>	<u>0.1027</u>	<u>0.0354</u>	<u>0.0420</u>	<u>0.0386</u>	<u>0.0360</u>
Total Tax Rates	<u>0.6398</u>	<u>0.6420</u>	<u>0.6323</u>	<u>0.5878</u>	<u>0.5366</u>	<u>0.4972</u>
Tax Extension						
Fire Protection	\$ 2,084,911	\$ 2,061,874	\$ 2,504,439	\$ 2,614,250	\$ 2,421,696	\$ 2,409,933
Ambulance	2,244,896	2,494,847	2,597,821	2,637,200	2,355,877	2,334,216
Pension	728,598	697,957	701,362	292,095	752,383	550,132
Audit	8,152	8,999	8,941	8,346	10,213	9,465
Payroll Taxes and IMRF	142,662	128,992	117,225	141,875	157,739	152,617
Tort Liability	<u>1,310,457</u>	<u>1,026,937</u>	<u>351,674</u>	<u>438,142</u>	<u>438,039</u>	<u>425,909</u>
Total Tax Extension	<u>\$ 6,519,676</u>	<u>\$ 6,419,606</u>	<u>\$ 6,281,462</u>	<u>\$ 6,131,908</u>	<u>\$ 6,135,947</u>	<u>\$ 5,882,272</u>
Amount Collected		<u>\$ 6,409,755</u>	<u>\$ 6,263,035</u>	<u>\$ 6,129,219</u>	<u>\$ 6,124,318</u>	<u>\$ 5,697,400</u>
Percentage of Extensions Collected		<u>99.85%</u>	<u>99.71%</u>	<u>99.96%</u>	<u>99.81%</u>	<u>96.86%</u>