

**NAPERVILLE FIRE
PROTECTION DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2022**

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Independent Auditor's Report

Board of Trustees
Naperville Fire Protection District
Naperville, Illinois

We have audited the accompanying financial statements of the governmental activities and the major fund of Naperville Fire Protection District as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise Naperville Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Naperville Fire Protection District as of April 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Naperville Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Naperville Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a

Independent Auditor's Report

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individual or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Naperville Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Naperville Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we have identified during the audit.

Required Supplementary Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

ATA GROUP, LLP

September 1, 2022

Basic Financial Statements

NAPERVILLE FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

APRIL 30, 2022

| | <u>GENERAL FUND</u> | <u>ADJUSTMENTS (Note 5)</u> | <u>STATEMENT OF NET POSITION</u> |
|---|-------------------------|---------------------------------|--------------------------------------|
| ASSETS | | | |
| Cash | \$ 523,321 | \$ - | \$ 523,321 |
| Property Taxes Receivable, net | <u>1,270,526</u> | <u>-</u> | <u>1,270,526</u> |
| Total Assets | <u>1,793,847</u> | <u>-</u> | <u>1,793,847</u> |
| LIABILITIES | | | |
| Disbursements Payable | 170,891 | - | 170,891 |
| Accounts Payable | <u>3,407</u> | <u>-</u> | <u>3,407</u> |
| Total Liabilities | 174,298 | - | 174,298 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Property Taxes | <u>1,270,526</u> | <u>-</u> | <u>1,270,526</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>1,444,824</u> | <u>-</u> | <u>1,444,824</u> |
| FUND BALANCE / NET POSITION | | | |
| Fund Balance | | | |
| Unassigned | <u>349,023</u> | <u>(349,023)</u> | <u>-</u> |
| Total Fund Balance | <u>349,023</u> | <u>(349,023)</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 1,793,847</u> | | |
| Net Position | | | |
| Unrestricted | | <u>349,023</u> | <u>349,023</u> |
| Total Net Position | | <u>\$ 349,023</u> | <u>\$ 349,023</u> |

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements

NAPERVILLE FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL AND STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED APRIL 30, 2022

| | GENERAL FUND | | | |
|--|-----------------------------------|-------------------|-------------------------|----------------------------|
| | BUDGET - ORIGINAL AND FINAL | ACTUAL | ADJUSTMENTS (Note 5) | STATEMENT OF ACTIVITIES |
| REVENUES | | | | |
| Property Taxes | \$ 1,270,526 | \$ 1,244,878 | \$ - | \$ 1,244,878 |
| Illinois Replacement Tax | 70,000 | 91,052 | - | 91,052 |
| Other Revenues | - | 34,443 | - | 34,443 |
| Interest Income | 100 | 31 | - | 31 |
| Total Revenues | <u>1,340,626</u> | <u>1,370,404</u> | <u>-</u> | <u>1,370,404</u> |
| EXPENDITURES / EXPENSES | | | | |
| Disbursements to Naperville | 1,286,776 | 1,331,419 | - | 1,331,419 |
| Accounting and Audit Fees | 18,000 | 12,800 | - | 12,800 |
| Legal Fees | 17,000 | 17,408 | - | 17,408 |
| Insurance Expense | 11,000 | 2,379 | - | 2,379 |
| Trustee Fees | 3,750 | 3,797 | - | 3,797 |
| Publication Expense | 3,000 | 2,327 | - | 2,327 |
| Office Expense | 1,100 | 274 | - | 274 |
| Total Expenditures / Expenses | <u>1,340,626</u> | <u>1,370,404</u> | <u>-</u> | <u>1,370,404</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | - | - | - |
| Change in Net Position | | - | - | - |
| FUND BALANCE / NET POSITION | | | | |
| Beginning of Year | | <u>349,023</u> | <u>-</u> | <u>349,023</u> |
| End of Year | | <u>\$ 349,023</u> | <u>\$ -</u> | <u>\$ 349,023</u> |

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements

Note 1: Summary of Significant Accounting Policies

The financial statements of Naperville Fire Protection District (the District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The Naperville Fire Protection District is a governmental body incorporated by the State of Illinois to provide fire protection and ambulance services to citizens of an area located in unincorporated DuPage and Will Counties and not within the corporate limits of any municipality. These areas are agreed upon by the District and the City of Naperville (the City) and are identified as a Territory Map. In March of each year the City and the District review municipal annexations with appropriate municipalities and updates this Territory Map.

The District receives tax allocations from DuPage and Will counties and after providing for the payment of allowed expenses, disburses the remaining amounts to the City per a contract agreed by both parties. The City of Naperville provides fire protection and ambulance services for all the District. The contract with the City is on a 20-year agreement effective May 1st, 2016 and has three 10-year renewal options thereafter. In addition, the District and the City have had a long standing relationship going as far back as December of 1996.

A. Reporting Entity

The District's reporting entity includes all entities for which the District exercised oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the District has not included in its financial statements the activities of any other entity.

B. Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation shown between them. The Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Basic Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Major individual governmental funds are reported as separate columns in the fund financial statements. The only fund of the District is the general fund, which is a major fund. The general fund is the general operating fund of the District. It is used to account for all financial resources.

C. Basis of Accounting

The government-wide statements (the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual) are prepared using the current financial measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Since much of the 2021 tax levy is received well after year-end, the District considers the (2021) tax levy as applicable to the following year. Therefore, the revenue for the entire tax levy is deferred and treated as deferred inflows of resources.

The District reports deferred inflows of resources on its balance sheet and statement of net position. Deferred inflows of resources arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflows of resources are removed from the balance sheet and statement of net position and revenue is recognized.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles and in accordance with the District’s policy and procedure. Unencumbered budget appropriations lapse at the end of the fiscal year.

E. Cash

Cash includes amounts in a demand deposit account and a money market account. Illinois Revised Statutes authorize the District to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool

Basic Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

(authorized by ICLS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks which are insured by the Federal Deposit Insurance Corporation.

F. Fund Equity

The District follows GASB statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The district only has unassigned amounts in the fund balance. Unassigned fund balance amounts are amounts that are available for any purpose.

G. Deferred Inflows of Resources

The District follows GASB Statement 65 which pertains to classification of certain items previously reported as assets and liabilities. The District has only one type of item, under the modified accrual basis of accounting, deferred property taxes. Deferred property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather deferred property taxes represent a future recognition of revenue, therefore are classified as deferred inflows of resources.

H. 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.

Basic Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

I. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as restricted and unrestricted.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, law or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

Note 2: Deposits

At April 30, 2022, the carrying amount of the District's deposits and the bank balances were \$523,321. Of the bank balances, \$250,000 was covered by federal depository insurance (FDIC) and the remaining \$273,321 was collateralized with a letter of credit issued by the Federal Home Loan Bank of Cincinnati with the District as the beneficiary to cover deposits in excess of the FDIC limit of \$250,000 up to \$2,000,000.

Note 3: Property Taxes

The District's property tax is levied each year on all taxable property located in the District. The District submits a real estate tax levy to Will and DuPage counties in December of each year. The counties then extend the taxes in the spring of the following year and the taxes are received by the District around June and around September. Property taxes for 2021 attached as an enforceable lien on property within the District as of January 1, 2021. The 2021 property tax levy is recorded as Property Taxes Receivable at April 30, 2022. Both 2021 installments paid to the District will be used for year ending April 30, 2023 operations and are reflected as Deferred Property Tax Revenue at April 30, 2022. Property tax revenue consists primarily of tax receipts from the 2020 tax levies.

Note 4: Disbursements Payable

Per the District's contract with the City of Naperville, the difference of District revenue less District expenses is to be remitted to the City of Naperville. Revenue is described as real estate tax levies, investment interest and payments from the state of Illinois. District expenses include trustee fees, insurance, accounting, legal, dues, postage, office supplies, and publication as well as any other miscellaneous expenses not to exceed \$1,500 a year. The amount due to the City of Naperville at the end of the fiscal year is shown as Disbursements Payable.

Basic Financial Statements

Note 5: Adjustments

There were no adjustments to reconcile the fund financial statements to the government-wide financial statements. The amounts in the adjustments columns simply change the terminology from the fund financial statements to the government-wide financial statements.

Note 6: Risk Management

The District is exposed to various risks of loss related to torts and errors and omissions for which the District carries commercial insurance. Settlements did not exceed coverage during the year.