

**NEW LENOX FIRE PROTECTION DISTRICT
NEW LENOX, ILLINOIS**

ANNUAL FINANCIAL REPORT

with

INDEPENDENT AUDITORS' REPORT

for the Year Ended December 31, 2015

Weber & Associates CPAs, LLC

Certified Public Accountants

NEW LENOX FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1-2
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis	4
Fund Financial Statements	
Governmental Funds	
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis	5
Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis - to the Statement of Net Position	6
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances - Modified Cash Basis	7
Reconciliation of the Governmental Funds Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances - Modified Cash Basis - to the Statement of Activities	8
Fiduciary Fund	
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11-33
Other Information	
Budgetary Comparison Schedules - Major Funds	
Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Budget and Actual - General Fund	34-35
Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Budget and Actual - Ambulance Fund	36-37
Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Budget and Actual - Tort Immunity Fund	38

NEW LENOX FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

Page(s)

Other Information (continued)

Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Budget and Actual - Pension Fund	39
Notes to Other Information	40
Multiyear Schedule of Contributions Illinois Municipal Retirement Fund	41
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios Illinois Municipal Retirement Fund	42
Multiyear Schedule of Contributions Firefighters' Pension Fund	43
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios Firefighters' Pension Fund	44
Schedule of Investments Returns Firefighters' Pension Fund	45
Other Data	
Schedule of Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections	46

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New Lenox Fire Protection District
New Lenox, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of New Lenox Fire Protection District (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively, comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Lenox Fire Protection District as of December 31, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Lenox Fire Protection District's financial statements. The other information, as listed in the table of contents, is the responsibility of management, and is presented for purposes of additional analysis and is not a required part of the financial statements of New Lenox Fire Protection District. We have applied certain limited procedures to the other 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 data

The other data listed in the table of contents 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 this information.

Asher & Associates

Aurora, Illinois

May 16, 2016

NEW LENOX FIRE PROTECTION DISTRICT
Statement of Net Position - Modified Cash Basis
December 31, 2015

	<u>Primary Government</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 3,514,549
Capital assets not being depreciated	548,836
Capital assets being depreciated, net	<u>7,675,273</u>
Total assets	<u>11,738,658</u>
<u>Liabilities</u>	
Payroll taxes payable	4,361
Due to pension trust fund	5,221
Long-term liabilities	
Due within one year	59,477
Due in more than one year	<u>487,151</u>
Total liabilities	<u>556,210</u>
<u>Net Position</u>	
Net position invested in capital assets, net of related debt	7,677,481
Restricted for:	
Tort/Liability insurance	649,557
Unrestricted net position	<u>2,855,410</u>
Total net position	<u><u>\$ 11,182,448</u></u>

The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2015

Program Activities	Program Revenues			Net (Expenses)	
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
General and administrative	\$ 1,481,344	\$ 160,013	\$ -	\$ -	\$ (1,321,331)
Public safety	5,216,896	1,320,513	7,686	7,625	(3,881,072)
Interest	14,058	-	-	-	(14,058)
Total governmental activities	6,712,298	1,480,526	7,686	7,625	(5,216,461)
Total government	\$ 6,712,298	\$ 1,480,526	\$ 7,686	\$ 7,625	(5,216,461)
General revenues:					
			Property taxes		4,519,306
			Replacement taxes		22,692
			Foreign fire insurance taxes		60,180
			Interest on investments		10,174
			Donations		11,150
			Gain on sale of assets		6,100
			Miscellaneous		53,809
			Total general revenues		4,683,411
			Change in net position		(533,050)
			Net position at beginning of year		11,715,498
			Net position at end of year		\$ 11,182,448

The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis -
Governmental Funds
December 31, 2015

	Special Revenue Funds				Total Governmental Funds
	Major Funds				
	General Fund	Ambulance Fund	Tort Immunity Fund	Pension Fund	
<u>Assets</u>					
Cash and cash equivalents	\$ 806,592	\$ 2,053,179	\$ 649,557	\$ 5,221	\$ 3,514,549
Total Assets	<u>\$ 806,592</u>	<u>\$ 2,053,179</u>	<u>\$ 649,557</u>	<u>\$ 5,221</u>	<u>\$ 3,514,549</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Due to pension trust fund	\$ -	\$ -	\$ -	\$ 5,221	\$ 5,221
Payroll taxes payable	4,361	-	-	-	4,361
Total liabilities	<u>4,361</u>	<u>-</u>	<u>-</u>	<u>5,221</u>	<u>9,582</u>
Fund Balances:					
Unassigned	802,231	-	-	-	802,231
Assigned to ambulance operations	-	2,053,179	-	-	2,053,179
Restricted for:					
Tort/Liability insurance	-	-	649,557	-	649,557
Total Fund Balances	<u>802,231</u>	<u>2,053,179</u>	<u>649,557</u>	<u>-</u>	<u>3,504,967</u>
Total Liabilities and Fund Balances	<u>\$ 806,592</u>	<u>\$ 2,053,179</u>	<u>\$ 649,557</u>	<u>\$ 5,221</u>	<u>\$ 3,514,549</u>

The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balances -
Modified Cash Basis - to the Statement of Net Position
December 31, 2015

Reconciliation to statement of net position:

Total fund balances-governmental funds	\$ 3,504,967
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$13,287,174 (net of accumulated depreciation of \$5,063,065), are not financial resources and, therefore, are not reported in the funds.	8,224,109
Long term notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(546,628)</u>
Net position of governmental activities	<u>\$ 11,182,448</u>

The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances -
Modified Cash Basis - Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds				Total Governmental Funds
	Major Funds				
	General Fund	Ambulance Fund	Tort Immunity Fund	Pension Fund	
<u>Revenues received:</u>					
Taxes	\$ 2,110,213	\$ 1,905,621	\$ 205,735	\$ 380,609	\$ 4,602,178
Ambulance billing	-	1,320,513	-	-	1,320,513
Fees and charges for services	64,404	9,371	-	-	73,775
Donations	5,575	5,575	-	-	11,150
Interest income	5,087	5,087	-	-	10,174
Grant income	3,843	3,843	-	-	7,686
Land extraction fees	43,119	43,119	-	-	86,238
Reimbursements	18,368	18,368	-	-	36,736
Miscellaneous	8,449	8,624	-	-	17,073
Total revenues received	2,259,058	3,320,121	205,735	380,609	6,165,523
<u>Expenditures disbursed:</u>					
General and administrative	330,012	317,900	186,262	386,050	1,220,224
Public safety	2,468,832	2,486,944	-	-	4,955,776
Capital outlay	920,738	707,072	-	-	1,627,810
Debt service - principal	35,366	22,826	-	-	58,192
Debt service - interest	7,029	7,029	-	-	14,058
Total expenditures disbursed	3,761,977	3,541,771	186,262	386,050	7,876,060
Excess (deficiency) of revenues received over expenditures disbursed	(1,502,919)	(221,650)	19,473	(5,441)	(1,710,537)
<u>Other financing sources (uses):</u>					
Transfer in (out)	(5,441)	-	-	5,441	-
Sale of assets	3,050	3,050	-	-	6,100
Total other financing sources (uses)	(2,391)	3,050	-	5,441	6,100
Net change in fund balance	(1,505,310)	(218,600)	19,473	-	(1,704,437)
Fund balances - beginning	2,307,541	2,271,779	630,084	-	5,209,404
Fund balances - ending	\$ 802,231	\$ 2,053,179	\$ 649,557	\$ -	\$ 3,504,967

The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues Received, Expenditures Disbursed,
and Changes in Fund Balances - Modified Cash Basis - to the Statement of Activities
For the Year Ended December 31, 2015

Reconciliation to the statement of activities:

Net change in fund balances - total governmental funds \$ (1,704,437)

Amounts reported for governmental activities in the statement of activities
are different because:

Loan payments are reported as expenditures in the governmental funds.
However, only the interest on these payments is recorded in the statement of
activities.

Principal loan payments

58,192

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. The change in fund
balance must be increased by capital purchases and decreased by depreciation
expense. This is the amount by which depreciation (\$522,240) exceeded
capital assets additions (\$1,635,435).

1,113,195

Change in net position of governmental activities

\$ (533,050)

NEW LENOX FIRE PROTECTION DISTRICT
Statement of Fiduciary Net Position
FIREFIGHTERS' PENSION FUND
December 31, 2015

<u>Assets</u>	
Cash and cash equivalents	\$ 494,346
Investments:	
Certificates of deposit	140,195
Municipal bonds	657,597
Government and agency securities-bonds	586,845
Asset and mortgage backed securities	11,281
Mutual funds	<u>1,278,204</u>
	<u>2,674,122</u>
Total cash and investments	3,168,468
Accrued interest	16,674
Prepaid items	795
Due from municipality	<u>10,662</u>
Total assets	<u>3,196,599</u>
<u>Liabilities</u>	
Accounts payable	<u>405</u>
<u>Net position</u>	
Net position restricted for pension benefits	<u><u>\$ 3,196,194</u></u>

The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Statement of Changes in Fiduciary Net Position
FIREFIGHTERS' PENSION FUND
December 31, 2015

Additions:

Contributions:

Employer contributions	\$ 386,050
Plan member contributions	88,855
Total contributions	<u>474,905</u>

Investment income:

Interest and dividends	134,900
Net depreciation in fair value of investments	(118,624)
Total investment income	<u>16,276</u>
Less: investment expense	(239)

Net investment income	<u>16,037</u>
Total additions	<u>490,942</u>

Deductions:

Benefits and refunds paid to plan members and beneficiaries	89,813
Administrative expenses	<u>25,782</u>
Total deductions	<u>115,595</u>

Net increase in net position	375,347
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Net position restricted for pension benefits, beginning of year	<u>2,820,847</u>
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Net position restricted for pension benefits, end year	<u><u>\$ 3,196,194</u></u>
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The notes to financial statements are an integral part of this statement.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

1. Summary of Significant Accounting Policies

The accounting policies of New Lenox Fire Protection District (the District) are presented using the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following is a summary of the significant accounting policies of the District:

A. Nature of Operations

New Lenox Fire Protection District, New Lenox, Illinois, is an Illinois unit of local government. The District provides general governmental services as well as fire protection and emergency ambulance assistance to individuals.

B. The Reporting Entity

The District, for financial purposes, includes all funds relevant to the operations of the District. The accompanying financial statements present the District's primary government over which the District exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the District. The District did not omit from the financial statements any agency that met the inclusion criteria. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of that entity.

C. Government-Wide and Financial Statements

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities with the differences reported in three categories:

Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding debt balances that are attributable to the acquisition, construction, or improvements of those assets.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

1. Summary of Significant Accounting Policies (continued)

C. Government-Wide and Financial Statements (continued)

Restricted net position results when constraints placed on the position's use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which direct expenses of a given function (i.e. general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (a) charges paid by the recipients of goods and services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary Funds are excluded from the government-wide financial statements.

Fund Financial Statements

Separate financial statements are provided for the governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund - is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the District and accounted for in the General Fund include general government and public safety.

Ambulance Fund - accounts for expenditures relating to ambulance services provided by the District. Revenues are mainly derived through property taxes and ambulance fees.

Tort Fund - restricted fund used to accumulate property tax revenues to be used for tort related expenditures.

Pension Fund - accounts for the property tax levy for the Pension Fund.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

1. Summary of Significant Accounting Policies (continued)

C. Government-Wide and Financial Statements (continued)

Fiduciary Funds

The District reports the Firefighters' Pension Fund as a fiduciary fund. The Firefighters' Pension Fund has its own Board of Trustees which monitors the investments and other activity of the fund.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements and Fund Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the District except grants. Grants are recognized as revenue when the qualifying expenditure has been incurred. Expenses are recorded when the funds are disbursed. Depreciation of capital assets has been shown on the government-wide financial statements. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recorded at the time of receipt by the District except grants. Expenditures are recorded when the funds are disbursed.

E. Assets, Liabilities, and Fund Balance

Cash and Investments

For the purpose of financial reporting, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments of the pension trust are reported at fair value in accordance with GASB Statement No. 25. All other investments are recorded at cost.

Capital Assets

Capital assets are recorded as expenditures at the time of purchase in the fund financial statements. Capital assets, which include property, plant, and equipment, are reported as assets in the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to January 1, 2004. Donated capital assets are recorded at their fair market values as of the date received.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Fund Balance (continued)

The District maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40-50 years
Equipment	5-20 years
Vehicles	5-20 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Principal payments on long-term debt are recorded as expenditures in the fund financial statements but as a reduction of a liability in the government-wide statements.

Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance is presented in five possible classifications as follows:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form (such as prepaid items) or; b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of by creditors, grantors, contributors, or laws or regulations of other governments.

Committed - resources which are subject to limitations imposed by the District's Board of Trustees through an ordinance or resolution. Fund balances classified as committed can only be used for the specific purposes established by the Board's actions and the limitations remain binding unless removed by the Board in the same manner.

Assigned - resources that are constrained by the District's intent to be used for specific purposes as established by the Board but are neither restricted nor committed.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Fund Balance (continued)

Unassigned - resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Negative unassigned fund balances may be reported in the special revenue funds if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to that purpose.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, assigned balances next, and finally to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

F. Interfund Activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables (due from other funds) in lender funds and interfund payables (due to other funds) in borrower funds. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activity is treated as transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds.

2. Cash and Investments

Permitted Deposits and Investments - Statutes authorize the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two rating services, and the Illinois Funds.

The District maintains cash and investment accounts that are available for use by all funds, except the pension trust fund. The District does not have investments at December 31, 2015. The deposits and investments of the Pension Trust Fund are held separately from those of other funds. Investments of the Pension Trust Fund are presented in Note 4.

District's deposits with financial institutions

The District's cash at year-end consisted of non-interest-bearing demand deposit accounts, interest-bearing money market accounts and certificates of deposit.

At December 31, 2015, the carrying amount of the District's deposits was \$3,514,549 (including certificates of deposit) and the bank balance was \$3,799,440.

NEW LENOX FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2015

2. Cash and Investments (continued)

Custodial Credit Risk - is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2015, all of the bank deposits were covered by federal depository insurance or by collateral held by the District or by its agent, in the District's name.

3. Property Taxes

Property taxes are levied and attach as an enforceable lien on property on January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of levy. The 2014 property tax levy was passed on November 17, 2014 in the amount of \$4,681,765, reduced by statutory limitations to \$4,529,730 and was received during the current fiscal year. The 2015 property tax levy which will be used to finance the operating budget for fiscal year 2016 was passed by the Board on November 16, 2015.

4. Employee Retirement Systems

The District maintains a single-employer, defined benefit pension plan (Firefighters' Pension Plan) which covers its qualified sworn employees and participates in the statewide Illinois Municipal Retirement Fund, an agent multiple-employer public employee pension plan which covers substantially all of the remaining qualified District employees. The benefits, benefit level, employee contributions and employer contributions for all plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

The Firefighters' Pension Fund issues a separate report on the pension plan. The report can be obtained from the Treasurer of the pension plan at 261 E. Maple Street, New Lenox, Illinois, 60451. In addition, IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report may be obtained on-line at www.imrf.org.

Illinois Municipal Retirement Fund

Benefits Approved

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.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Illinois Municipal Retirement Fund (continued)

Benefits Approved (continued)

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

Employee membership data related to the Plan, as of December 31, 2015 was as follows:

Retirees and beneficiaries currently receiving benefits	0
Inactive , non-retired members	2
Active Plan members	3
Total	<u>5</u>
Covered valuation payroll	<u>\$ 153,601</u>

Contributions

As set by statute, 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 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute. The District's employer annual required contribution rate for calendar year 2015 was 8.25%. For the year ended December 31, 2015, the District contributed \$12,672 to the plan.

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.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions

Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Price inflation	2.75%
Salary increases	3.75% to 14.50%
Investment rate of return	7.48%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality	For non-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 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.
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Other Information

Notes	There were no benefit changes during the year.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Illinois Municipal Retirement Fund (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.6%
International Equity	17%	7.8%
Fixed Income	27%	3%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Discount Rate

A Single Discount Rate of 7.50% 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 7.48%.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Illinois Municipal Retirement Fund (continued)

Changes in District's Net Pension Liability

Changes in the District's net pension liability for the calendar year ending December 31, 2015 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Pension Liability
	(a)	(b)	(a)-(b)
Balance, December 31, 2014	\$ 102,999	\$ 70,866	\$ 32,133
Changes for the year:			
Service cost	14,068	-	14,068
Interest on the total pension liability	8,230	-	8,230
Difference between expected and actual experience	6,849	-	6,849
Net investment income	-	403	(403)
Contributions - employees	-	6,912	(6,912)
Contributions - employer	-	12,672	(12,672)
Benefit payments, including refunds of employee contributions	-		-
Other (net transfer)	-	(5,998)	5,998
Net changes	29,147	13,989	15,158
Balance, December 31, 2015	\$ 132,146	\$ 84,855	\$ 47,291

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

The following presents the net pension liability calculated using the discount rate of 7.48%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48%) or 1-percentage-point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Total pension liability	\$ 156,362	\$ 132,146	\$ 112,005
Plan fiduciary net position	84,855	84,855	84,855
Net pension liability	\$ 71,507	\$ 47,291	\$ 27,150

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Illinois Municipal Retirement Fund (continued)

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

For the year ended December 31, 2015, the District's pension expense was \$17,372. At December 31, 2015, the District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods		
Difference between expected and actual experience	\$ 5,966	\$ 5,377
Assumption changes	3,624	-
Net difference between projected and actual earnings on pension plan investments	4,812	-
Total deferred amounts related to pensions	<u>\$ 14,402</u>	<u>\$ 5,377</u>

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

Year ending December 31	Net Deferred Outflows of Resources
2016	\$ 1,812
2017	1,812
2018	1,813
2019	1,655
2020	570
Thereafter	1,363
Total	<u>\$ 9,025</u>

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan

Plan Description

Fire sworn personnel are covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension administered by the Firefighters' Pension Fund Board. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-100), et seq. and may be amended only by the Illinois legislature. The District accounts for the plan as a pension trust fund.

Plan Membership

At December 31, 2015, the Firefighters' Pension Plan membership consisted of:

Inactive Plan members or beneficiaries currently receiving benefits	2
Inactive Plan members entitled but not yet receiving benefits	1
Active Plan members	16
Total	<u>19</u>

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 of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.0% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

Benefits Provided (continued)

Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the consumer price index or 3.0% compounded. 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 75.0% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ % for each month under 55).

The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or $\frac{1}{2}$ of the change in the consumer price index for the preceding calendar year.

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. 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. There is no formal funding policy between the Pension Board and the District at this time. However, under the informal policy, the average employer contribution history of the past five years suggested that the contribution as a percent of payroll is the most stable contribution. The District's contribution, as a percentage of covered payroll, for the year ended December 31, 2015 was 34.27%.

Investment policy

Illinois Compiled Statutes (ILCS) limit the Fund's investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

Investment policy (continued)

The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment-grade corporate bonds and the Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity and corporate debt securities and real estate investment trusts.

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

Assets invested shall be diversified to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance. Uninsured bank balance was \$168,382 at December 31, 2015.

Credit Risk, Custodial Credit Risk, and Concentration Risk

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. Though not required by the investment policy, the 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.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

Credit Risk, Custodial Credit Risk, and Concentration Risk (continued)

At December 31, 2015 the Firefighters' Pension Fund's investments were as follows:

	Fair Value	Investment Maturities - in Years			
		Less Than 1	1-5	6-10	More Than 10
Fixed Income Securities					
Municipal Bonds	\$ 657,597	\$ -	\$ 59,386	\$ 59,026	\$ 539,185
Government and Agency Securities	586,845	-	136,106	70,950	379,789
Asset and Mortgage Backed Securities	11,281	-	-	-	11,281
	<u>1,255,723</u>	<u>-</u>	<u>195,492</u>	<u>129,976</u>	<u>918,974</u>
Not Subject to Interest Rate Risk					
Unit Trust Funds	456,176	-	-	-	-
Equity Mutual Funds	822,028	-	-	-	-
	<u>1,278,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,533,927</u>	<u>\$ -</u>	<u>\$ 195,492</u>	<u>\$ 129,976</u>	<u>\$ 918,974</u>

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the 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 disclosures. At December 31, 2015, the categorical investments are held by the counterparty in the Fund's name.

Concentration of Credit Risk– This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund's investment policy places no limit on the amount the Fund may invest in any one issuer. At December 31, 2015, investments in the following issuers exceeded 5% of the Fund's net position: Federal Home Loan Banks (6.4%), Illinois State (7.36%), and Tennessee Valley Authority (7.59%). Other investments in U.S. Government and its credit guaranteed agencies and investments in certain mutual funds are not subject to concentration of credit risk as these securities carry an implied U.S. Government guarantee.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on Fund investments, net of investment expense, was 0.57% for the year ended December 31, 2015. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the Fund's investments is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the Fund's investment policy. The expected rates of return shown below have been provided by the investment professionals that work with the pension fund. Long-term real rates of return are shown as the expected rate of return, net of the assumed inflation rate. A summary of the best estimate of future real rates of returns (based on an annual arithmetic average) are included in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>
US Treasuries	4.30%	2.50%	1.80%
US Agencies	4.50%	2.50%	2.00%
Taxable Municipal Securities	4.50%	2.50%	2.00%
Corporate Bonds	5.00%	2.50%	2.50%
High-Yield Fixed Income	6.00%	2.50%	3.50%
Emerging Market Fixed Income	6.50%	2.50%	4.00%
US Large Cap Equities	7.50%	2.50%	5.00%
US Mid Cap Equities	7.80%	2.50%	5.30%
US Small Cap Equities	7.50%	2.50%	5.00%
International Equities	7.80%	2.50%	5.30%
Real Estate	6.80%	2.50%	4.30%
Global Infrastructure	7.30%	2.50%	4.80%
Natural Resources	3.80%	2.50%	1.30%

Changes in District's Net Pension Liability

Changes in the District's net pension liability for the calendar year ending December 31, 2015 were as follows:

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

Changes in District's Net Pension Liability (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Pension Liability
	(a)	(b)	(a)-(b)
Balance, December 31, 2014	\$ 4,073,860	\$2,820,847	\$ 1,253,013
Changes for the year:			
Service cost	533,420	-	533,420
Interest on the total pension liability	201,448	-	201,448
Difference between expected and actual experience	85,311	-	85,311
Changes of assumptions	(562,122)	-	(562,122)
Net investment income	-	16,036	(16,036)
Contributions - employees	-	94,295	(94,295)
Contributions - employer	-	380,609	(380,609)
Benefit payments, including refunds of employee contributions	(89,813)	(89,813)	-
Administrative expenses	-	(25,780)	25,780
Net changes	168,244	375,347	(207,103)
Balance, December 31, 2015	<u>\$ 4,242,104</u>	<u>\$3,196,194</u>	<u>\$ 1,045,910</u>

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

For the year ended December 31, 2015, the District's pension expense under GASB 68 was \$516,765. At December 31, 2015, the District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods		
Difference between expected and actual experience	\$ 80,492	\$ -
Assumption changes	-	530,363
Net difference between projected and actual earnings on pension plan investments	106,613	-
Total deferred amounts related to pensions	<u>\$ 187,105</u>	<u>\$ 530,363</u>

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

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

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

Year ending December 31	Net Deferred Outflows of Resources
2016	\$ 285
2017	285
2018	285
2019	288
2020	26,939
Thereafter	315,176
Total	<u>\$ 343,258</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial methods and assumptions:

Methods and Assumptions:

Actuarial valuation date	January 1, 2016
Actuarial cost method	Entry age normal (level % of pay)
Asset valuation method	Market value
Discount rate used for the total pension liability	5.00%
Long-term expected rate of return on plan assets	5.00%
High quality 20 year tax-exempt G.O. bond rate	
(based on the Bond Buyer 20-Bond GO Index)	3.75%
Inflation	2.50%
Projected individual salary increases	4.0% - 12.0%
Projected increase in total payroll	4.50%
Consumer Price Index (Urban)	2.50%

Actuarial assumptions:

Mortality table	Lauterbach & Amen (L&A) 2016 Illinois Firefighters
Retirement rates	L&A 2016 Illinois Firefighters, capped at age 65
Disability rates	L&A 2016 Illinois Firefighters
Termination rates	L&A 2016 Illinois Firefighters
Percent married	80%

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

4. Employee Retirement Systems (continued)

Firefighters' Pension Plan (continued)

Actuarial Assumptions (continued)

Assumption Changes

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.56% to 3.57% for the current year. The discount rate used in the determination of the total pension liability was changed from 4.17% to 5.00%. The demographic assumptions were also changed based on a study of firefighters' and fire pension funds in Illinois. Changes were made to better reflect the future anticipated experience of the fund.

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of December 31, 2015, and was based on a combination of the expected long-term rate of return on plan investments of 5.00% and the municipal bond rate of 3.57%.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. The expected contributions are based on the funding policy of the plan.

Discount Rate Sensitivity

The following presents the net pension liability calculated using the discount rate of 5.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Employer Net Pension Liability	\$ 1,989,723	\$ 1,045,910	\$ 312,521

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
S 4 pumper loan	\$ 187,500	\$ -	\$ 12,500	\$ 175,000	\$ 12,500
Smeal ladder truck loan	417,319		45,691	371,628	46,977
Totals	\$ 604,819	\$ -	\$ 58,191	\$ 546,628	\$ 59,477

Payments on the long-term obligations are made by the General Fund and the Ambulance Fund.

Debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2016	\$ 59,477	\$ 12,491	\$ 71,968
2017	61,208	10,761	71,969
2018	62,965	9,004	71,969
2019	64,785	7,183	71,968
2020	66,655	5,314	71,969
2021-2025	181,538	4,681	186,219
2026-2029	50,000	-	50,000
	<u>\$ 546,628</u>	<u>\$ 49,434</u>	<u>\$ 596,062</u>

Loans Payable:

S4 Pumper Vehicle Loan

In June of 2009, the District entered into a vehicle loan with the Illinois Finance Authority in the amount of \$250,000 for the purchase of a S4 pumper. The loan calls for annual principal only payments of \$12,500, and the balance is due at maturity on September 1, 2029. As of December 31, 2015 the unpaid balance on the note was \$175,000.

Smeal Ladder Truck Loan

On January 14, 2013 the District executed a \$500,000 vehicle loan with Old Plank Trail Community Bank for the purchase of a new Smeal ladder truck. The loan is due in monthly installments of \$4,956, with interest at the rate of 3.5%. As of December 31, 2015 the unpaid balance on the note was \$371,628.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

6. Employees' 457(b) Deferred Compensation Plan

The District adopted a 457(b) deferred compensation plan. Employees can voluntarily contribute pre-tax earnings to the plan. During the current year the District contributed \$8,775 to the plan.

7. Lessor Agreement

In 2011, the District entered into an agreement with Custer Township Volunteer Fire Department for the sale of 20 Scott high pressure air packs with bottles at \$2,500 each. Per agreement, the Department will pay the District a total of \$50,000 in six annual payments, with the final payment of \$8,333 due in December of 2016.

8. Lease Commitments

In October, 2014 the District executed an operating lease for a copier. This lease requires sixty monthly payments of \$266 plus applicable usage charges and expires in October, 2019. Current year lease expense under this lease totaled \$4,511.

Future minimum lease payments under the copier lease are as follows:

<u>Year</u>	
2016	\$ 3,192
2017	3,192
2018	3,192
2019	2,394
	<u>\$ 11,970</u>

9. Risk Management

The District is exposed to various risks of loss related to torts: theft, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The District's risk management activities are recorded in the Tort Immunity Fund. The District has purchased commercial insurance. Risk coverage includes general liability, property, workers' compensation, health and other. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the last three years.

10. 911 Surcharge Reimbursement

During the current fiscal year, the District received a reimbursement of \$36,736 from Will County for the District's portion of 911 surcharge revenue. The District uses the County 911 dispatch services and receives reimbursement for excess surcharges received by the County.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

11. Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 544,711	\$ -	\$ -	\$ 544,711
Assets not in service	4,125	-	-	4,125
Total capital assets not being depreciated	548,836	-	-	548,836
Capital assets being depreciated				
Buildings and improvements	6,498,205	124,297	-	6,622,502
Equipment	1,413,657	377,702	(100)	1,791,259
Vehicles	3,314,617	1,133,436	(123,476)	4,324,577
Total capital assets being depreciated	11,226,479	1,635,435	(123,576)	12,738,338
Less accumulated depreciation for:				
Buildings and improvements	(1,900,510)	(155,422)	-	(2,055,932)
Equipment	(1,030,923)	(131,692)	100	(1,162,515)
Vehicles	(1,732,968)	(235,126)	123,476	(1,844,618)
Total accumulated depreciation	(4,664,401)	(522,240)	123,576	(5,063,065)
Total capital assets being depreciated, net	6,562,078	1,113,195	-	7,675,273
Capital assets, net	\$ 7,110,914	\$ 1,113,195	\$ -	\$ 8,224,109

Current year depreciation is allocated to expenditures as follows:

General Government	\$ 261,120
Public Safety	261,120
	<u>\$ 522,240</u>

12. GASB Statement No. 68 Enactment

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered as trusts or similar arrangements meeting certain criteria. As a result, the District presented enhanced note disclosures and related schedules.

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2015

13. Governmental Fund Types and Components of Fund Balance

As of December 31, 2015 fund balances consisted of the following components:

	Major Funds				Total
	General Fund	Ambulance Fund	Tort Immunity Fund	Pension Fund	
Fund balances:					
Restricted for:					
Tort/Liability insurance	\$ -	\$ -	\$ 649,557	\$ -	\$ 649,557
Assigned to:					
Ambulance Operations	-	2,053,179	-	-	2,053,179
Unassigned	802,231	-	-	-	802,231
Total	<u>\$ 802,231</u>	<u>\$ 2,053,179</u>	<u>\$ 649,557</u>	<u>\$ -</u>	<u>\$3,504,967</u>

The restricted fund balance refers to amounts that are subject to outside restrictions not controlled by the entity. Revenue received from property taxes levied for tort/liability insurance are recorded in the Tort Immunity Fund and the use of this restricted revenue is limited to the purpose levied for as defined by statute. The fund balance presented in the Ambulance Fund is assigned to ambulance operations.

14. Interfund Activities

During the current year the following transfer was made to cover for the District's pension obligation. Transfer will not be repaid.

	Transfer in	Transfer out
General Fund	\$ -	\$ 5,441
Pension Fund	5,441	-
Total	<u>\$ 5,441</u>	<u>\$ 5,441</u>

15. Subsequent Events

Management has evaluated subsequent events through May 16, 2016, the date the financial statements were available to be issued.

OTHER INFORMATION

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual
GENERAL FUND
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Over (Under)
<u>Revenues received:</u>			
Property taxes	\$ 2,103,762	\$ 2,068,777	\$ (34,985)
Replacement tax	10,500	11,346	846
Foreign fire insurance tax	8,400	30,090	21,690
Grant income	26,250	3,843	(22,407)
Donations	-	5,575	5,575
Resident services	-	55,033	55,033
Inspection fees	-	4,513	4,513
False alarm fees	-	1,063	1,063
Public education	-	3,795	3,795
Land extraction	50,400	43,119	(7,281)
911 surcharge revenue	-	18,368	18,368
New equipment fund	580,000	-	(580,000)
Building and land fund	580,000	-	(580,000)
Interest income	10,500	5,087	(5,413)
Other income	31,500	8,449	(23,051)
Total revenues received	3,401,312	2,259,058	(1,142,254)
<u>Expenditures disbursed:</u>			
Trustee salaries	10,800	11,250	450
Employee salaries	606,528	644,023	37,495
Employee salaries-POC	1,440	-	(1,440)
Salaries part time	204,000	157,869	(46,131)
Payroll taxes	35,400	30,540	(4,860)
Employer IMRF	6,600	6,336	(264)
Employee benefits	144,000	149,245	5,245
Employee physicals	10,200	691	(9,509)
Trustee training	3,000	75	(2,925)
Fire prevention/public education	9,600	9,053	(547)
Firefighter training	-	24,348	24,348
Administrative expenses	1,320	1,125	(195)
Legal and professional services	57,000	20,319	(36,681)
Kurtz ambulance contract	1,953,000	1,248,344	(704,656)
Contract fees	46,800	-	(46,800)
Dispatching services	93,600	78,135	(15,465)
Facility repairs and maintenance	108,300	100,983	(7,317)
Facility capital outlay	66,000	76,943	10,943
Facility supplies	30,000	24,721	(5,279)

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual
GENERAL FUND
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Over (Under)
<u>Expenditures disbursed (continued):</u>			
Small tools/equipment purchases	42,000	40,837	(1,163)
Small tools/equipment capital outlay	54,000	85,496	31,496
Small tools/equipment repair	12,000	14,500	2,500
Radio/pager capital outlay	6,000	3,498	(2,502)
Radio/pager repair	4,800	452	(4,348)
Fuel and oil	60,000	27,404	(32,596)
Uniforms	12,000	40,755	28,755
Office supplies	25,200	29,114	3,914
Office equipment repairs	5,400	63	(5,337)
Office capital outlay	6,000	2,415	(3,585)
Printing and publications	9,000	970	(8,030)
Postage	6,000	1,501	(4,499)
Dues and subscriptions	7,800	13,470	5,670
Medical supplies	15,840	253	(15,587)
Fire clothing	20,400	35,482	15,082
Utilities	65,610	30,662	(34,948)
Telephone and internet	43,470	42,936	(534)
Bank service charges	600	-	(600)
Contingency/miscellaneous	14,700	23,455	8,755
New equipment fund	540,000	22,419	(517,581)
Building and land fund	540,000	-	(540,000)
Vehicle capital outlay	12,600	624,550	611,950
Vehicle repair and maintenance	54,000	95,350	41,350
Debt service:			
Principal	106,500	35,366	(71,134)
Interest	-	7,029	7,029
Total expenditures disbursed	5,051,508	3,761,977	(1,289,531)
Excess (deficiency) of revenues received over expenditures disbursed	(1,650,196)	(1,502,919)	147,277
Other financing sources (uses):			
Transfer out	-	(5,441)	(5,441)
Sale of assets	-	3,050	3,050
Total other financing sources (uses)	-	(2,391)	(2,391)
Net change in fund balance	\$ (1,650,196)	(1,505,310)	\$ 144,886
Fund balance, beginning of year		2,307,541	
Fund balance, end of year		\$ 802,231	

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual
AMBULANCE FUND
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Over (Under)
<u>Expenditures disbursed</u> (continued):			
Facility capital outlay	66,000	76,943	10,943
Facility supplies	30,000	24,617	(5,383)
Small tools/equipment purchases	42,000	33,769	(8,231)
Small tools/equipment capital outlay	54,000	70,078	16,078
Small tools/equipment repair	12,000	10,620	(1,380)
Radio/pager capital outlay	6,000	3,774	(2,226)
Radio/pager repair	4,800	176	(4,624)
Fuel and oil	60,000	27,403	(32,597)
Uniforms	12,000	40,711	28,711
Office supplies	25,200	29,053	3,853
Office equipment repairs	5,400	63	(5,337)
Office capital outlay	6,000	2,415	(3,585)
Printing and publications	9,000	970	(8,030)
Postage	6,000	1,150	(4,850)
Dues and subscriptions	7,800	13,226	5,426
Medical supplies	15,840	19,222	3,382
Fire clothing	20,400	2,176	(18,224)
Utilities	65,610	30,662	(34,948)
Telephone and internet	43,470	42,370	(1,100)
Bank service charges	600	-	(600)
Contingency/miscellaneous	27,660	20,906	(6,754)
New equipment fund	1,140,000	-	(1,140,000)
Building and land fund	1,140,000	-	(1,140,000)
Vehicle capital outlay	12,600	466,050	453,450
Vehicle repair and maintenance	54,000	51,732	(2,268)
Debt service:			
Principal	106,500	22,826	(83,674)
Interest	-	7,029	7,029
Total expenditures disbursed	6,264,468	3,541,771	(2,722,697)
Excess (deficiency) of revenues received over expenditures disbursed	(1,819,623)	(221,650)	1,597,973
Other financing sources:			
Sale of assets	-	3,050	3,050
Net change in fund balance	<u>\$ (1,819,623)</u>	<u>(218,600)</u>	<u>\$ 1,601,023</u>
Fund balance, beginning of year		2,271,779	
Fund balance, end of year		<u>\$ 2,053,179</u>	

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual
TORT IMMUNITY FUND
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Over (Under)
<u>Revenues received:</u>			
Property taxes	\$ 210,207	\$ 205,735	\$ (4,472)
Total revenues received	210,207	205,735	(4,472)
<u>Expenditures disbursed:</u>			
Workers' compensation	100,800	133,759	32,959
Vehicle and building insurance	1,260	900	(360)
Firefighter training	25,200	-	(25,200)
Liability insurance	56,700	51,603	(5,097)
Total expenditures disbursed	183,960	186,262	2,302
Excess (deficiency) of revenues received over expenditures disbursed	\$ 26,247	19,473	\$ (6,774)
Fund balance, beginning of year		630,084	
Fund balance, end of year		\$ 649,557	

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual
PENSION FUND
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Over (Under)
<u>Revenues received:</u>			
Property taxes	\$ 407,438	\$ 380,609	\$ (26,829)
Total revenues received	407,438	380,609	(26,829)
<u>Expenditures disbursed:</u>			
Pension	474,684	386,050	(88,634)
Total expenditures disbursed	474,684	386,050	(88,634)
Excess (deficiency) of revenues received over expenditures disbursed	\$ (67,246)	(5,441)	\$ 61,805
Other financing sources:			
Transfers in	-	5,441	5,441
Net change in fund balance	\$ (67,246)	-	\$ 67,246
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NEW LENOX FIRE PROTECTION DISTRICT
Notes to Other Information
December 31, 2015

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Annual appropriated budgets are adopted each year for the General Fund, Ambulance Fund, Tort Immunity Fund, and the Pension Fund. The annual budget was prepared on the cash basis of accounting. The District's annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

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

1. During September or October, the District Board prepares a tentative combined annual budget and appropriation ordinance for the fiscal year commencing in January. The budget includes proposed expenditures and the means of financing them.
2. Following a public hearing, the budget is adopted by the Board in the form of a combined annual budget and appropriations ordinance.
3. During the fiscal year, transfers made between line items within the same fund must be approved by the Board. Amendments to the budget may be made using the same procedures followed to adopt the original combined annual budget and appropriations ordinance.
4. Budgeted amounts presented in the financial statements are those as originally adopted and final after transfers approved by the Board.

The budget was adopted by the District on November 17, 2014 and was not amended.

During the current year, the expenditures exceeded the budget in the Tort Fund by \$2,302.

NEW LENOX FIRE PROTECTION DISTRICT
Multiyear Schedule of Contributions
ILLINOIS MUNICIPAL RETIREMENT FUND

Calendar Year Ended	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency / (Excess)	Covered - Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 10,408	\$ 10,459	\$ (51)	\$ 142,772	7.33%
2015	12,672 *	12,672	-	153,601	8.25%

* Estimated based on contribution rate of 8.25% and covered valuation payroll of \$153,601.

Summary of Actuarial Methods and Assumptions
Used in the Calculation of the 2015 Contribution Rate*

Valuation date:

Notes

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

Methods and assumptions used to determine 2015 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Non-taxing bodies: 10-year rolling period.
	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%-16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates 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.

Other information:

Notes

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
ILLINOIS MUNICIPAL RETIREMENT FUND

Year ended December 31,	2015
Total Pension Liability	
Service cost	\$ 14,068
Interest on the total pension liability	8,230
Differences between expected and actual experience	6,849
Changes in assumptions	-
Benefit payments and refunds	-
Net change in total pension liability	29,147
Total pension liability - beginning	102,999
Total pension liability - ending	\$ 132,146
 Plan Fiduciary Net Position	
Contributions - employer	\$ 12,672
Contributions - employee	6,912
Net investment income	403
Benefit payments and refunds	-
Other (net transfer)	(5,998)
Net change in plan fiduciary net position	13,989
Plan fiduciary net position - beginning	70,866
Plan fiduciary net position - ending	\$ 84,855
Employer net pension liability - ending	\$ 47,291
 Plan fiduciary net position as a percentage of	
total pension liability	64.21%
Covered - employee payroll	\$ 153,601
Employer net pension liability as a percentage of	
covered - employee payroll	30.79%

NEW LENOX FIRE PROTECTION DISTRICT
Multiyear Schedule of Employer Contributions
FIREFIGHTERS' PENSION FUND

Year ended December 31,	2015	2014
Actuarially determined contribution	\$ 335,851	\$ 376,734
Contributions in relation to the actuarially determined contribution	380,609	373,025
Contribution deficiency (excess)	<u>\$ (44,758)</u>	<u>\$ 3,709</u>
Covered-employee payroll	\$ 1,110,564	\$ 740,900
Contributions as a percentage of covered-employee payroll	34.27%	50.35%

Notes to Schedule

The actuarially determined contribution shown is from the December 31, 2013 actuary's report completed by Lauterbach & Amen, LLP for the tax levy recommendation for the December, 2014 tax levy.

Methods and assumptions used to determine the actuarially determined contribution are as follows:

Actuarial cost method	Entry age normal (level % of pay)
Amortization method	Level percentage of payroll
Asset valuation method	5 year smoothed market value
Remaining amortization period	25 years
Amortization target	100% funded by year 2040
Investment rate of return	5.00%
Projected individual salary increases	4.00% - 12.00%
Projected increase in total payroll	4.50%
Consumer Price Index (Urban)	2.50%
Inflation rate included	2.50%
Mortality table	L&A 2016 Illinois Firefighters

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios
FIREFIGHTERS' PENSION FUND

Year ended December 31,	2015	2014
Total Pension Liability		
Service cost	\$ 533,420	\$ 492,255
Interest	201,447	145,121
Differences between expected and actual experience	85,312	-
Changes in assumptions	(562,122)	-
Benefit payments and refunds	(89,813)	(87,294)
Net change in total pension liability	168,244	550,082
Total pension liability - beginning	4,073,860	3,523,777
Total pension liability - ending	\$ 4,242,104	\$ 4,073,859
 Plan Fiduciary Net Position		
Contributions - employer	\$ 380,609	\$ 373,025
Contributions - member	94,295	83,022
Net investment income	16,036	228,279
Benefit payments and refunds	(89,813)	(87,294)
Administrative expense	(25,780)	(22,601)
Net change in plan fiduciary net position	375,347	574,431
Plan fiduciary net position - beginning	2,820,847	2,246,416
Plan fiduciary net position - ending	\$ 3,196,194	\$ 2,820,847
Employer net pension liability - ending	\$ 1,045,910	\$ 1,253,012
 Plan fiduciary net position as a percentage of total pension liability	75.34%	69.24%
Covered - employee payroll	\$ 1,110,564	\$ 740,900
Employer net pension liability as a percentage of covered - employee payroll	94.18%	169.12%

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Investment Returns
FIREFIGHTERS' PENSION FUND

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.57%	9.85%

NEW LENOX FIRE PROTECTION DISTRICT
Schedule of Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections
December 31, 2015

	2010	2011	Tax Levy Year 2012	2013	2014
Assessed valuations	<u>\$ 1,296,031,429</u>	<u>\$ 1,238,128,156</u>	<u>\$ 1,192,430,926</u>	<u>\$ 1,139,780,924</u>	<u>\$ 1,145,607,158</u>
Tax Rates:					
Corporate	0.1503	0.1614	0.1755	0.1792	0.1810
Ambulance	0.1362	0.1463	0.1592	0.1614	0.1631
Fire Pension	0.0076	0.0082	0.0085	0.0311	0.0315
Tort/Liability Insurance	0.0139	0.0149	0.0163	0.0178	0.0180
Fire Pension	-	-	0.0005	0.0017	0.0018
Totals	<u>0.3080</u>	<u>0.3308</u>	<u>0.3600</u>	<u>0.3912</u>	<u>0.3954</u>
Tax Extensions:					
Corporate	\$ 1,947,935	\$ 1,998,339	\$ 2,092,716	\$ 2,042,487	\$ 2,073,549
Ambulance	1,765,195	1,811,381	1,898,350	1,839,606	1,868,485
Fire Pension	98,498	101,527	101,357	354,472	360,866
Tort/Liability Insurance	180,148	184,481	194,366	202,881	206,209
Fire Pension	-	-	5,962	19,376	20,621
Totals	<u>\$ 3,991,776</u>	<u>\$ 4,095,728</u>	<u>\$ 4,292,751</u>	<u>\$ 4,458,822</u>	<u>\$ 4,529,730</u>
Tax Collection	<u>\$ 3,989,283</u>	<u>\$ 4,089,487</u>	<u>\$ 4,273,858</u>	<u>\$ 4,449,003</u>	<u>\$ 4,519,306</u>