

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
Lake County, Illinois

ANNUAL FINANCIAL REPORT

APRIL 30, 2008

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D A M , S N E L L & T A V E I R N E , L T D .

C E R T I F I E D • P U B L I C • A C C O U N T A N T S

INDEPENDENT AUDITORS' REPORT

To the 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 the Warren-Waukegan Fire Protection District (the "District") as of and for the year ended April 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

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 funds of Warren-Waukegan Fire Protection District, as of April 30, 2008, 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 on Schedule 1 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 primarily 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the table of contents, as Schedules 2 through 4, of this report is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as whole.

Dam, Snell & Taveirne, Ltd.

DAM, SNELL & TAVEIRNE, LTD.
Certified Public Accountants
Fox Lake, Illinois
September 5, 2008

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2008

Our discussion and analysis of the Warren-Waukegan Fire Protection District's financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2008. Please read it in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The District's net assets, which equal total assets less total liabilities, were \$1,934,309 at April 30, 2008.
- Unrestricted net assets, which are assets that may be used to meet the District's ongoing obligations to residents and creditors, were \$1,934,309 at the end of the 2008 fiscal year.
- In the current fiscal year total revenues of \$3,199,114 exceeded total expenses of \$2,374,999 by \$824,115.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of 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 focus on the District as a whole. This presentation is designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. They consist of a Statement of Net Assets and a Statement of Activities (Exhibits A and B of the report). These financial statements are prepared using the accrual basis of accounting, which is described in the notes to financial statements.

The Statement of Net Assets presents information on the District's net 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 District is improving or deteriorating.

The Statement of Activities presents information showing how the 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 periods (e.g. uncollected taxes, fees, and insurance payments).

Fund financial statements. (Exhibits C and D of the report.) These statements provide additional detail about the District funds. The District maintains two funds for accounting purposes. Both the general fund and the ambulance fund are classified as governmental funds. Governmental funds generally focus on how cash flows in and out of the District, and the balances left at year end that are available for spending.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2008

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 also the fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison has been provided as required supplementary information (Schedule 1 of the report).

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. The District's total net assets increased by \$824,115 over the previous year. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

	Table 1 Net Assets April 30,		Percent Change
	<u>2008</u>	<u>2007</u>	
Current assets	\$ 5,463,279	\$ 4,513,447	21.04%
Total assets	<u>5,463,279</u>	<u>4,513,447</u>	21.04%
Current liabilities	<u>3,528,970</u>	<u>3,403,253</u>	3.69%
Total liabilities	<u>3,528,970</u>	<u>3,403,253</u>	3.69%
Net assets			
Unrestricted	<u>1,934,309</u>	<u>1,110,194</u>	74.23%
Total net assets	<u>\$ 1,934,309</u>	<u>\$ 1,110,194</u>	74.23%

The District's net assets are composed of cash and property taxes receivable. The District does not have any capital assets such as land, buildings, or equipment. The District uses its assets to provide services to its citizens. There was no restricted asset balance at the end of the year. Unrestricted net assets may be used to meet the District's ongoing obligations to citizens and creditors.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2008

The following table (Table 2) presents a summary of the changes in net assets for the fiscal years ended April 30, 2008 and 2007:

Table 2
Changes in Net Assets
Fiscal Years Ended April 30,

	<u>2008</u>	<u>2007</u>	<u>Percent Change</u>
Revenues collected			
Operating revenues			
Charges for services	\$ 201,420	\$ 174,610	15.35%
Nonoperating income			
Property taxes	2,848,141	2,715,186	4.90%
Replacement tax	37,050	32,485	14.05%
Investment Income	102,984	84,244	22.24%
Other receipts	9,519	21,462	-55.65%
Total revenues	<u>3,199,114</u>	<u>3,027,987</u>	5.65%
Expenses			
General government	76,599	55,373	38.33%
Public safety	2,298,400	2,210,000	4.00%
Total expenses	<u>2,374,999</u>	<u>2,265,373</u>	4.84%
Increase in net assets	824,115	762,614	
Net assets - beginning of year	1,110,194	347,580	
Net assets - end of year	<u>\$ 1,934,309</u>	<u>\$ 1,110,194</u>	

Net assets of the District increased by \$824,115 in 2008, from a beginning total of \$1,110,194 to an ending total of \$1,934,309.

Total District revenues equaled \$3,199,114 and were greater than total expenses of \$2,374,999 by \$824,115.

Investment income represents primarily interest from the Illinois Funds Money Market account.

Program revenues of \$201,420 are attributable to public safety (ambulance transport fees) which covers 9% of the total public safety expenses of \$2,298,400. The remaining 91% of the expenditures are paid for by general revenues.

The contract for services with the Village of Gurnee increased by 4% from \$2,210,000 to \$2,298,400, for the current fiscal year.

Property taxes increased 5% from \$2,715,186 in the prior year to \$2,848,141 in the current year.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2008

ANALYSIS OF BALANCES AND TRANSACTIONS IN INDIVIDUAL FUNDS

Governmental Funds

The General Fund and Ambulance and Rescue Service Fund balances increased during the year by \$213,758 and \$610,357, respectively.

- Although there was an increase in the assessed valuation of the District, a decrease in the general tax rate from 0.285 to 0.227 created a decrease in property tax revenue of \$213,416 in the general fund from the prior year.
- The increased assessed valuation of the Fire Protection District, in combination with an increased the tax rate from 0.241 to 0.287, created an increase in property tax revenue of \$346,371 in the ambulance and rescue service fund over the prior year.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

The District did not amend its budget during the year. Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

General Fund

- The positive difference between budgeted and actual revenues was \$97,828 which was attributable to the District receiving more replacement taxes and interest income than budgeted.
- The positive difference between budgeted and actual expenditures was \$339,862. This difference was primarily attributable to the District budgeting more for the Village of Gurnee contract than the actual amount and budgeting to reserve \$200,000 of current revenues.

Ambulance Fund

- Actual revenues were less than budgeted by \$31,914 which was primarily attributable to the District receiving less replacement taxes and ambulance fees than budgeted.
- The positive difference between budgeted and actual expenditures was \$136,634. This difference was primarily attributable to the District budgeting to reserve \$200,000 of current revenues.

CAPITAL ASSET AND DEBT ACTIVITY

At fiscal years ended April 30, 2008 and 2007, the District did not own any capital assets nor was there any debt activity.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND LEVY

The District Trustees considered many factors when preparing the fiscal-year 2008-2009 budget. Revenue and expenses are expected to be similar in the coming year compared to the past year. Property tax revenues are limited by a statutory tax cap. The total appropriation for 2008-2009 was equal to \$4,647,000.

The service contract with the Village represents the largest portion of the District's budget and appropriation ordinance. The contract price is negotiated based in part upon the Village's and District's equalized assessed valuations and their respective number of emergency runs (fire and ambulance). Other factors such as the relative populations and other intangibles are also considered. The contract price for fiscal year 2009 is \$2,445,336.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, requests should be addressed to Warren-Waukegan Fire Protection District Board of Trustees, 4850 Old Grand Avenue, Gurnee, IL 60031.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
GOVERNMENT - WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
APRIL 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,452,478
Receivables:	
Property taxes, net	2,938,566
Ambulance fees, net	70,751
Prepaid expenses	<u>1,484</u>
Total assets	<u>5,463,279</u>
 LIABILITIES	
Payroll liabilities	344
Payable to other governments	574,600
Accrued expenses	15,460
Deferred revenue	<u>2,938,566</u>
Total liabilities	<u>3,528,970</u>
 NET ASSETS	
Unrestricted	<u>1,934,309</u>
Total net assets	<u>\$ 1,934,309</u>

See accompanying notes to financial statements.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
 GOVERNMENT - WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED APRIL 30, 2008

		Program Revenues		Net (Expenses)
				Revenue and
				Changes in
				Net Assets
	Expenses	Charges for	Capital	
		Services	Grants and	Governmental
			Contributions	Activities
GOVERNMENTAL ACTIVITIES				
General government	\$ 76,599	\$ -	\$ -	\$ (76,599)
Public safety	2,298,400	201,420	-	(2,096,980)
Total governmental activities	<u>\$ 2,374,999</u>	<u>\$ 201,420</u>	<u>\$ -</u>	<u>(2,173,579)</u>

General Revenues:

Taxes	
Property tax	2,848,141
Replacement tax	37,050
Foreign fire insurance tax	5,253
Miscellaneous revenue	4,266
Interest income	102,984
Total general revenues	<u>2,997,694</u>
Change in net assets	824,115
Net assets - beginning of year	<u>1,110,194</u>
Net assets - end of year	<u>\$ 1,934,309</u>

See accompanying notes to financial statements.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2008

	<u>General</u>	<u>Ambulance and Rescue Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,495,353	\$ 957,125	\$ 2,452,478
Receivables:			
Property taxes, net	1,481,132	1,457,434	2,938,566
Ambulance fees, net	-	70,751	70,751
Prepaid expense	<u>742</u>	<u>742</u>	<u>1,484</u>
Total assets	<u>\$ 2,977,227</u>	<u>\$ 2,486,052</u>	<u>\$ 5,463,279</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Payroll liabilities	\$ 172	\$ 172	\$ 344
Payable to other governments	287,300	287,300	574,600
Accrued expenses	4,900	10,560	15,460
Deferred revenue	<u>1,481,132</u>	<u>1,457,434</u>	<u>2,938,566</u>
Total liabilities	<u>1,773,504</u>	<u>1,755,466</u>	<u>3,528,970</u>
FUND BALANCE			
Unreserved	<u>1,203,723</u>	<u>730,586</u>	<u>1,934,309</u>
Total fund balance	<u>1,203,723</u>	<u>730,586</u>	<u>1,934,309</u>
 Total liabilities and fund balance	 <u>\$ 2,977,227</u>	 <u>\$ 2,486,052</u>	 <u>\$ 5,463,279</u>

See accompanying notes to financial statements.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2008

	<u>General</u>	<u>Ambulance and Rescue Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property tax	\$ 1,257,740	\$ 1,590,401	\$ 2,848,141
Replacement tax	37,050	-	37,050
Foreign fire insurance tax	5,253	-	5,253
Ambulance fee	-	201,420	201,420
Miscellaneous revenue	2,133	2,133	4,266
Interest income	91,832	11,152	102,984
Total revenues	<u>1,394,008</u>	<u>1,805,106</u>	<u>3,199,114</u>
EXPENDITURES			
General government	31,050	45,549	76,599
Public safety	1,149,200	1,149,200	2,298,400
Total expenditures	<u>1,180,250</u>	<u>1,194,749</u>	<u>2,374,999</u>
Excess (deficiency) of revenues over (under) expenditures	213,758	610,357	824,115
FUND BALANCES - Beginning	<u>989,965</u>	<u>120,229</u>	<u>1,110,194</u>
FUND BALANCES - Ending	<u>\$ 1,203,723</u>	<u>\$ 730,586</u>	<u>\$ 1,934,309</u>

See accompanying notes to financial statements.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a fire protection district organized under Chapter 70, Act 705 of the Illinois Compiled Statutes. The District operates under the direction of a board of trustees appointed by the Chairman of the County Board and provides fire protection and ambulance services in an area generally described as portions of Warren and Waukegan Townships.

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. Principles used to Determine Scope of Entity –

The District is a primary governmental unit as defined by Governmental Accounting Standards Board Statement No. 14. GASB 14 has been applied to determine that no component units should be included in the District's reporting entity.

B. Basis of Presentation –

Government-wide Financial Statements – The government-wide financial statements (The Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

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 customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

Fund Financial Statements - The accounts of the District in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues collected, and expenditures paid. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The following is a description of the governmental funds of the District:

General Fund - The General Corporate Fund is 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 - The Special Revenue (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.

Both of the District's funds meet the GASB 34 criteria for major funds.

C. Measurement Focus and Basis of Accounting –

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

C. Measurement Focus and Basis of Accounting – (continued)

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus is used.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The District recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

D. Budgets and Budgetary Accounting –

The budget for all funds is prepared on the modified accrual basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The budget, which was not amended, was passed on May 16, 2007. For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

1. The Board of Trustees prepares a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally adopted through passage of an ordinance.
4. The District is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total disbursements of any fund must be approved by the Board.
5. Formal budgetary integration is employed as a management control device during the year.

E. 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 one year or less from the date of acquisition.

F. Assets, Liabilities and Net Assets –

Investments – Investments are stated at cost which approximates fair value.

Receivables – All receivables are reported net of allowance for uncollectible accounts. The allowances for property taxes and ambulance fees were \$-0- and \$70,751, respectively.

Prepaid Expenses – 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.

Inventories – It is the 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 values or resale or supply items on hand.

Deferred Revenue – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Restricted Net Assets – For the government-wide financial statements, net assets are reported as restricted when constraints placed on net asset use are either: (1) Externally imposed by creditors, grantors, contributors, laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

In fund financial statements, reservations of fund balance represent amounts that are not available for other appropriations, or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Eliminations and Reclassifications – In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

G. Use of estimates –

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the accounting period. Actual amounts could vary from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by Chapter 30, Section 235 of the *Illinois Compiled Statutes*.

Statutes authorize the District to make deposits/investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds. The District adopted an investment policy on January 17, 2007.

Deposits – At April 30, 2008, the carrying amount and bank balance of the District's deposits was \$74,181 and was fully covered by FDIC insurance.

In addition to deposit accounts, the District had \$2,378,298 invested in the Illinois Funds, a public treasurer's investment pool.

Interest rate risk. At April 30, 2008, all District investments had a maturity of one year or less. District policy is to match maturities with cash flow requirements, with a portion continuously invested in readily available funds.

Credit risk. The District's investment in Illinois Funds was rated AAAM by Standard and Poor's. The Illinois Funds account invests only in investments that are permitted by the *Illinois Compiled Statutes*.

Custodial credit risk. For an investment, custodial credit is risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are registered in the District's name. District policy requires that bank deposits in excess of FDIC limits are collateralized with securities held by the financial institution's agents in the District's name. At April 30, 2008, none of the deposits exceeded FDIC limits. At April 30, 2008 no deposits were uncollateralized.

NOTE 3 – PROPERTY TAX INFORMATION

The District's property tax is levied each year on all taxable property located in the District and is extended by the County Clerk on or before the last Tuesday in December of the year of levy. The lien date is January 1 of the year of the levy. Taxes are due to the counties in two installments; in June and September of the year following the levy year. The county makes distributions to the District shortly after collection. The District adopted the 2007 levy in December 2007.

Property tax revenue is recognized when the revenue becomes available to meet current year's expenditures. Availability is typically recognized upon receipt. The District records property tax receivables for calendar year 2007 and the revenue is deferred until it becomes available.

Calendar year 2008 property taxes have not been levied, and are not currently measurable. Therefore, the receivable for these taxes and related deferred revenue have not been recorded.

NOTE 4 – 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; injuries to employees; and natural disasters. The District carries commercial insurance for risks of loss. In addition, the District is named as an additional insured party for certain risks under the Village of Gurnee's coverage. Settled claims resulting from these risks have not exceeded insurance coverage in the last three years.

NOTE 5 – COMMITMENTS

The District has entered in to a three year contract with the Village of Gurnee, Illinois to provide fire protection and ambulance services to the District for the period from May 1, 2008 through April 30, 2011. The contract has increasing annual amounts of \$2,445,336, \$2,555,376, and \$2,670,368 for the fiscal years ended April 30, 2009, 2010, and 2011, respectively. Payments on the contract are to be paid quarterly on August 31, November 30, February 28, and May 31, with the first payment due on August 31, 2008.

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ACTUAL AND BUDGET
 ALL GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2008

	General Fund		Ambulance and Rescue Service Fund	
	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Original and Final Budget</u>
REVENUES				
Property tax	\$1,257,740	\$ 1,251,680	\$1,590,401	\$ 1,582,520
Replacement tax	37,050	16,200	-	13,800
Foreign fire insurance tax	5,253	4,000	-	-
Ambulance fee	-	-	201,420	220,000
Miscellaneous revenue	2,133	10,800	2,133	9,200
Interest income	91,832	13,500	11,152	11,500
Total revenues	<u>1,394,008</u>	<u>1,296,180</u>	<u>1,805,106</u>	<u>1,837,020</u>
EXPENDITURES				
General government	31,050	269,305	45,549	272,190
Public safety	<u>1,149,200</u>	<u>1,250,000</u>	<u>1,149,200</u>	<u>1,060,000</u>
Total expenditures	<u>1,180,250</u>	<u>1,519,305</u>	<u>1,194,749</u>	<u>1,332,190</u>
Excess (deficiency) of revenues over (under) expenditures	213,758	(223,125)	610,357	504,830
FUND BALANCE - Beginning	<u>989,965</u>	<u>989,965</u>	<u>120,229</u>	<u>120,229</u>
FUND BALANCE - Ending	<u>\$1,203,723</u>	<u>\$ 766,840</u>	<u>\$ 730,586</u>	<u>\$ 625,059</u>

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2008

Note 1 - Budgetary Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting which is the same basis that is used to prepare the actual to budget comparative financial statements.

Note 2 - Overexpenditure of Budget

None of the funds had expenditures which exceeded their budgets.

WARREN-WAUKEGAN PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL (FIRE SERVICE) FUND
YEAR ENDED APRIL 30, 2008

	<u>Actual</u>	<u>Original and Final Budget</u>
REVENUES		
Property tax	\$ 1,257,740	\$ 1,251,680
Replacement tax	37,050	16,200
Foreign fire insurance tax	5,253	4,000
Miscellaneous revenue	2,133	10,800
Interest income	91,832	13,500
Total revenues	<u>1,394,008</u>	<u>1,296,180</u>
EXPENDITURES		
GENERAL GOVERNMENT		
Trustee compensation	3,000	2,500
Recording secretary	633	1,300
Compensation for miscellaneous officers	-	27,000
Legal fees	12,100	15,000
Audit and accounting	2,872	2,500
Dues	568	500
Miscellaneous	6,132	3,000
Insurance	2,273	2,695
Newsletter production	2,288	7,560
Administrative costs	684	1,500
Website services	500	1,000
Publications	-	1,000
Conferences	-	1,500
Annexation	-	2,250
Reserves	-	200,000
Total general government	<u>31,050</u>	<u>269,305</u>
PUBLIC SAFETY		
Fire service	<u>1,149,200</u>	<u>1,250,000</u>
Total expenditures	<u>1,180,250</u>	<u>1,519,305</u>
Excess (deficiency) of revenues over (under) expenditures	213,758	(223,125)
FUND BALANCE - Beginning	<u>989,965</u>	<u>989,965</u>
FUND BALANCE - Ending	<u>\$ 1,203,723</u>	<u>\$ 766,840</u>

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL REVENUE (AMBULANCE AND RESCUE SERVICE) FUND
YEAR ENDED APRIL 30, 2008

	Actual	Original and Final Budget
REVENUES		
Property tax	\$ 1,590,401	\$ 1,582,520
Replacement tax	-	13,800
Ambulance fee	201,420	220,000
Miscellaneous revenue	2,133	9,200
Interest income	11,152	11,500
Total revenues	<u>1,805,106</u>	<u>1,837,020</u>
EXPENDITURES		
GENERAL GOVERNMENT		
Trustee compensation	1,500	2,000
Recording secretary	633	500
Compensation for miscellaneous officers	-	23,000
Legal fees	12,100	5,000
Audit and accounting	2,872	2,500
Dues	568	500
Miscellaneous	6,132	2,000
Insurance	2,273	2,300
Ambulance billing	16,113	21,200
Newsletter production	2,288	6,440
Administrative costs	570	1,500
Website services	500	1,000
Publications	-	1,000
Conferences	-	500
Annexation	-	2,750
Reserves	-	200,000
Total general government	<u>45,549</u>	<u>272,190</u>
PUBLIC SAFETY		
Ambulance and rescue services	<u>1,149,200</u>	<u>1,060,000</u>
Total expenditures	<u>1,194,749</u>	<u>1,332,190</u>
Excess (deficiency) of revenues over (under) expenditures	610,357	504,830
FUND BALANCE - Beginning	<u>120,229</u>	<u>120,229</u>
FUND BALANCE - Ending	<u>\$ 730,586</u>	<u>\$ 625,059</u>

WARREN-WAUKEGAN FIRE PROTECTION DISTRICT
 SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
 EXTENSIONS, AND COLLECTIONS
 APRIL 30, 2008

LEVY YEAR:	2007	2006	2005	2004
ASSESSED VALUATION:				
Lake County	<u>\$ 592,452,870</u>	<u>\$ 551,400,970</u>	<u>\$ 515,264,981</u>	<u>\$ 467,503,488</u>

TAX RATES:				
General Corporate	0.250	0.227	0.285	0.324
Ambulance	0.246	0.287	0.241	0.218
Total tax rate	<u>0.496</u>	<u>0.514</u>	<u>0.526</u>	<u>0.542</u>

TAX EXTENSIONS:				
General Corporate	\$ 1,481,132	\$ 1,251,680	\$ 1,468,505	\$ 1,514,711
Ambulance	<u>1,457,434</u>	<u>1,582,521</u>	<u>1,241,789</u>	<u>1,019,158</u>
Total extension	<u>\$ 2,938,566</u>	<u>\$ 2,834,201</u>	<u>\$ 2,710,294</u>	<u>\$ 2,533,869</u>

TAX COLLECTIONS	*	<u>\$ 2,847,566</u>	<u>\$ 2,715,186</u>	<u>\$ 2,539,586</u>
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PERCENTAGE OF COLLECTIONS
 TO EXTENSIONS

100.47% 100.18% 100.23%

* = As of April 30, 2008, the District has not received any collections relating to the 2007 tax levy.