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Agenda Item # 57

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
LAKE COUNTY, ILLINOIS

GENERAL PURPOSE FINANCIAL REPORT

APRIL 30, 2007

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Warren-Waukegan Fire Protection District
Lake County, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of

Warren-Waukegan Fire Protection District
Lake County, Illinois

as of and for the year ended April 30, 2007, which collectively comprise the Fire Protection District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire Protection District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Warren-Waukegan Fire Protection District as of April 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information on pages 2 through 7 and 18 through 20, 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
June 29, 2007

REQUIRED SUPPLEMENTARY INFORMATION

THE BOARD OF TRUSTEES' OF THE
WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2007

As Trustees of Warren-Waukegan Fire Protection District (Fire Protection District), we offer readers of the Fire Protection District's financial statements this narrative overview and analysis of the financial activities of the Fire Protection District for the fiscal year ended April 30, 2007.

FINANCIAL HIGHLIGHTS

- The assets of the Fire Protection District exceeded its liabilities at the close of the most recent fiscal year by $1,110,194 (unrestricted net assets).
- The Fire Protection District's total net assets increased by $762,614.
- As of the close of the current fiscal year, the Fire Protection District's governmental funds reported combined ending fund balances of $1,110,194 (unreserved fund balance), an increase of $762,614 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was $989,965, or 88 percent of total General Fund expenditures.
- The Fire Protection District's total short-term debt increased by $540,773 during the current fiscal year. The key factor in this increase was the amount payable to the Village of Gurnee at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Fire Protection District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Fire Protection District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire Protection District is improving or deteriorating.

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

The government-wide financial statements show functions of the Fire Protection District that are principally supported by taxes, fees, and other revenues (governmental activities). The Fire Protection District does not conduct functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Fire Protection District include providing general governmental administrative services and public safety functions of fire protection and emergency medical services (EMS) and related services.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire Protection District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire Protection District are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Fire Protection District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances do not have any reconciling items between them and the government-wide financial statements, therefore, no reconciliation is needed to facilitate this comparison between governmental funds and governmental activities.

The Fire Protection District maintains two governmental funds. The General Fund (Fire Service Fund) is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general Fire Protection District purposes. The Ambulance and Rescue Service Fund is used to account for funds received from ambulance taxes and to account for expenditures made for emergency medical protection purposes.

Information is presented separately for the General Fund and the Ambulance and Rescue Service Fund. Information for each fund is presented in a fund Balance Sheet and in a Statement of Revenues, Expenditures, and Changes in Fund Balances.

The basic governmental fund financial statements can be found on pages 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 17 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Fire Protection District's progress in meeting its obligation to provide as fully adequate as possible fire protection and emergency medical services to all of its residents.

The Fire Protection District adopts an annual budget and appropriation ordinance that includes both the General Fund and the Ambulance and Rescue Service Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the adopted budget and appropriation ordinance. Required supplementary information can be found on pages 18 through 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Fire Protection District, assets exceeded liabilities by $1,110,194 at the close of the most recent fiscal year.

The Fire Protection District does not have any capital assets such as land, buildings, or equipment. By far, the largest asset of the Fire Protection District is its property tax receivable. The Fire Protection District uses its assets to provide services to its residents. The Fire Protection District contracts with Village of Gurnee to provide fire protection and emergency medical services to Fire Protection District residents. The Fire Protection District uses its assets to pay the contract price for those services.

A condensed version of the Statement of Net Assets at April 30, 2007 follows:

Warren-Waukegan Fire Protection District's Net Assets at Year-End

	Governmental Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006
Current and Other Assets	$ 4,513,447	$ 3,098,060	$ 4,513,447	$ 3,098,060
Total Assets	$ 4,513,447	$ 3,098,060	$ 4,513,447	$ 3,098,060
Short-Term Liabilities	$ 3,403,253	$ 2,750,480	$ 3,403,253	$ 2,750,480
Total Liabilities	$ 3,403,253	$ 2,750,480	$ 3,403,253	$ 2,750,480
Net Assets:				
Unrestricted (Deficit)	$ 1,110,194	$ 347,580	$ 1,110,194	$ 347,580
Total Net Assets	$ 1,110,194	$ 347,580	$ 1,110,194	$ 347,580

The Fire Protection District's net assets increased by $762,614 during the current fiscal year. Substantially all of this increase represents the degree to which increases in ongoing revenues exceeded similar increases in ongoing expenses. The contract with the Village of Gurnee increased by 4 percent, while the Fire Protection District's total property tax revenues from property tax levies increased by approximately 7 percent.

Governmental Activities. Governmental activities increased the Fire Protection District's net assets by $762,614, accounting for 100 percent of the total growth in the net assets of the Fire Protection District. Key elements of this increase are as follows:

Warren-Waukegan Fire Protection District's Change in Net Assets

	Governmental Activities		Total	
	FY 2007	FY 2006	FY 2007	FY 2006
Revenues:				
Program Revenues:				
Charges for Services	$ 174,610	$ 286,061	$ 174,610	$ 286,061
General Revenues:				
Property Taxes	2,715,186	2,539,586	2,715,186	2,539,586
Other Taxes	36,789	34,126	36,789	34,126
Other	101,402	31,079	101,402	31,079
Total Revenues	$ 3,027,987	$ 2,890,852	$ 3,027,987	$ 2,890,852
Expenses:				
General Government	$ 55,373	$ 93,585	$ 55,373	$ 93,585
Public Safety	2,210,000	2,125,000	2,210,000	2,125,000
Total Expenses	$ 2,265,373	$ 2,218,585	$ 2,265,373	$ 2,218,585
Increase in Net Assets	$ 762,614	$ 672,267	$ 762,614	$ 672,267
Net Assets - Beginning	347,580	(324,687)	347,580	(324,687)
Net Assets - Ending	$ 1,110,194	$ 347,580	$ 1,110,194	$ 347,580

- Property taxes increased by $175,600 during the year due to increases in the assessed valuation and the rate.
- All program revenues of $174,610 are attributable to the public safety function which covers 8 percent of the total expenditures for public safety of $2,210,000. The remaining 92 percent of expenditures are paid for by general revenues.

- 90 percent of total governmental activities revenue comes from property taxes while 6 percent comes from charges for services and the remaining 4 percent comes from other sources.
- The contract price with Village of Gurnee increased 4 percent, from $2,125,000 to $2,210,000 for the current fiscal year, reflecting primarily the Village's increased personnel costs.
- The cost for other Fire Protection District expenses decreased by $38,212 due to a decrease in legal fees and ambulance billing fees.

FINANCIAL ANALYSIS OF THE FIRE PROTECTION DISTRICT'S FUNDS

As noted earlier, the Fire Protection District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Fire Protection District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fire Protection District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Fire Protection District's governmental funds reported combined ending unreserved fund balances of $1,110,194, an increase of $762,614 in comparison with the prior year.

General Fund (Fire Service Fund)

The focus of the Fire Protection District's General Fund is to provide information on the revenues and expenditures of the funds that the Fire Protection District receives from its corporate property tax levy and from other unrestricted sources such as personal property replacement taxes, foreign fire insurance taxes, and interest on bank deposits, and associated expenditures.

Revenues from the corporate property tax levy account for 93 percent of total revenues in the General Fund while expenses for public safety account for 98 percent of total expenses in the General Fund.

The unreserved General Fund balance of the Fire Protection District at the end of the current fiscal year was $989,965, an increase of $458,618 from the prior fiscal year. Key factors in this growth are as follows:

- An increase in the assessed valuation of the territory within the Fire Protection District of $47,761,493, yielding increased property tax revenue.

Ambulance and Rescue Service Fund

The focus of the Fire Protection District's Ambulance and Rescue Service Fund is to provide information on the revenues and expenditures of the funds that the Fire Protection District receives from its ambulance property tax levy, interest on bank deposits, and from other restricted fund sources such as emergency medical service charges, and associated expenditures.

Revenues from the ambulance property tax levy account for 86 percent and revenues from ambulance fees account for 12 percent of total revenues in the Ambulance and Rescue Service Fund while expenses for public safety account for 97 percent of total expenditures in the Ambulance and Rescue Service Fund.

The unreserved Ambulance and Rescue Service Fund balance of the Fire Protection District at the end of the current fiscal year was $120,229, an increase of $303,996 from the prior fiscal year. Key factors in this growth are as follows:

- An increase in the assessed valuation of the territory within the Fire Protection District of $47,761,493, yielding increased property tax revenue.
- A decrease in the general government expenditures of $23,564 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire Protection District did not amend the budget, therefore, the amounts shown as original and final budget are the same.

Significant differences between the original budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was $19,180 (unfavorable), primarily attributable to the Fire Protection District budgeting for the receipt of higher property taxes.
- The difference between the estimated expenditures and the actual expenditures was $441,168 (favorable), primarily attributable to the Fire Protection District budgeting more for the Village of Gurnee contract than what was the final contract amount and budgeting $200,000 for reserves which were not spent.

AMBULANCE AND RESCUE SERVICE FUND BUDGETARY HIGHLIGHTS

The Fire Protection District did not amend the budget, therefore, the amounts shown as original and final budget are the same.

Significant differences between the original budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was $17,523 (unfavorable), primarily attributable to the Fire Protection District budgeting for the receipt of more ambulance fees than what was received.
- The difference between the estimated expenditures and the actual expenditures was $199,599 (favorable), primarily attributable to the Fire Protection District budgeting $200,000 for reserves which were not spent.

SHORT-TERM DEBT (PAYABLE TO OTHER GOVERNMENTS)

The Fire Protection District contracts with Village of Gurnee to provide fire protection and emergency medical services to Fire Protection District residents. The financial statements for the end of the fiscal year show an amount owing to Village of Gurnee (shown as Payable to Other Governments) of $553,070. Future revenues will be used to pay that balance. The amount of the Fire Protection District's short-term debt owed to Village of Gurnee increased by $540,773 over the past fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND LEVY RATES

The equalized assessed valuation (EAV) for the Fire Protection District for 2006 is $551,400,970. That represents an increase in EAV of $36,135,989 (7 percent) over the prior year's EAV.

The largest portion of the Fire Protection District's budget and appropriation ordinance is the contract price with the Village of Gurnee. Historically, the contract price that Village of Gurnee charged the Fire Protection District for providing fire protection and emergency medical services was calculated by comparing the EAV of the Village with that of the Fire Protection District and by comparing the number of emergency runs (fire and ambulance) in the Village with the Fire Protection District runs. The

fraction derived from combining both comparisons was applied to the Village of Gurnee fire department budget to derive the contract price. The contract price for fiscal year 2008 is $2,298,400

The Trustees of the Fire Protection District considered these factors in preparing the budget and appropriation ordinance for the Fire Protection District which was adopted for the 2008 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fire Protection District's finances for all those with an interest in the Fire Protection District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Warren-Waukegan Fire Protection District Board of Trustees, 4850 Old Grand Avenue, Gurnee, IL 60031.

BASIC FINANCIAL STATEMENTS

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
APRIL 30, 2007

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$ 1,558,492	$ 1,558,492
Property Taxes Receivable, net of allowance of $0	2,834,201	2,834,201
Ambulance Fees Receivable, net of allowance of $119,176	119,176	119,176
Prepaid Expenses	1,578	1,578
Total Assets	$ 4,513,447	$ 4,513,447
LIABILITIES		
Payroll Liabilities	$ 748	$ 748
Payable to Other Governments	553,070	553,070
Accrued Expenses	15,234	15,234
Deferred Revenue	2,834,201	2,834,201
Total Liabilities	$ 3,403,253	$ 3,403,253
NET ASSETS		
Unrestricted (Deficit)	$ 1,110,194	$ 1,110,194
Total Net Assets	$ 1,110,194	$ 1,110,194

The Notes to Financial Statements are an integral part of this statement.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2007

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Governmental Activities	Total
Functions/Programs				
Governmental Activities:				
General Government	$ 55,373	$ -	$ (55,373)	$ (55,373)
Public Safety	2,210,000	174,610	(2,035,390)	(2,035,390)
Total Governmental Activities	$ 2,265,373	$ 174,610	$ (2,090,763)	$ (2,090,763)

General Revenues		
Taxes		
Property Taxes, levied for general purposes	$ 1,471,156	$ 1,471,156
Property Taxes, levied for ambulance services	1,244,030	1,244,030
Personal Property Replacement Taxes	32,485	32,485
Foreign Fire Insurance Tax	4,304	4,304
Miscellaneous Income	17,158	17,158
Unrestricted Investment Earnings	84,244	84,244
Total General Revenues	$ 2,853,377	$ 2,853,377
Change in Net Assets	$ 762,614	$ 762,614
Net Assets - May 1, 2006	347,580	347,580
Net Assets - April 30, 2007	$ 1,110,194	$ 1,110,194

The Notes to Financial Statements are an integral part of this statement.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2007

	General Fund	Ambulance and Rescue Service Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 1,268,935	$ 289,557	$ 1,558,492
Property Taxes Receivable, net of allowance of $0	1,251,680	1,582,521	2,834,201
Ambulance Fees Receivable, net of allowance of $119,176	-	119,176	119,176
Prepaid Expenses	789	789	1,578
Total Assets	$ 2,521,404	$ 1,992,043	$ 4,513,447
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Payroll Liabilities	$ 374	$ 374	$ 748
Payable to Other Governments	276,535	276,535	553,070
Accrued Expenses	2,850	12,384	15,234
Deferred Revenue	1,251,680	1,582,521	2,834,201
Interfund Loan	-	-	-
Total Liabilities	$ 1,531,439	$ 1,871,814	$ 3,403,253
FUND BALANCE			
Unreserved	$ 989,965	$ 120,229	$ 1,110,194
Total Fund Balance	$ 989,965	$ 120,229	$ 1,110,194
Total Liabilities and Fund Balance	$ 2,521,404	$ 1,992,043	$ 4,513,447

The Notes to Financial Statements are an integral part of this statement.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2007

	General Fund	Ambulance and Rescue Service Fund	Total Governmental Funds
REVENUES			
Property Taxes	$ 1,471,156	$ 1,244,030	$ 2,715,186
Personal Property Replacement Taxes	17,601	14,884	32,485
Foreign Fire Insurance Tax	4,304	-	4,304
Ambulance Fees	-	174,610	174,610
Miscellaneous Income	8,579	8,579	17,158
Interest	82,680	1,564	84,244
	$ 1,584,320	$ 1,443,667	$ 3,027,987
EXPENDITURES			
Current			
General Government	$ 20,702	$ 34,671	$ 55,373
Public Safety	1,105,000	1,105,000	2,210,000
	$ 1,125,702	$ 1,139,671	$ 2,265,373
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 458,618	$ 303,996	$ 762,614
OTHER FINANCING SOURCES/(USES)	-	-	-
NET CHANGE IN FUND BALANCES	$ 458,618	$ 303,996	$ 762,614
FUND BALANCES - MAY 1, 2006	531,347	(183,767)	347,580
FUND BALANCES - APRIL 30, 2007	$ 989,965	$ 120,229	$ 1,110,194

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Warren-Waukegan Fire Protection District (Fire Protection District) was organized under the provisions of Chapter 70 of the Illinois Compiled Statutes. The Fire Protection District operates under the direction of a Board of Trustees appointed by the Chairman of the County Board, and provides fire and ambulance protection services in an area generally described as portions of Warren and Waukegan Townships.

The Fire Protection District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Protection District are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity,* in that the financial statements include all organizations, activities, and functions that comprise the Fire Protection District. Component units are legally separate entities for which the Fire Protection District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Fire Protection District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Fire Protection District. Using these criteria, the Fire Protection District has no component units. In addition, the Fire Protection District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Statements*

The Fire Protection District's basic financial statements include both government-wide (reporting the Fire Protection District as a whole) and fund (reporting the Fire Protection District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Fire Protection District as governmental activities. The Fire Protection District does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Protection District's net assets are reported in one part – unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Fire Protection District's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, contributions not restricted to specific activities, unrestricted investment earnings, etc.).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Statements* (Continued)

The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants (where applicable). Program revenues must be directly associated with the function (general government or public safety). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Fire Protection District had no operating or capital grants for the year ended April 30, 2007 and, therefore, no operating or capital grants columns are shown in the Statement of Activities.

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The Fire Protection District does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Fire Protection District as an entity and the change in the Fire Protection District's net assets resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Fire Protection District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Fire Protection District reports these major governmental funds and fund types:

1. The General Fund (Fire Service Fund) is the Fire Protection District's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. The Special Revenue Fund (Ambulance and Rescue Service Fund) is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basic Financial Statements – Fund Financial Statements* (Continued)

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable. The Fire Protection District had no long-term debt at April 30, 2007.

E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Fire Protection District funds. Instead, the funds maintain their uninvested cash balances in a common bank account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Fire Protection District funds and are, therefore, interfund loans which have not been authorized by Fire Protection District Board action.

No Fire Protection District fund had a cash overdraft at April 30, 2007.

The Fire Protection District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Receivables*

All receivables are reported net of estimated uncollectible accounts.

G. *Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. *Inventories*

It is the Fire Protection District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

I. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the Fire Protection District's district on or before the last Tuesday in December. The 2006 tax levy was passed by the board on November 15, 2006. The 2005 tax levy was passed by the board on November 16, 2005. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The Fire Protection District receives significant distributions of tax receipts approximately one month after these dates.

J. *Expenditures*

Expenditures are recognized when the related fund liability is incurred. Expendable supplies held for the Fire Protection District's use are reported as expense in the period when purchased, rather than in the period when used.

K. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Fire Protection District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

As of April 30, 2007, the Fire Protection District had the following investments and maturities:

		Investment Maturities (in Years)			
Investment	Fair Value	Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	$ 1,487,957	$ 1,487,957	$ -	$ -	$ -
Totals	$ 1,487,957	$ 1,487,957	$ -	$ -	$ -

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

Interest Rate Risk. The Fire Protection District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The Fire Protection District has no investment policy that would further limit its investment choices. As of April 30, 2007, the Fire Protection District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's

NOTE 3 - PROPERTY TAXES

Property taxes recorded in these financial statements as property taxes receivable and deferred revenue are from the 2006 tax levy. These taxes are deferred as none of the amounts are collected before the end of the fiscal year and the Fire Protection District does not consider them to be available and does not budget for their use until the following fiscal year. Property taxes recorded in these financial statements as property taxes revenue are from the 2005 ($2,715,186) tax levy. A summary of assessed valuations and extensions for tax years 2006, 2005, and 2004 is as follows:

	2006		2005		2004	
Assessed Valuation	$551,400,970		$515,264,981		$467,503,488	
	RATE	EXTENSION	RATE	EXTENSION	RATE	EXTENSION
Corporate/Fire Service Fund	0.287	$ 1,582,521	0.285	$ 1,468,505	0.324	$ 1,514,711
Ambulance and Rescue Service Fund	0.227	1,251,680	0.241	1,241,789	0.218	1,019,158
	0.514	$ 2,834,201	0.526	$ 2,710,294	0.542	$ 2,533,869

NOTE 4 - SHORT-TERM DEBT ACTIVITY

The Fire Protection District contracts with the Village of Gurnee annually for fire protection and ambulance services. The short-term debt shown as Payable to Other Governments is the amount still owed to the Village of Gurnee on that contract at April 30, 2007.

Short-term debt activity with the Village of Gurnee for the year ended April 30, 2007 was as follows:

Beginning Balance	Increases	Decreases	Ending Balance
$ 12,297	$ 2,210,570	$ 1,669,797	$ 553,070

Interest expense of $570 is reported in the Statement of Activities as a direct expense of general government. In the Statement of Revenues, Expenditures, and Changes in Fund Balances $285 of interest expense is reported in the General Fund under general government and $285 is reported in the Ambulance and Rescue Service Fund under general government.

NOTE 5 - NEGATIVE FUND BALANCE

As of April 30, 2007, no Fire Protection District fund had a deficit fund balance.

NOTE 6 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2007, no Fire Protection District fund had excess expenditures over budgeted expenditures.

NOTE 7 - CONTINGENCIES

As of April 30, 2007, the Fire Protection District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 8 - SERVICE CONTRACTS

The Fire Protection District contracts with the Village of Gurnee annually for fire protection and ambulance services. The contract price for fiscal year 2008 is $2,298,400.

Fees for such services amounted to $2,210,000 during fiscal year 2007. The balance due on the contract at April 30, 2007 was $553,070.

NOTE 9 - RISK MANAGEMENT

The Fire Protection District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire Protection District purchases commercial insurance to handle these risks of loss. There was no significant reduction in any category of insurance coverage from prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - FIRE SERVICE FUND
YEAR ENDED APRIL 30, 2007

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
Property Taxes	$ 1,568,500	$ 1,568,500	$ 1,471,156
Personal Property Replacement Taxes	16,000	16,000	17,601
Foreign Fire Insurance Tax	4,000	4,000	4,304
Miscellaneous Income	3,000	3,000	8,579
Interest	12,000	12,000	82,680
Total Revenues	$ 1,603,500	$ 1,603,500	$ 1,584,320
EXPENDITURES			
Current			
General Government			
Trustees Fees	$ 2,500	$ 2,500	$ 2,250
Administrative Fees	1,300	1,300	1,066
Payroll Tax Expense	-	-	172
Legal Fees	15,000	15,000	8,209
Newsletter Production	4,000	4,000	2,253
Website Services	1,000	1,000	375
Audit and Accounting	2,500	2,500	3,021
Publications	1,000	1,000	-
Insurance	2,820	2,820	2,369
Dues	500	500	568
Interest	-	-	285
Miscellaneous	10,250	10,250	134
Reserves	200,000	200,000	-
	$ 240,870	$ 240,870	$ 20,702
Public Safety			
Fire Service	$ 1,326,000	$ 1,326,000	$ 1,105,000
Total Expenditures	$ 1,566,870	$ 1,566,870	$ 1,125,702
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 36,630	$ 36,630	$ 458,618
OTHER FINANCING SOURCES/(USES)	-	-	-
NET CHANGE IN FUND BALANCE	$ 36,630	$ 36,630	$ 458,618
FUND BALANCE - MAY 1, 2006	98,500	98,500	531,347
FUND BALANCE - APRIL 30, 2007	$ 135,130	$ 135,130	$ 989,965

See Accompanying Independent Auditor's Report

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - AMBULANCE AND RESCUE SERVICE FUND
YEAR ENDED APRIL 30, 2007

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
Property Taxes	$ 1,241,790	$ 1,241,790	$ 1,244,030
Personal Property Replacement Taxes	11,400	11,400	14,884
Ambulance Fees	200,000	200,000	174,610
Miscellaneous Income	-	-	8,579
Interest	8,000	8,000	1,564
Total Revenues	$ 1,461,190	$ 1,461,190	$ 1,443,667
EXPENDITURES			
Current			
General Government			
Trustees Fees	$ 2,000	$ 2,000	$ 2,250
Administrative Fees	500	500	1,066
Payroll Tax Expense	-	-	172
Legal Fees	5,000	5,000	8,209
Newsletter Production	2,000	2,000	2,253
Website Services	1,000	1,000	375
Audit and Accounting	2,500	2,500	3,021
Ambulance Billing	21,200	21,200	13,969
Publications	1,000	1,000	-
Insurance	2,820	2,820	2,369
Dues	500	500	568
Interest	-	-	285
Miscellaneous	6,750	6,750	134
Reserves	200,000	200,000	-
	$ 245,270	$ 245,270	$ 34,671
Public Safety			
Ambulance Service	$ 1,094,000	$ 1,094,000	$ 1,105,000
Total Expenditures	$ 1,339,270	$ 1,339,270	$ 1,139,671
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 121,920	$ 121,920	$ 303,996
OTHER FINANCING SOURCES/(USES)	-	-	-
NET CHANGE IN FUND BALANCE	$ 121,920	$ 121,920	$ 303,996
FUND BALANCE - MAY 1, 2006	65,000	65,000	(183,767)
FUND BALANCE - APRIL 30, 2007	$ 186,920	$ 186,920	$ 120,229

See Accompanying Independent Auditor's Report

WARREN-WAUKGAN FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2007

NOTE 1 - BUDGETARY PROCESS

Annual budgets are legally adopted and separately reported for all funds of the Fire Protection District. The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the end of the first quarter of the fiscal year, the Board of Trustees prepares and approves a tentative budget and appropriation ordinance for the year commencing on May 1. The budget is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles used in the preparation of the financial statements.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to the end of the first quarter of the fiscal year, the annual budget and appropriation ordinance is legally enacted through Board approval.
- All appropriations lapse at fiscal year end.
- The annual budget and appropriations ordinance can be amended by a two-thirds vote of the Board of Trustees. No budget amendments were approved during the current year.

The budget, which was not amended, was passed on May 17, 2006.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2007, no Fire Protection District fund had excess expenditures over budgeted expenditures.