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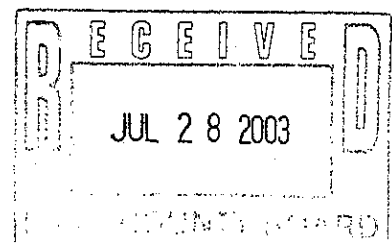
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Agenda Item # 20

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT

AUDIT REPORT

APRIL 30, 2002



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 combined financial statements of

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT

as of and for the year ended April 30, 2002 as listed in the table of contents. These combined financial statements are the responsibility of the Fire Protection District's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Warren-Waukegan Fire Protection District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Illinois, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of Warren-Waukegan Fire Protection District as of April 30, 2002, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of Warren-Waukegan Fire Protection District. Such information has been subjected to the auditing procedures applied in the

audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
July 29, 2002

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
 COMBINED STATEMENT OF ASSETS AND LIABILITIES
 ARISING FROM CASH TRANSACTIONS
 ALL FUND TYPES
 AS OF APRIL 30, 2002

ASSETS	GOVERNMENTAL FUND TYPES		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	
Cash and Cash Equivalents	\$ 33,494	\$ 3,245	\$ 36,739
	<u>\$ 33,494</u>	<u>\$ 3,245</u>	<u>\$ 36,739</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCE			
Unreserved Fund Balance	33,494	3,245	36,739
	<u>\$ 33,494</u>	<u>\$ 3,245</u>	<u>\$ 36,739</u>

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

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
 COMBINED STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
 AND CHANGES IN FUND BALANCE
 ALL FUND TYPES
 FOR THE YEAR ENDED APRIL 30, 2002

	GOVERNMENTAL FUND TYPES		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	
REVENUE RECEIVED			
Property Taxes	\$ 600,801	\$ 696,265	\$ 1,297,066
Personal Property Replacement Taxes	10,375	12,023	22,398
Foreign Fire Insurance Tax	2,157	-	2,157
Interest	10,783	1,711	12,494
	<u>\$ 624,116</u>	<u>\$ 709,999</u>	<u>\$ 1,334,115</u>
EXPENDITURES DISBURSED			
Current			
General Government	\$ 29,064	\$ -	\$ 29,064
Public Safety	640,614	709,639	1,350,253
	<u>\$ 669,678</u>	<u>\$ 709,639</u>	<u>\$ 1,379,317</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ (45,562)	\$ 360	\$ (45,202)
OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	\$ (45,562)	\$ 360	\$ (45,202)
FUND BALANCE - MAY 1, 2001	<u>79,056</u>	<u>2,885</u>	<u>81,941</u>
FUND BALANCE - APRIL 30, 2002	<u>\$ 33,494</u>	<u>\$ 3,245</u>	<u>\$ 36,739</u>

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

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
 COMBINED STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
 AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 ALL FUND TYPES
 FOR THE YEAR ENDED APRIL 30, 2002

	GOVERNMENTAL FUND TYPES			
	GENERAL		SPECIAL REVENUE	
	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUE RECEIVED				
Property Taxes	\$ 581,838	\$ 600,801	\$ 711,129	\$ 696,265
Personal Property Replacement Taxes	8,663	10,375	10,587	12,023
Foreign Fire Insurance Tax	2,100	2,157	-	-
Interest	18,029	10,783	-	1,711
Impact Fees	225	-	275	-
Loan Repayment	70,000	-	-	-
	<u>\$ 680,855</u>	<u>\$ 624,116</u>	<u>\$ 721,991</u>	<u>\$ 709,999</u>
EXPENDITURES DISBURSED				
Current				
General Government	\$ 30,000	\$ 29,064	\$ -	\$ -
Public Safety	857,253	640,614	1,084,421	709,639
	<u>\$ 887,253</u>	<u>\$ 669,678</u>	<u>\$ 1,084,421</u>	<u>\$ 709,639</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	<u>\$ (206,398)</u>	<u>\$ (45,562)</u>	<u>\$ (362,430)</u>	<u>\$ 360</u>
OTHER FINANCING SOURCES (USES)		<u>-</u>		<u>-</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES		<u>\$ (45,562)</u>		<u>\$ 360</u>
FUND BALANCE - MAY 1, 2001		<u>79,056</u>		<u>2,885</u>
FUND BALANCE - APRIL 30, 2002		<u>\$ 33,494</u>		<u>\$ 3,245</u>

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

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2002

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.

A. *Fund Accounting*

The accounts of the Fire Protection District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following fund types and account groups are used by the Fire Protection District:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Fire Protection District are financed. The acquisition, use, and balances of the Fire Protection District's expendable financial resources and the related liabilities arising from cash transactions are accounted for through governmental funds.

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

Special Revenue Fund – The Special Revenue Fund includes the Ambulance and Rescue Service Fund. It is used to account for the proceeds of specific revenue sources that are legally restricted to cash disbursements for specific purposes.

B. *Basis of Accounting*

Basis of accounting refers to when revenue and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the cash basis of accounting. Accordingly, revenue is recorded when cash is received and expenditures are recorded when checks are written.

Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities arising from previous cash transactions are recorded as liabilities of a particular fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Budgets and Budgetary Accounting*

The budget for all governmental fund types is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 70, Act 705/Article 16.14 of the Illinois Compiled Statutes. The budget, which was not amended, was passed on May 16, 2001.

The Board shall also submit an annual budget request to the trustees of the Fire Protection District prior to the end of the fiscal year or as may be requested by the trustees. The trustees shall provide adequate funding in the annual appropriation ordinance for the operation of the district.

D. *Cash and Cash Equivalents*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. *Total Columns on Combined Statements – Overview*

Total columns on the combined statements – overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. *Reporting Entity*

The Fire Protection District has developed criteria to determine whether outside agencies with activities that benefit the residents of the Fire Protection District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Fire Protection District exercises oversight responsibility of 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 Fire Protection 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 financial statements. Additionally, the Fire Protection District is not aware of any entity that would exercise such oversight as to result in the Fire Protection District being considered a component unit of the entity.

NOTE 2 - DEPOSITS

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS (Continued)

Deposits

At April 30, 2002 the carrying amount of the Fire Protection District deposits was \$36,739 and the bank balance was \$44,304. The deposits are categorized in accordance with risk factors created by governmental reporting standards:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category #1	\$ 23,812	\$ 29,655
Category #2	12,927	14,649
Category #3	-	-
	<u>\$ 36,739</u>	<u>\$ 44,304</u>

Category #1 includes deposits insured or collateralized with securities held by the Fire Protection District or by its agent in the Fire Protection District's name.

Category #2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Fire Protection District's name.

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

NOTE 3 - PROPERTY TAX REVENUE

The Fire Protection District's property tax is levied each year on all taxable real property located in the Fire Protection District's district on or before the third Tuesday in December. The levy was passed by the Board on June 20, 2001. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September. The Fire Protection District receives significant distributions of tax receipts approximately one month after these dates. A summary of assessed valuations and extensions for tax years 1999, 2000, and 2001 is as follows:

	1999		2000		2001	
Assessed Valuation	\$336,691,340		\$352,305,687		\$378,049,878	
	<u>RATE</u>	<u>EXTENSION</u>	<u>RATE</u>	<u>EXTENSION</u>	<u>RATE</u>	<u>EXTENSION</u>
Fire Service Fund	0.168	\$ 565,641	0.170	\$ 598,920	0.169	\$ 638,904
Ambulance and Rescue Service Fund	0.196	659,915	0.197	694,042	0.196	740,978
	<u>0.364</u>	<u>\$ 1,225,556</u>	<u>0.367</u>	<u>\$ 1,292,962</u>	<u>0.365</u>	<u>\$ 1,379,882</u>

NOTE 4 - CONTINGENCIES

The Fire Protection District is not aware of any litigation which might have a material adverse affect on the Fire Protection District's financial position.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - DEFICIT FUND BALANCES

There were no funds that reflected a deficit fund balance as of April 30, 2002.

NOTE 6 - COMMON BANK ACCOUNTS

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

Occasionally, certain of the funds participating in the common bank account may 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 board action.

No Fire Protection District funds had cash overdrafts at April 30, 2002.

NOTE 7 - SERVICE CONTRACTS

The Fire Protection District contracts with the Village of Gurnee annually for fire protection and ambulance services. The preliminary contract for fiscal year 2003 is \$2,060,253 plus a balance due of \$823,196 from last year's contract. The contract amount is reduced by a credit due from non-resident rescue estimated revenue of \$55,200 to be collected during the year. The net amount of the 2002-2003 contract is \$2,828,249.

NOTE 8 - 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 insurance coverage for any other category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL FINANCIAL STATEMENTS

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FIRE SERVICE FUND
FOR THE YEAR ENDED APRIL 30, 2002

	BUDGET	ACTUAL
REVENUE RECEIVED		
Property Taxes	\$ 581,838	\$ 600,801
Personal Property Replacement Taxes	8,663	10,375
Foreign Fire Insurance Tax	2,100	2,157
Interest	18,029	10,783
Impact Fees	225	-
Loan Repayment	70,000	-
	<u>\$ 680,855</u>	<u>\$ 624,116</u>
EXPENDITURES DISBURSED		
Current		
General Government		
Trustees Fees	\$ 6,000	\$ 3,337
Legal Fees	8,500	17,082
Audit	1,600	2,050
Legal Notices	750	1,218
Insurance	7,500	1,441
Miscellaneous	5,650	3,936
	<u>\$ 30,000</u>	<u>\$ 29,064</u>
Public Safety		
Fire Service	<u>\$ 857,253</u>	<u>\$ 640,614</u>
	<u>\$ 887,253</u>	<u>\$ 669,678</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	<u>\$ (206,398)</u>	<u>\$ (45,562)</u>
OTHER FINANCING SOURCES (USES)		<u>-</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES		\$ (45,562)
FUND BALANCE - MAY 1, 2001		<u>79,056</u>
FUND BALANCE - APRIL 30, 2002		<u>\$ 33,494</u>

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
AMBULANCE AND RESCUE SERVICE FUND
FOR THE YEAR ENDED APRIL 30, 2002

	BUDGET	ACTUAL
REVENUE RECEIVED		
Property Taxes	\$ 711,129	\$ 696,265
Personal Property Replacement Taxes	10,587	12,023
Interest	-	1,711
Impact Fees	275	-
	<u>\$ 721,991</u>	<u>\$ 709,999</u>
EXPENDITURES DISBURSED		
Current		
Public Safety		
Ambulance Service	<u>\$ 1,084,421</u>	<u>\$ 709,639</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	<u>\$ (362,430)</u>	<u>\$ 360</u>
OTHER FINANCING SOURCES (USES)		<u>-</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES		<u>\$ 360</u>
FUND BALANCE - MAY 1, 2001		<u>2,885</u>
FUND BALANCE - APRIL 30, 2002		<u>\$ 3,245</u>