

Agenda Item #

47

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

LAKE COUNTY, ILLINOIS

AUDITED FINANCIAL STATEMENTS

APRIL 30, 2005



Evoy, Kamschulte, Jacobs & Co. LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Lake Zurich Rural Fire Protection District
Lake Zurich, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lake Zurich Rural Fire Protection District, as of and for the year ended April 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lake Zurich Rural Fire Protection District management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lake Zurich Rural Fire Protection District as of April 30, 2005, and respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the District has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments; GASB Statement No. 37, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Government; Omnibus; during the year ended April 30, 2005.

Board of Trustees
Lake Zurich Rural Fire Protection District
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The Management's Discussion and Analysis and other required supplementary information on pages 3 through 5 and 20 through 22, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

Waukegan, Illinois

September 6, 2005

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2005. Please read it in conjunction with the District's financial statements, which begin on page 6. Because this is the first year of implementing GASB 34, prior year comparison data is not available, but will be provided in subsequent years.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 6 and 7) provide information about the activities of the District as a whole, and present a longer-term view of the District's finances. Fund financial statements start on page 8. For the governmental activities, these statements tell how these services were financed in the short term as well as what remains or future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District as a whole begins in a subsequent section of this analysis. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting.

These two statements report the District's net assets and changes in them. You can think of the District's net assets--the difference between assets and liabilities--as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of its financial health.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In the Statement of Net Assets and the Statement of Activities, we report the District's Governmental activities. All of the District's services are reported here, including general government and debt service. Property taxes, interest income, and direct fees finance most of these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Our analysis of the District's major funds begins in a subsequent section of this analysis. The fund financial statements begin on page 8 and provide detailed information about the most significant funds--not the District as a whole. Some funds are required to be segregated by State law.

- Governmental funds--All of the District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The District maintains its accounting records for all funds on the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more funds that can be spent in the near future to finance the District's services. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation in the financial statements.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

THE DISTRICT'S FUNDS

With the implementation of new financial reporting standards, an analysis of current and prior year governmental fund balance sheets is not practical. In subsequent years, this section will discuss and analyze significant differences.

Property tax revenues for 2004 increased from \$2.587 million to \$2.804 million, an increase of 8.3%, due to the increasing property tax base in the District's taxing boundaries. Other revenues decreased by \$147,370, due to the amount of impact fees received in the previous year. Expenditures increased \$114,862, from 2003 to 2004. This was principally due to increased debt service expenditures of \$130,228. Due to the cost containments enacted by the Board of Trustees, one station was closed for one month and others were temporarily closed as to fire related calls. In April, 2005, a tax referendum calling for increased tax rates beginning with the 2005 Levy year was passed. Effective May 1, 2005, the District was back to full operation at all stations. It is anticipated that the new tax rates will meet the needs of the District for the foreseeable future.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of April 30, 2005, the District had \$4.374 million invested in capital assets, at cost, including land, buildings and equipment. This represents a net increase of \$14,300 over last year.

The year's major additions placed in service included:

Dry Hydrants	\$ 14,300
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Debt - As of April 30, 2005, the District had \$3.910 million of bonded indebtedness outstanding after retiring \$360,000 of the bonds during the year ended April 30, 2005.

General Fund Budgetary Highlights

For the fiscal year ended April 30, 2005, the budgeted revenue for the General Fund was \$2.514 million, and the actual revenue was \$2.533. Budgeted expenditures for the General Fund were 2.940 million, and the actual expenditures were \$2.630 million. Actual expenditures were less than budgeted expenditures primarily in the area of capital expenditures, maintenance and legal services.

Contacting the Financial Management

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the finances and to demonstrate the accountability for the money it receives. Questions concerning this reports or requests for additional financial information should be directed to: Treasurer, Lake Zurich Rural Fire Protection District, P.O. Box 346, Lake Zurich, IL 60047.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF NET ASSETS

APRIL 30, 2005

		<u>Governmental Activities</u>
<u>ASSETS</u>		
Cash and Cash Equivalents		\$ 254,992
Receivables		
Property Taxes		2,850,889
Due from Illinois First Grant		25,000
Capital Assets Not Being Depreciated		
Land		528,497
Capital Assets - Net of Depreciation		
Buildings and Improvements	\$ 3,906,442	
Furnishings to Equipment	468,326	
	<u>\$ 4,374,768</u>	
Less: Accumulated Depreciation	(1,234,384)	<u>3,140,384</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,799,762</u>
<u>LIABILITIES</u>		
Accounts Payable		\$ 11,824
Deferred Revenue		
Property Taxes		2,850,889
Noncurrent Liabilities		
Bonds Payable		
Due Within One Year		395,000
Due in More than One year		<u>3,515,000</u>
<u>TOTAL LIABILITIES</u>		<u>\$ 6,772,713</u>
<u>NET ASSETS</u>		
Invested in Capital Assets		\$ 3,668,881
Less: Bonded Indebtedness Used for Acquisition of Capital Assets and Operations of the District		(3,910,000)
Restricted		
General Fund - Dry Hydrants	\$ 10,918	
Ambulance Fund	423,203	
Bond and Interest Fund	<u>106,729</u>	540,850
Unrestricted - General Fund		<u>(272,682)</u>
<u>TOTAL NET ASSETS</u>		<u>\$ 27,049</u>

The accompanying Notes are an integral part of these Financial Statements.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED APRIL 30, 2005

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental</u>
Governmental Activities:	<u>Charges for</u>	<u>Grants and</u>	<u>Activities</u>
General Government	<u>Services</u>	<u>Contributions</u>	<u>Total</u>
Interest on Debt	\$ 2,617,169	\$ 150,350	\$ (2,414,536)
Depreciation	140,457	--	(140,457)
Total Government Activities:	<u>111,632</u>	<u>--</u>	<u>(111,632)</u>
	<u>\$ 2,869,258</u>	<u>\$ 150,350</u>	<u>\$ (2,666,625)</u>
General Revenues:			
Property Taxes			\$ 2,804,039
Replacement Taxes			5,358
Interest			18,180
Other			<u>4,722</u>
Total General Revenues			<u>\$ 2,832,299</u>
Change in Net Assets			\$ 165,674
Net Assets - Beginning			<u>(138,625)</u>
Net Assets - Ending			<u>\$ 27,049</u>

The accompanying Notes are an integral part of these Financial Statements.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

FUND FINANCIAL STATEMENTS

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2005

	<u>General Fund (Fire)</u>	<u>Special Revenue Fund (Ambulance)</u>	<u>Debt Service Fund (Bond and Interest)</u>	<u>Total Funds</u>
<u>ASSETS</u>				
Cash and Equivalents	\$ (269,197)	\$ 417,460	\$ 106,729	\$ 254,992
Receivables				
Property Taxes	1,544,895	780,411	525,583	2,850,889
Illinois First Grant	<u>15,000</u>	<u>10,000</u>	<u>--</u>	<u>25,000</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,290,698</u>	<u>\$ 1,207,871</u>	<u>\$ 632,312</u>	<u>\$ 3,130,881</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 7,567	\$ 4,257	\$ --	\$ 11,824
Deferred Revenues				
Property Taxes	<u>1,544,895</u>	<u>780,411</u>	<u>525,583</u>	<u>2,850,889</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 1,552,462</u>	<u>\$ 784,668</u>	<u>\$ 525,583</u>	<u>\$ 2,862,713</u>
<u>FUND BALANCES</u>				
Reserved				
Dry Hydrants	\$ 10,918	\$ --	\$ --	\$ 10,918
Ambulance	--	423,203	--	423,203
Bond and Interest	--	--	106,729	106,729
Unreserved	<u>(272,682)</u>	<u>--</u>	<u>--</u>	<u>(272,682)</u>
Total Fund Balances	<u>\$ (261,764)</u>	<u>\$ 423,203</u>	<u>\$ 106,729</u>	<u>\$ 268,168</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,290,698</u>	<u>\$ 1,207,871</u>	<u>\$ 632,312</u>	<u>\$ 3,130,881</u>

The accompanying Notes are an integral part of these Financial Statements.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2005

	General Fund (Fire)	Special Revenue Fund (Ambulance)	Debt Service Fund (Bond and Interest)	Total Funds
<u>REVENUES</u>				
Property Taxes	\$ 1,467,319	\$ 835,356	\$ 501,364	\$ 2,804,039
Replacement Taxes	3,431	1,927	--	5,358
Interest	11,658	6,522	--	18,180
Foreign Fire Tax	4,722	--	--	4,722
Local Fees	1,462	821	--	2,283
Ambulance Fees	--	150,350	--	150,350
Other	32,000	18,000	--	50,000
<u>TOTAL REVENUES</u>	<u>\$ 1,520,592</u>	<u>\$ 1,012,976</u>	<u>\$ 501,364</u>	<u>\$ 3,034,932</u>
<u>EXPENDITURES</u>				
Current				
Contractual Services				
Fire & Ambulance Svc.	\$ 1,600,000	\$ 900,000	\$ --	\$ 2,500,000
Other	16,229	22,335	--	38,564
Postage & Office Supplies	3,377	1,900	--	5,277
Utilities	16,512	9,288	--	25,800
Insurance	7,514	4,117	--	11,431
General Maintenance	8,894	4,647	--	13,541
Salaries - Legal	12,800	7,200	--	20,000
Payroll Taxes	1,028	578	--	1,606
Debt Service				
Principal	--	--	360,000	360,000
Interest	--	--	140,457	140,457
Fees	--	--	950	950
Capital Outlay - Dry Hydrants	14,300	--	--	14,300
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,680,454</u>	<u>\$ 950,065</u>	<u>\$ 501,407</u>	<u>\$ 3,131,926</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>\$ (159,862)</u>	<u>\$ 62,911</u>	<u>\$ (43)</u>	<u>\$ (96,994)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>(101,902)</u>	<u>360,292</u>	<u>106,772</u>	<u>365,162</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (261,764)</u>	<u>\$ 423,203</u>	<u>\$ 106,729</u>	<u>\$ 268,168</u>

The accompanying Notes are an integral part of these Financial Statements.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

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

APRIL 30, 2005

Excess of Receipts Over (Under) Expenditures Governmental Funds	\$ (96,994)
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activiites, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlay, \$14,300, is less than depreciation expense, \$111,632, in the period.	(97,332)
Repayment of Long-Term Debt principal is an expenditure in the Governmental Funds, but the repayment reduces liabilities in the Statement of Net Assets.	<u>360,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 165,674</u>

The accompanying Notes are an integral part of these Financial Statements.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles Used to Determine Scope of Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

B. Funds

The accounts of the District are organized on the basis of funds and include all the activities of the District based on manifestations of oversight, scope of public service and special financing arrangements. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Refer to Note 2 for a description of the funds utilized by the District.

C. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them and are separately described below:

Government-Wide Financial Statements - the Statement of Net Assets and Statement of Activities report information on all of the governmental activities of the District. Governmental activities are activities normally supported by taxes and intergovernmental revenues. The District has no business-type or fiduciary activities.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

1. C. Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct Expenses are those that are clearly identifiable with a specific function. Program revenues include (1) Charges to residents for services provided and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The District has no fiduciary or proprietary funds and thus reports only governmental funds. Major individual governmental funds are reported as separate columns. The District reports three funds, all which were considered to be material.

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

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

1. (Continued)

E. Basis of Accounting

The District's intent is to use the 2003 property tax levy during the current year and, therefore, the entire 2003 property taxes collected are recognized as revenues in the current year. The District's intent is to use the 2004 property tax levy during the 2005-06 fiscal year and, therefore, the entire 2004 tax levy is recorded as deferred revenue. Revenue from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied.

F. Budgeting (Appropriations)

The District prepares its budget for all governmental fund types in conformity with practices prescribed or permitted by the applicable statutes of the State of Illinois. As prescribed by the statutes, the District in its budgeting process includes as a resource (amount available for current expenditures) a portion of the fund balance that has been accumulated in prior years.

G. Capital Assets

Capital Assets include buildings, equipment and furnishings. Capital Assets are recorded at cost. In the fund financial statements, capital assets are reported as expenditures when purchased. In the government-wide financial statements, depreciation expense is recorded on capital assets using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and Improvements	50
Furnishings and Equipment	10
Computers and Related Equipment	5

H. Other Accounting Policies

1. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

1. H. Other Accounting Policies (Continued)

2. New Accounting Pronouncements - Effective May 1, 2004, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments and GASB Statement No. 37, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Government: Omnibus. Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. The Government-wide financial statements include a statement of net assets and statement of activities. These financial statements do not provide information by fund or account group. The District's statement of net assets includes both non-current assets and non-current liabilities of the District, which were previously reported in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. The District must also record depreciation expense in capital assets included in the Statement of Net Assets.

Combined with the government-wide financial statements, the District has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the District's governmental funds is similar to that previously presented in the District's financial statements.

Statement No. 34 also requires, as required supplementary information, a Management's Discussion and Analysis, which includes analytical overview of the District's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results.

2. DESCRIPTION OF FUNDS

The District's principal activity is to operate fire and ambulance rescue services in the area around the Village of Lake Zurich, Illinois. The District contracts with the Village of Lake Zurich to provide personnel to conduct its' services.

The various funds are summarized by type in the financial statements with homogenous funds being combined to provide a more meaningful presentation. The following funds are used by the District.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

2. DESCRIPTION OF FUNDS (Continued)

Governmental Funds

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

Special Revenue Fund - Ambulance Tax Fund - Established to account for annual property taxes which are specifically levied to fund the cost of ambulance service.

Debt Service Fund - Established by the Bond Ordinance to record and account for funds from tax levies and other financing sources, whose use is restricted to the payment of bond interest and principal.

3. RESERVED FUND BALANCE

During a previous year, the District received a grant of \$150,000 from the "Illinois First Program" of the State of Illinois. These monies are to be used for the Districts' dry hydrant program. At April 30, 2005, there remains an amount of \$10,918 to be expended. This amount is reserved in the General Fund for future dry hydrant expenditures.

4. BONDED INDEBTEDNESS

During the previous year, the District reorganized its' debt structure on its' bond issue through a defeasance of the 1997 bond issue in order to receive lower interest rates and lower tax levies for this and future years. The proceeds of a new issue were paid into a defeasance account to account for the scheduled retirement of the remaining principal and interest due on the 1997 bond issue. The principal and interest of the new issue will be paid for by tax levies on District taxpayers.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

4. BONDED INDEBTEDNESS (Continued)

The following is the debt service schedule of the current bond issue.

	Year End <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Issue Date: April 15, 2003				
Interest Rate: 1.35 - 3.95%	2006	\$ 395,000	\$ 126,958	\$ 521,958
	2007	435,000	118,662	553,662
	2008	465,000	108,005	573,005
	2009	500,000	94,752	594,752
	2010	540,000	78,752	618,752
	2011	580,000	59,853	639,853
	2012	620,000	38,682	658,682
	2013	375,000	14,813	389,813
		<u>\$ 3,910,000</u>	<u>\$ 640,477</u>	<u>\$ 4,550,477</u>
Amount Available in the Bond and Interest Fund				<u>106,729</u>
Amount to be Provided by Future Taxation and Other Sources				<u>\$ 4,443,748</u>

5. CASH AND INVESTMENTS

Cash and Cash Equivalent Investments

At April 30, 2005, the carrying amount of the District's deposits was \$254,992. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

Checking and Money Market Accounts:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category #1	\$ 100,000	\$ 100,000
Category #2	--	--
Category #3	53,534	53,534
	<u>\$ 153,534</u>	<u>\$ 153,534</u>

Certificates of Deposit:

All Certificates of Deposit at April 30, 2005, have a duration of one year or less. The following table categorizes the investments according to levels of risk:

	<u>Category #1</u>	<u>Category #2</u>	<u>Category #3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Certificates of Deposit	<u>\$ 100,000</u>	<u>\$ --</u>	<u>\$ 1,458</u>	<u>\$ 101,458</u>	<u>\$ 101,458</u>

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

APRIL 30, 2005

5. (Continued)

Certificates of Deposit: (Continued)

Category #1 includes deposits covered by depositing insurance or collateral held by the District in the District's name.

Category #2 includes deposits covered by collateral held by the financial institution's trust department or its agent in the District's name.

Category #3 includes deposits which are uncollateralized or the collateral is held by the financial institution's trust department but not in the District's name.

6. TAXES RECEIVABLE AND DEFERRED

The property taxes receivable and deferred reflect the estimated collectible portion of the 2004 levy uncollected as of April 30, 2005. The estimated uncollectible is 2% of the total levy.

7. CHANGES IN FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	Balance <u>May 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2005</u>
Land	\$ 528,497	\$ --	\$ --	\$ 528,497
Bldg. & Water Systems	3,892,142	14,300	--	3,906,442
Equipment & Furniture	<u>468,326</u>	<u>--</u>	<u>--</u>	<u>468,326</u>
	<u>\$ 4,888,965</u>	<u>\$ 14,300</u>	<u>\$ --</u>	<u>\$ 4,903,265</u>

Under an agreement with the Village of Lake Zurich, all fire trucks and ambulances have been titled to the Village by the District for the operation of the District's Fire and Emergency services.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

8. ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS
FOR THE TAX YEARS 2002, 2003 AND 2004

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 2004 Tax Levy was passed by the Board on September 13, 2004. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments during the year. The District receives significant distributions of tax receipts approximately one month after the due dates of approximately June 1 and September 1.

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>ASSESSED VALUATION</u>	<u>\$684,186,408</u>	<u>\$770,937,437</u>	<u>\$812,589,496</u>
<u>TAX EXTENSIONS</u>			
General Corporate	\$ 1,423,108	\$ 1,472,491	\$ 1,576,424
Ambulance	779,973	824,903	796,338
Bond and Interest	383,144	516,528	536,308
	<u>\$ 2,586,225</u>	<u>\$ 2,813,922</u>	<u>\$ 2,909,070</u>
<u>TAX RATES</u>			
General Corporate	.208	.191	.194
Ambulance	.114	.107	.098
Bond and Interest	.056	.067	.066
	<u>.378</u>	<u>.365</u>	<u>.358</u>
<u>TAX COLLECTIONS</u>	<u>\$ 2,587,151</u>	<u>\$ 2,804,039</u>	<u>N/A</u>
<u>PERCENTAGE OF TAX EXTENSION</u>			
<u>COLLECTED</u>	<u>100%</u>	<u>99.7%</u>	<u>N/A</u>

9. 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 and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

10. ILLINOIS FIRST GRANT

In joint application with the Village of Lake Zurich, the District is to receive a \$25,000 grant for the exhaust systems that have been installed in the Districts' buildings. The State of Illinois has indicated that these funds will be sent as the monies become available.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)
APRIL 30, 2005

11. OVEREXPENDITURE OF CASH BALANCE

By use of common cash accounts for all funds, the District has overexpended the cash balance of the General Fund by \$269,197. It is anticipated that this overdraft situation will be corrected with the receipt of increased real estate taxes.

12. DEFICIT FUND BALANCE

Due to severe operating needs, the District has incurred a deficit in its general fire fund. It is anticipated that the recently approved tax rate increase will overcome this situation.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS

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

GENERAL FUND
(FIRE)

FOR THE YEAR ENDED APRIL 30, 2005

	ORIGINAL AND FINAL BUDGET	ACTUAL
<u>REVENUES</u>		
Property Taxes	\$ 1,472,490	\$ 1,467,319
Replacement Tax	--	3,431
Interest	8,000	11,658
Foreign Fire Tax	--	4,722
Local Fee	--	1,462
Other	35,000	32,000
	<u>\$ 1,515,490</u>	<u>\$ 1,520,592</u>
<u>EXPENDITURES</u>		
Current Operating		
Contractual Services		
Fire and Ambulance Services with the Village of Lake Zurich	\$ 1,600,000	\$ 1,600,000
Trustee Fees	8,000	8,125
Legal Notices	1,000	1,030
Bookkeeping and Secretarial	7,500	4,770
Auditing	3,000	2,304
Legal Services	25,000	--
Postage and Office Supplies	1,450	3,377
Utilities	20,500	16,512
Insurance	12,000	7,314
General Maintenance	70,500	8,894
Salaries - Legal	20,000	12,800
Payroll Taxes	--	1,028
Capital Outlay - Dry Hydrants	81,000	14,300
Contingency	10,000	--
Total Expenditures	<u>\$ 1,859,950</u>	<u>\$ 1,680,454</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (344,460)</u>	<u>\$ (159,862)</u>
<u>FUND BALANCE - BEGINNING</u>		<u>(101,902)</u>
<u>FUND BALANCE - ENDING</u>		<u>\$ (261,764)</u>

See accompanying Notes to Required Supplementary Information.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS

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

SPECIAL REVENUE FUND
(AMBULANCE)

FOR THE YEAR ENDED APRIL 30, 2005

	ORIGINAL AND FINAL BUDGET	ACTUAL
<u>REVENUES</u>		
Property Taxes	\$ 824,903	\$ 835,356
Replacement Tax	--	1,927
Interest	--	6,522
Local Fees	--	821
Ambulance Fees	--	150,350
Other	174,000	18,000
	<u>\$ 998,903</u>	<u>\$ 1,012,976</u>
<u>EXPENDITURES</u>		
Current Operating		
Contractual Services		
Fire and Ambulance Services with the Village of Lake Zurich	\$ 900,000	\$ 900,000
Trustee Fees	5,000	4,063
Legal Notices	700	579
Bookkeeping and Secretarial	7,500	2,683
Auditing	3,000	1,296
Legal Services	25,000	--
Collection Fees	15,000	13,714
Postage and Office Supplies	930	1,900
Utilities	17,000	9,288
Insurance	9,000	4,117
General Maintenance	48,000	4,647
Salaries - Legal	15,000	7,200
Payroll Taxes	--	578
Capital Outlay - Dry Hydrants	24,000	--
Contingency	10,000	--
Total Expenditures	<u>\$ 1,080,130</u>	<u>\$ 950,065</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ (81,227)</u>	<u>\$ 62,911</u>
<u>FUND BALANCE - BEGINNING</u>		<u>360,292</u>
<u>FUND BALANCE - ENDING</u>		<u>\$ 423,203</u>

See accompanying Notes to Required Supplementary Information.

LAKE ZURICH RURAL FIRE PROTECTION DISTRICT, LAKE COUNTY, ILLINOIS

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

DEBT SERVICE FUND
BOND AND INTEREST

FOR THE YEAR ENDED APRIL 30, 2005

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Property Taxes	\$ --	\$ 501,364
 <u>EXPENDITURES</u>		
Debt Service		
Interest	\$ --	\$ 140,457
Bond Principal	--	360,000
Fees	--	950
Total Expenditures	<u>\$ --</u>	<u>\$ 501,407</u>
 <u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>\$ --</u>	 \$ (43)
 <u>FUND BALANCE - BEGINNING</u>		 <u>106,772</u>
 <u>FUND BALANCE - ENDING</u>		 <u>\$ 106,729</u>

See accompanying Notes to Required Supplementary Information.