

Tri-State Fire Protection District

June 1, 2016

Special Investigation

plante moran

audit • tax • consulting • wealth management

TABLE OF CONTENTS

Executive Summary	2
Engagement	2
Summary of Findings	3
Statement of Findings.....	3
Discussion of Findings.....	3
Findings and Recommendations of Best Practices	4
I. Rules and Regulations.....	4
II. Formal Succession Planning	4
III. Entity-Level and Management Override.....	5
IV. Employees Overtime Study	5
V. Budgeting Process.....	6
VI. Purchase Orders Under \$20,000	6
VII. Enterprise Risk Assessment	7
VIII. Disaster Recovery Plan	7
IX. Recent Issues.....	7-14

EXHIBITS

Exhibit A.	Purchasing Policy
Exhibit B.	Purchasing Policy with Recommended Changes
Exhibit C.	Purchase Order
Exhibit D.	PSSI Agreement Summary
Exhibit E.	General Fund
Exhibit F.	Ambulance Fund

June 1, 2016

Tri-State Fire Protection District
c/o Mr. Eric Habercoss - Trustee
10S110 Madison Street
Burr Ridge, IL 60527

Re: Tri-State Fire Protection District – Special Investigation

Dear Mr. Habercoss:

We submit our report of targeted issues with regard to our special investigation of the Tri-State Fire Protection District (“TFPD” or “District”). Plante Moran (“PM”) was engaged by the Board of Trustees (“Board”) of TFPD, to perform consulting services with respect to selected areas of focus, findings and best practices regarding the administrative and financial environment.

Our findings and recommendations of best practices are presented in the attached report. We would like to acknowledge the time and cooperation of Trustee Habercoss, Acting Fire Chief Brenn, and their staff, who assisted us during our engagement. We would welcome the opportunity to perform any additional analyses that you consider necessary.

Our procedures did not include a complete evaluation of the operating effectiveness of TFPD’s internal controls. Our findings and recommendations of best practices only relate to the items as noted above. Other matters of possible interest to you might not be specifically addressed, and the results obtained from our engagement should not be the sole basis for your analysis of TFPD’s operations, administration, and internal controls. Our engagement was not designed and cannot be relied upon to disclose errors, fraud or illegal acts that might exist. Consequently, we make no representation regarding the sufficiency of the procedures performed. Further, this report should not supplant the additional procedures that should be undertaken in your evaluation of internal controls.

Our services consisted of consulting services, and do not constitute an audit, examination, review or compilation of historical financial information conducted in accordance with generally accepted auditing standards or with any other standards established by the American Institute of Certified Public Accountants (“AICPA”). Accordingly, we are unable to express an opinion or any other form of assurance with respect to any historical financial information.

PM’s engagement approach included key areas that were identified through discussions with the organization and the Board.

Our engagement was designed to provide a framework for future internal and external projects, but we also sought to identify and address areas of significance and concern regarding past practices.

Based on our discussions with TFPD representatives, documents provided by TFPD, and our research, certain key areas were identified that could be targeted for investigation, evaluation, and analysis in this engagement.

The objectives of our engagement were discussed and agreed upon with Trustee Habercoss. Based upon our knowledge of the organization and the assistance of Trustee Habercoss, we developed an approach to target the most recent issues of the organization.

EXECUTIVE SUMMARY

ENGAGEMENT

PM was engaged by the Board to perform a special investigation of certain issues, report our findings, and provide recommendations of best practices, as necessary. PM's engagement included, but was not limited to, the following areas:

- Asset Purchases
- Asset Sales
- Conflicts of Interest
- Selected Expenditures
- Corroborating Documentation
- Reporting Mechanisms
- Best Practices

PM undertook this engagement in a phased approach. Phase I was to perform a limited three-day special investigation into selected areas and make draft recommendations for improvements and for potential follow up procedures to the administrative and financial environment and develop a foundation for our work prospectively, if necessary.

During Phase I, PM met with Trustee Habercoss and Acting Fire Chief Brenn. These discussions were critical in establishing the basis for developing our engagement. We evaluated a large amount of historical and contemporaneous data.

TFPD's leadership has been fully engaged and attuned to the objectives of our engagement. The approach adopted by the Board to support PM in implementing action steps necessary to drive the engagement forward was indicative of the efforts by the Board to establish a strong "tone at the top."

"Tone at the top" is best described as the behaviors that reflect management's integrity and commitment to ethical values. The "tone at the top" is set by senior leadership and the Board and influences the ethical environment. The Board has begun to implement centralized

processes and procedures to provide additional oversight and monitoring to minimize potential management override and maximize integrity and commitment to ethical values at TFPD.

We are aware of proactive steps that the Board has undertaken to address certain issues identified prior to our engagement.

Our evaluation is divided into findings and recommendations of best practices. Based upon the Board's desire to implement best practices at TFPD on a prospective basis, PM has identified areas for improvements in internal controls, and opportunities for best practices to be implemented that provide a foundation for our recommendations.

SUMMARY OF FINDINGS

STATEMENT OF FINDINGS

Our engagement objective was to perform analyses and assessments of targeted areas. These areas were developed through our discussions and collaboration with TFPD professionals, as well as through analysis of selected data.

Our findings and recommendations of best practices that follow address only those areas where we believe there are opportunities for improvement.

PM has identified areas for improvements in internal controls, opportunities for best practices to be implemented, and enhancements to risk management that provide the foundation for our recommendations to TFPD.

We have incorporated best practice recommendations where applicable. Best practice recommendations are general suggestions that may provide TFPD with more efficient and effective processes, as well as a general reduction in operational risk. The items identified in this report, in some instances, were not control weaknesses, but rather were suggestions for improvement based on best practices

DISCUSSION OF FINDINGS

These findings require change to be driven by senior leadership and the Board. The findings below require additional efforts by selected employees with support from senior leadership.

FINDINGS AND RECOMMENDATIONS OF BEST PRACTICES

I. ***RULES AND REGULATIONS (ALSO KNOWN AS POLICIES AND PROCEDURES)***

FINDING

Operating Rules and Regulations are dated and in paper form. Some procedures require review to bring them up to current business practices. TFPD lacks a formal method of communicating changes to policies and procedures to its employees. The lack of updated and communicated policies and procedures could result in errors, inconsistencies, and improper transactions.

We requested all policies and procedures that are applicable and available at TFPD. We were provided with various documents that spanned a period from 1986 through 2013.

Trustee Habercoss requested the same types of documents from TFPD and was told during the May 18, 2015, Board meeting that the “documents do not exist at this time.”

RECOMMENDATION

TFPD should draft and/or update written Rules and Regulations for selected key processes. These Rules and Regulations should be posted to TFPD’s intranet and formally communicated to TFPD’s employees on an annual basis.

TFPD should undertake a review of its Operating Rules and Regulations to ensure they reflect current business practices.

II. ***FORMAL SUCCESSION PLANNING***

FINDING

Succession plans should be developed in anticipation of senior-level and/or key person departures. The incomplete status of these plans increases the risk of knowledge and efficiency loss.

RECOMMENDATION

TFPD should assess its current job descriptions and consider how they may be updated. Formal cross-training should be conducted on a departmental basis. TFPD should consider a study to identify current TFPD professionals who may be qualified or may become qualified to assume increased responsibility (specifically for senior leadership roles). Additionally, TFPD may wish to address available education and mentoring programs for targeted personnel.

III. *ENTITY-LEVEL AND MANAGEMENT OVERRIDE*

FINDING

TFPD should consider a comprehensive fraud risk assessment that addresses incentives and opportunities to commit fraud and the likelihood and significance of each potential fraud risk, including the risk of management override of internal controls.

RECOMMENDATION

Rules and Regulations should be updated to provide TFPD guidance for reviewing significant transactions approved by the senior leadership. An independent evaluation of significant and/or noteworthy senior leadership transactions should be performed quarterly at the direction of the Board.

TFPD should consider a formal fraud risk management program that addresses:

- Code of Ethics
- Rules and responsibilities for the Board, and senior leadership
- Whistleblower Hotline and whistleblower training for all employees
- Board oversight for key areas of compensation
- Policies that directly address employee benefits that could dictate a payout

IV. *EMPLOYEES OVERTIME STUDY*

FINDING

Multiple employee groups incur significant amounts of overtime on a recurring annual basis. No formal manpower studies or cost/benefit analysis of hiring additional employees were evident at TFPD. This may lead to increased risk of unnecessary operating and capital costs.

RECOMMENDATION

The Board should consider a formal study of TFPD employee overtime hours. This study should be conducted to determine the cost/benefit of hiring additional employees and/or determining the ability to reduce overtime hours allocated and worked.

As an example, TFPD might implement a process of generating a monthly overtime report by employee to document monthly and year-to-date overtime hours incurred. This report would be reviewed by responsible managers and the Board on a monthly basis.

V. **BUDGETING PROCESS**

FINDING

TFPD's systems do not seamlessly interface with the budgeting process. As such, there are inherent limitations in the District's ability to easily review underlying data that show trends and support for forward looking budgets.

RECOMMENDATION

TFPD should consider a tailored solution to its budgeting/forecasting process. This process would assist the District in limiting manual controls which need to be processed in order to consistently utilize scenario analysis and key reports for the Board and Senior Leadership.

VI. **PURCHASE ORDERS UNDER \$20,000¹**

FINDING

Purchases of materials and services with an estimated cost of \$20,000 or more are subject to formal competitive bidding procedures. (See Exhibit A for the Purchasing Policy (unsigned) and Exhibit B for a redlined set of proposed changes to Exhibit A.) TFPD should be diligent in determining that there are no instances of vendors with multiple purchase orders under \$20,000, which in the aggregate totaled in excess of \$20,000. Additionally, there may be a risk that multiple awards under \$20,000 (aggregating in excess of \$20,000) for the same or similar materials or services may be made without detection.

RECOMMENDATION

Senior management should formally monitor purchase orders under \$20,000 to determine whether jobs and services should be subjected to formal competitive bidding procedures. Management should institute a monthly review process to identify anomalies. Additionally, a review and test of purchase orders under \$20,000 on a periodic and/or annual basis.

We also noted that a number of purchase orders were prepared after the expenditure had taken place. This is poor governance and an area ripe for abuse (See example at Exhibit C). We also noted that there is a lack of documentation as to the purpose of expenditures (e.g. meals), such as detail as to those who attended or benefited.

¹ See Tri-State Fire Protection District Purchasing Policy – adopted November 17, 2014)

VII. ENTERPRISE RISK ASSESSMENT

FINDING

TFPD does not have a formal enterprise risk assessment. This exercise would assist the organization in correlating the riskiest areas of the organization with its audit plan.

RECOMMENDATION

The Board should consider implementing a risk assessment for purposes of establishing and implementing good governance practices. The risk assessment should be reviewed and reassessed annually by senior leadership and the Board. This is an area that your independent auditor should be able to make recommendations.

VIII. DISASTER RECOVERY PLAN

FINDING

TFPD does have a formal disaster recovery plan. Lack of a comprehensive disaster recovery plan creates the risk of loss of key information.

RECOMMENDATION

TFPD should continue to assess and modify its comprehensive disaster recovery plan and ensure that that is updated and tested annually.

IX. RECENT ISSUES

A. Sale of Firehouse – Station #4 6301 Western Avenue, Willowbrook, IL

BACKGROUND

At a Regular Meeting of the Board of the TFPD on August 20, 2014 a motion was made to deem the property as surplus (including all equipment and building).

On November 17, 2014, the Trustees adopted a Resolution Authorizing the Sale of Certain District Property. The Resolution stated that “it is the opinion of the Trustees of the District that the Real Estate has become unnecessary for the uses of the District and that it is in the best interests of the District to sell the Real Estate.”

Offers were to be received no later than January 20, 2015 and were to be not less than 80% of the appraised value of the real estate. Minimum sales price was to be \$312,000 based upon a MAI certified appraisal dated October 31, 2014 that valued the property at \$390,000.

It appears from the Escrow Trust Disbursement statement between TFPD and HAC Holdings, LLC (Hinsdale Animal Cemetery Inc.) that the transaction closed on February 23, 2015, with a total purchase price of \$330,000.

RECOMMENDATION

Based on the documents provided to PM in this matter, it appears that the Board followed established protocol in the sale. It may be advisable for the Board to review its policies regard the sale of major assets associated with the District, as well as the protocol leading up to and effectuating the disposition of assets.

B. Roof Repairs

BACKGROUND

It was discovered that there was damage to the roof of the station (see A. above) and that repairs would need to be implemented in order to sell the station.

A proposal dated November 20, 2014 was presented to TFPD by MI Construction and Roofing (a company owned and operated by former Chief Jack Mancione). This company is also associated with another Mancione run company – Werk Management (a full service community association property manager).

MI Construction and Roofing is located in Woodridge, IL. Its website utilizes an internet address of “Mancioneinc.com”. Total Cost of the proposal was \$6,710.

The company’s CEO is Lisa Luna. Ms. Luna is noted as a “maintenance supervisor” for Werk Management. She is not listed on the MI Construction and Roofing website.

A \$9,000 credit was given by TFPD to HAC Holdings, LLC at the closing of the transaction.

It appears that the representative of HAC Holdings LLC (Bill Remkus) and Chief Mancione continued to communicate with regard to the roof repairs well beyond the sale date. In fact, on March 17, 2015, Bill Remkus contacted Chief Mancione with regard to meeting to talk about the roof repairs.

Chief Mancione responded to Bill Remkus that same day utilizing a TFPD email account and utilizing a signature as follows:

Field Response:
Jack L. Mancione
CEO, CPM, GC
Chief Administrative Officer

RECOMMENDATION

The Board should review its policy regarding conflicts of interest and appropriate non-TFPD employment. A policy should be revised and/or developed to ensure that no conflicts of interest and/or personal relationships/transactions are allowed to bring District business into question.

PM received Rules and Regulations adopted by TFPD on December 8, 1986 (and became operational on January 10, 1987). Of particular note were the following sections:

Section IV. Rules of Conduct Section 2 – Loyalty, states “Members and staff and other employees shall maintain a loyalty to the District and to their associates that is consistent with the law, personal ethics and the best interests of the District.”

TFPD’s Rules and Regulations Section IV. Rules of Conduct Section 10 – Prohibited activity on duty, Subsection B. states in part, “Members and staff and other employees are prohibited from engaging in the following activities while on duty, with the exception as noted.” “B. Conducting private business.”

A Departmental Memorandum, dated June 14, 1995, from Assistant Chief Krohse to All Personnel titled “Secondary Employment” states in part, “Secondary employment shall be in accordance with the Rules and Regulations, General Orders, Directives and Ordinances of the District. Secondary employment must not (a) result in a conflict of interest or bring the District into disrepute, (b) result in outside work during an employee’s shift, (c) involve the use of District equipment or supplies, or (d) infringe on the ability to do one’s job for the District.”

Additionally, “No employee shall be employed in any other business, position or occupation that interferes in any way with his/her position in the District or the full and proper performance of their duties.”

C. Contract with Public Safety Services, Inc. (“PSSI”)

BACKGROUND

Based upon the documents that were provided to PM, the Agreement To Provide Paramedical Personnel between TFPD and PSSI was originated on February 22, 2011. Subsequent amendments to the agreement took place in 2012, 2013, and 2015. See Exhibit D for a history of amounts by annual contract period.

At a regular meeting of the Board on April 20, 2015, a motion was made to accept an extension of the current PSSI contract through May 31, 2018. The motion was approved by all Trustees (Gibbons, Orrico and Strenzel). The administrative evaluations were to be discussed in Closed Session.

A Special Meeting of the Board of Trustees was had on April 27, 2015, whereby the Trustees were to ratify the Third Amendment to the Agreement between TFPD and PSSI.

RECOMMENDATION

A major contract (over \$1 million) was brought up as new business on April 20, 2015, and was ratified one week later at a Special Meeting of the Board of Trustees.

In accordance with the TFPD Purchasing Policy (See Exhibits A & B), the Board would appear to have been obligated to seek competitive bids for such a major service to the District.

TFPD should revisit their Rules and Regulations to ensure that major contracts cannot be pushed through the Board without established protocol.

D. Purchase of new ambulances

BACKGROUND

TFPD issued a Request for Proposal for the purchase of “2 – Type 1 Ambulances”. The due date was September 19, 2014.

TFPD received quotes from three responsive vendors: Foster Coach Sales, Inc. (“Foster”); Fire Service Inc. (“FSI”); and Alexis Fire Equipment Company (“Alexis”).

<u>Vendor</u>	<u>Date</u>	Amount Ambulance <u>#1</u>	Ambulance <u>#2</u>	<u>Total</u>	<u>Less</u>	Adjusted <u>Total</u>
Foster	7/29/2014	\$181,149	\$181,149	\$362,298		\$362,298
Alexis	9/19/2014	\$163,935	\$163,935	\$327,870	\$4,000 (A)	\$323,870
FSI	9/29/2014	\$189,497	\$192,862	\$382,359	\$17,000 (B)	\$365,359

(A) - discount for buying two ambulances
(B) - trade in values on old ambulances

Although FSI submitted the highest initial bid to the RFP, TFPD ultimately chose FSI to provide the ambulances. FSI subsequently lowered its price (taking out of consideration the Stryker Power Loader) to a level similar to Alexis. Additionally, TFPD purchased a used ambulance from FSI (approximately \$170,000) without a competitive bidding or RFP process.

Chief Mancione dealt primarily with Jeff LeBeda at FSI. However, it is known that TFPD Trustee Michael Orrico was an employee of FSI during this time period.

TFPD accepted the proposal of FSI and received a final invoice (for one ambulance) via email on November 14, 2014. Addenda to the September 29, 2014, contract were dated December 12, 2014.

On January 8, 2015, Jeff LeBeda at FSI communicated to Chief Mancione that he was speaking with Trustee Orrico regarding changes that needed to be made to one of the ambulances.

The price and specifications on the acquired ambulances changed several times during the process.

However, what did not change during this time was the fact that Trustee Orrico (an employee of FSI) filed State of Economic Interests forms with the County of DuPage that declared (from 2010-2015) that he had no conflicts of interest with his duties to TFPD. It should also be noted that Trustee Orrico appears to not have disclosed his affiliation with FSI during any TFPD board meetings in which he participated.

A review of the FSI website lists Jeff LeBeda as the Illinois sales manager and Mike Orrico as an Illinois sales representative (as of June 1, 2016).

RECOMMENDATION

The Board should review its policy regarding conflicts of interest and appropriate non-TFPD employment. A policy should be revised and/or developed to ensure that no conflicts of interest and/or personal relationships/transactions are allowed to bring District business into question.

PM received Rules and Regulations adopted by TFPD on December 8, 1986 (and became operational on January 10, 1987). Of particular note were the following sections:

Section IV. Rules of Conduct Section 2 – Loyalty, states “Members and staff and other employees shall maintain a loyalty to the District and to their associates that is consistent with the law, personal ethics and the best interests of the District.”

TFPD’s Rules and Regulations Section IV. Rules of Conduct Section 10 – Prohibited activity on duty, Subsection B. states in part, “Members and staff and other employees are prohibited from engaging in the following activities while on duty, with the exception as noted.” “B. Conducting private business.”

A Departmental Memorandum dated June 14, 1995, from Assistant Chief Krohse to All Personnel titled “Secondary Employment” states in part, “Secondary employment shall be in accordance with the Rules and Regulations, General Orders, Directives and Ordinances of the District. Secondary employment must not (a) result in a conflict of interest or bring the District into disrepute, (b) result in outside work during an employee’s shift, (c) involve the use of District equipment or supplies, or (d) infringe on the ability to do one’s job for the District.”

Additionally, “No employee shall be employed in any other business, position or occupation that interferes in any way with his/her position in the District or the full and proper performance of their duties.”

E. Purchase of New Truck for Department

BACKGROUND

On October 22, 2015, Deputy Chief Just sought guidance from the Trustees for the purchase of a new truck from Packey Webb Ford in Downers Grove. The price of the vehicle was in excess of \$32,000.

Although Deputy Chief Just indicated that ten (10) RFPs were sent out and four (4) were returned, he did not indicate what the non-winning bids showed and if proper protocol was followed pursuant to the TFPD Purchasing Policy (i.e. advertising requirements, bid requirements, and exceptions, if any).

It appears that the purchase was not approved by the Board.

RECOMMENDATION

The Board should consider revising the protocol set out in its Purchasing Policy (see Exhibits A & B) to make clear the documentation required and the information that will be shared with the Board and participants in Board meetings.

F. Resignation of Deborah Gergits

BACKGROUND

Deborah Gergits notified the Trustees on January 21, 2015, of her resignation from the District. She also made a number of requests with regard to payouts she would like to receive.

It is PM's understanding that negotiations are taking place between the District and counsel for Ms. Gergits regarding her demands.

RECOMMENDATION

The Board should review its policy with regard to employee benefits that may dictate a payout to departing employees. A consistently applied set of rules should be available that allows the District to easily determine the proper protocol for benefits that may be due and owing to departing employees.

For example, a Departmental Memorandum, dated January 6, 1989, from Chief Mariotti to Yvonne Dempsey, Business Manager, titled "Benefits," states on page 2, "If a full time employee resigns in good standing prior to retirement and has completed five or more continuous years of employment all unused medical leave will be granted with time off or salary at one hour for every unused day."

G. Board Issues

BACKGROUND

Per the January 21, 2013 minutes, Trustee Strenzel stated she would be sending a letter to the State Records Department to get permission to destroy tapes of past Trustee Closed Session meetings. She indicated that they were following the process to destroy tapes per the latest Open Meetings Act changes.

RECOMMENDATION

To the extent that former Trustee Strenzel received permission and carried out the effort of destroying tapes, PM would recommend that the Board inventory and transcribe all available media that is currently on hand with the District.

Additionally, PM would recommend that the Board draft and adopt policies to provide guidance as to present and future handling of media which relates to Trustee Closed Session meetings.

H. Conflicts of Interest - Gergits

BACKGROUND

The October 20, 2014, minutes address the “Deputy Chief Job Descriptions”. Specifically, “Trustee Strenzel questioned if there were conflicts of interest with Deputy Chief Gergits handling ambulance billing/paramedic contract and Finance Director Gergits. The Chief stated there are no conflicts of interest with current employees and their responsibilities.”

Of note is that there are no rules and regulations noted as the foundation for this answer. It appears that the Chief simply made a statement absolving a potential conflict and moved on to the next topic.

RECOMMENDATION

The Board should review and/or draft a policy with regard to nepotism in order to ensure that no favoritism can be inferred by the employment of immediate family, relatives, and/or acquaintances in the District.

I. Board Packet

BACKGROUND

Trustee Habercoss stated that the financial package presented to the Board by the accountants varies in content from month to month.

RECOMMENDATION

PM recommends that the Trustees individually develop a list of what they prefer in the monthly package.

In our experience and based on our review of the Board packages that were provided to us, we would expect to see, at a minimum the following items:

- Treasurer’s Report – Cash Summary
- Bank Accounts – Summary Data (Beginning Balance, Deposits, Disbursements, Ending Balance) and detail of selected Deposits and Disbursements, as required.
- Monthly Check Register
- Detail of accounting adjustments and allocations by TFPD and its independent accountants.
- Budget to Actual for variances greater than 5% and for significant accounts.

J. Inventory of Information Technology and Electronic Media

BACKGROUND

PM is not aware of an inventory which lists the acquisition date, cost, serial numbers, descriptions and/or disposition of assets such as computers, printers, cellular/smart phones, monitors, iPads, portable storage devices, recording devices and other peripherals at the District.

RECOMMENDATION

It is incumbent on the Board to obtain any current list or develop a list (to the extent a list has not been prepared) and verify the existence and/or disposition of all District assets as described above. A policy should be drafted to guide the District as to acquisition, maintenance, and disposition of all information technology and electronic media.

K. Document Inventory

BACKGROUND

Trustee Habercoss indicated that archived and other District files are retained in a downstairs office at the District. It does not appear that there is an inventory of the documents in those files.

RECOMMENDATION

It is incumbent on the Board to obtain any current list or develop a list (to the extent a list has not been prepared). A policy should be drafted to guide the District as to how documents should be retained and destroyed.

L. Financial Statements

BACKGROUND

PM was provided with several years of financial data (2010-2015) for the General Fund and the Ambulance Fund. The General Fund has reported a deficit fund balance each year since fiscal 2012. (See Exhibit E)

The Ambulance Fund has reported a positive fund balance in each fiscal year. (See Exhibit F)

RECOMMENDATION

The Board should consider how to eliminate ongoing General Fund deficits by either identifying new sources of revenue or determining where reductions to expenditures can be made on a prospective basis.

While the District's balance sheets appear strong, the Board should consider enhanced budget reviews on a prospective basis to identify areas of growth and decline. It appears that there could be potential for cost savings in areas such as insurance and legal services.

We would be pleased to update these findings, upon request, should additional information become available.

Very truly yours,

PLANTE & MORAN, PLLC

A handwritten signature in black ink that reads "Martin W. Terpstra". The signature is written in a cursive style with a large initial 'M'.

Martin Terpstra, CPA, CFE

TRI-STATE FIRE PROTECTION DISTRICT
PURCHASING POLICY

A. Bidding Process

Except for the types of contracts set forth in Section B of this Policy, all contracts for supplies, materials, or work involving an expenditure in excess of \$20,000.00 ("Bid Contracts") shall be subject to the provisions set forth in this Section A.

1. **Advertisement Requirements.** The Chief, or the Chief's designee, shall cause the publication of an advertisement regarding the District's intention to award a Bid Contract. The advertisement shall be published at least ten days, excluding Sundays and legal holidays, before the date announced for receiving bids in a secular English language daily newspaper of general circulation throughout the District.

The advertisement shall describe the proposed contract or agreement in sufficient detail to enable the bidders to know what their obligations will be, either in the advertisement itself, or by reference to detailed plans and specifications on file with the district at the time of the first published advertisement.

The advertisement will state the date, time and location for the public bid opening. In addition, each bidder will receive at least three days' notice of the time and place of the bid opening.

2. **Bid Requirements.** All bids must be sealed by the bidder and shall be opened by the Chief or the Chief's designee at a public bid opening. At the bid opening, the Chief, or the Chief's designee, will publicly announce the contents of each bid. No bids shall be received subsequent to the time indicated in the advertisement.
3. **Award.** After the bid opening, the Trustees, in the sole discretion, may reject all bids or award a contract to the lowest responsible bidder. In determining whether a bidder is responsible, the Trustee may consider the following factors:

- Conformity with the District's specifications;
- Terms of delivery;
- Quality; and
- Serviceability requirements

B. Exceptions to the Bidding Process

The District is not required to follow the procedures set forth in Section A of this Policy for (i) contracts for supplies, materials, or work involving an expenditure of \$20,000.00 or less or (ii) contracts by their nature that are not adapted to award by competitive bidding, which include, but are not limited to, the following:

1. Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part.
2. Contracts for the printing of finance committee reports and departmental reports.
3. Contracts for the printing or engraving of bonds, tax warrants, and other evidences of indebtedness.
4. Contracts for the maintenance or servicing of, or provision of repair parts for, equipment which is made with the manufacturer or authorized service agent of that equipment where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent, or which involve proprietary parts or technology not otherwise available.
5. Purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software and services.
6. Contracts for duplicating machines and supplies.
7. Contracts for utility services such as water, light, heat, telephone or telegraph.
8. Contracts for goods or services procured from another governmental agency.
9. Purchases of equipment previously owned by some entity other than the District itself.
10. Contracts for goods or services which are economically procurable from only one source, such as for the purchase of magazines, books, periodicals, pamphlets, reports and online subscriptions.
11. Contracts for emergency expenditures, so long as such emergency expenditures are approved by a vote of $\frac{3}{4}$ of the members of the Trustees.
12. Contracts exempted from bidding requirements as provided in Section 11k of the Fire Protection District Act, 70 ILCS 705/11k.

C. Award of Contracts not subject to Bid

If a contract is not subject to the requirements contained in Section A of this policy, the Chief, or the Chief's designee, shall have sole discretion in determining the manner in which contract proposals will be obtained. The Chief or the Chief's designee shall also have the authority to award and sign contracts for supplies, materials, or work involving an expenditure of \$20,000.00 or less if the contract is contemplated in the District's current budget. Contracts otherwise exempt from the bidding that are not contemplated in the District's current budget, or exceed \$20,000.00, shall be subject to approval by the Trustees.

Any actions taken by the chief, the chief's designee, or the Trustees under this Section C, shall be subject to Federal and State laws and District policies, procedures and orders.

ADOPTED 17, November, 2014, by the affirmative vote of the Trustees on the following roll call vote:

YES: 2

NO: 0

ABSENT: 1

Michael L. Orrico, Treasurer

ATTEST:

Jill K. Strenzel

TRI-STATE FIRE PROTECTION DISTRICT

PURCHASING POLICY

A. Bidding Process

Except for the types of contracts set forth in Section B of this Policy, all contracts for supplies, materials, or work involving an expenditure in excess of \$20,000.00 ("Bid Contracts") shall be subject to the provisions set for in this Section A.

1. **Advertisement Requirements.** The Chief, or the Chief's designee, *after securing authorization from the Board of Trustees*, shall cause the publication of an advertisement regarding the District's intention to award a Bid Contract. The advertisement shall be published at least ten days, excluding Sundays and legal holidays, before the date announced for receiving bids in a secular English language daily newspaper of general circulation throughout the District.

The advertisement shall describe the proposed contract or agreement in sufficient detail to enable the bidders to know what their obligations will be, either in the advertisement itself, or by reference to detailed plans and specifications on file with the district at the time of the first published advertisement.

The advertisement will state the date, time and location for the public bid opening. In addition, each bidder will receive at least three days' notice of the time and place of the bid opening.

2. **Bid Requirements.** All bids must be sealed by the bidder and shall be opened by the Chief or the Chief's designee at a public bid opening. At the bid opening, the Chief, or the Chief's designee, will publicly announce the contents of each bid. No bids shall be received subsequent to the time indicated in the advertisement.
3. **Award.** After the bid opening, the Trustees, in the sole discretion, may reject all bids or award a contract to the lowest responsible bidder. In determining whether a bidder is responsible, the ~~Trustee~~ *Trustees* may consider the following factors:
 - Conformity with the District's specifications;
 - Terms of delivery;
 - Quality; and
 - Serviceability requirements

B. Exceptions to the Bidding Process

The Chief, or the Chief's designee, with authorization from the Board of Trustees, in the sole discretion, District is are not required to follow the procedures set forth in Section A of this Policy for

- (i) contracts for supplies, materials, or work involving an expenditure of \$20,000.00 or less or
- (ii) contracts by their nature that are not adapted to award by competitive bidding, which include, but are not limited to, the following:

1. Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part.
2. Contracts for the printing of finance committee reports and departmental reports.
3. Contracts for the printing or engraving of bonds, tax warrants, and other evidences of indebtedness.
4. Contracts for the maintenance or servicing of, or provision of repair parts for, equipment which is made with the manufacturer or authorized service agent of that equipment where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent, or which involve proprietary parts or technology not otherwise available.
5. Purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software and services.
6. Contracts for duplicating machines and supplies.
7. Contracts for utility services such as water, light, heat, telephone or telegraph.
8. Contracts for goods or services procured from another governmental agency.
9. Purchases of equipment previously owned by some entity other than the District itself.
10. Contracts for goods or services which are economically procurable from only one source, such as for the purchase of magazines, books, periodicals, pamphlets, reports and online subscriptions.
11. Contracts for emergency expenditures, so long as such emergency expenditures are approved by a vote of $\frac{3}{4}$ of the members of the Trustees.
12. Contracts exempted from bidding requirements as provided in Section 11k of the Fire Protection District Act, 70 ILCS 705/11k.

C. Award of Contracts not subject to Bid

If a contract is not subject to the requirements contained in Section A of this policy, the Chief, or the Chief's designee, shall have sole discretion in determining the manner in which contract proposals will be obtained. The Chief or the Chief's designee shall also have the authority to award and sign contracts for supplies, materials, or work involving an expenditure of \$20,000.00 or less if the contract is contemplated in the District's current budget. Contracts otherwise exempt from the bidding that are not contemplated in the District's current budget, or exceed \$20,000.00, shall be subject to approval by the Trustees.

Any actions taken by the chief, the chief's designee, or the Trustees under this Section C, shall be subject to Federal and State laws and District policies, procedures and orders.

HARRIS BANK
PAYMENT CENTER
P.O. BOX 71878
CHICAGO

IL 60694-1878

DELIVER TO:
TRI-STATE FIRE PROTECTION
419 PLAINFIELD ROAD
DARIEN IL 60561
PHONE: 630-323-6445 FAX: 630-654-6450

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P U R C H A S E O R D E R

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P.O. NUMBER: 20150208
P.O. DATE: 09/09/2014
P.O. AMT: \$328.79
VENDOR NUMBER: HA040
REQ. NUMBER: 80003870

ATTENTION:
EGERGITS

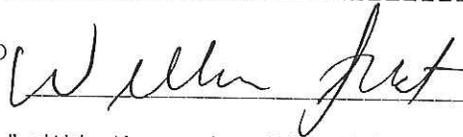
DESCRIPTION	ACCOUNT #	HOURS/QTY	COST/UNIT	AMOUNT
HILIPS FR2/FR2AED BATTERIES	02-50-00-6210	2.00000	161.0000	322.00
HIPPING CHARGE	02-50-00-6210	1.00000	6.7900	6.79
URCHASED FROM AMAZON.CO				
N D.GERGITS' DEPT CARD				

=====

\$328.79

REQUESTED
BY: DGERGITS

APPROVED
BY:



DATE: 09/09/14

This contract calls for the construction of a "public work," within the meaning of the Illinois Prevailing Wage Act, 820 ILCS 1/0.01 et seq. ("The Act"). The Act requires contractors and subcontractors to pay laborers, workers, and mechanics performing services on public works projects no less than the "prevailing rate of wages" (hourly cash wages plus fringe benefits) in the county where the work is performed. For information regarding current prevailing wage rates, please refer to the Illinois Department of Labor's website at: <http://www.state.il.us/agency/idol/rates/rates.HTM>. All contractors and subcontractors rendering services under this contract must comply with all requirements of the Act, including but not limited to, all wage, notice and record keeping duties.

PO

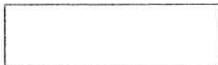
Your Amazon.com order has shipped (#114-3611441-0964213)

Amazon.com [ship-confirm@amazon.com]

Sent: Friday, September 05, 2014 3:16 PM

To: DC Gergits

[Your Orders](#) | [Your Account](#) | [Amazon.com](#)



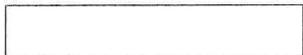
Shipping Confirmation

Order #114-3611441-0964213

Hello Ed gergits,

Thank you for shopping with us. We thought you'd like to know that Battery Beast shipped your items, and that this completes your order. Your order is on its way, and can no longer be changed. If you need to return an item from this shipment or manage other orders, please visit [Your Orders on Amazon.com](#).

Your estimated delivery date is:
Thursday, September 11, 2014 -
Tuesday, September 16, 2014



Your order was sent to:
Tri-state Fire Protection District
C/O Ed Gergits
419 Plainfield Road
Darien, IL 60561
United States

Depending on the ship speed you chose, it may take 24 hours for tracking information to be available in your account.

Shipment Details

2x Replacement Philips FR2 / FR2+ AED Battery **\$322.00**
(Class 9 Battery)
Sold by Battery Beast
Condition: New

Item Subtotal: \$322.00
Shipping & Handling: \$6.79
Total Before Tax: \$328.79
Shipment Total: \$328.79
Paid by Mastercard: \$328.79

Exhibit D
PSSI Agreement

Date	Contract	Annual Contract Period							
		6/1/11- 5/31/12	6/1/12- 5/21/13	6/1/13- 5/31/14	6/1/14- 5/31/15	6/1/15- 5/31/16	6/1/16- 5/31/17	6/1/17- 5/31/18	
2/22/2011	Original	\$ 958,008	\$ 985,790	\$ 1,014,372					
4/23/2012	1st Amendment	\$ 958,008	\$ 970,462	\$ 998,600					
2013	(a) 2nd Amendment			\$ 960,462	\$ 995,960	\$ 1,025,839			
2015	(c) 3rd Amendment				\$ 1,013,274	\$ 1,044,685	\$ 1,077,071	(b)	

Notes:

- (a) - Month and date not denoted on Second Amendment
- (b) - subsequent annual periods provide for the annual payment to be 3.1% over the previous annual payment
- (c) - Month and date not denoted on Third Amendment

Exhibit E						Confidential
Schedules of Revenue, Expenditures & Changes in Fund Balance - General Fund						
	2015	2014	2013	2012	2011	2010
Revenues:						
Property taxes	\$ 6,347,131	\$ 6,270,197	\$ 6,080,152	\$ 5,374,016	\$ 5,224,603	\$ 5,128,087
Charges for services	\$ 407,118	\$ 419,744	\$ 96,985	\$ 53,110	\$ 42,537	\$ 37,839
Grants	\$ 19,921	\$ 11,242	\$ 49,320	\$ 20,300	\$ 17,600	\$ 45,550
Interest income	\$ 2,222	\$ 2,946	\$ 5,220	\$ 3,955	\$ 9,477	\$ 9,236
Intergovernmental	\$ 88,192	\$ 135,114	\$ 112,703	\$ 56,311	\$ 63,847	\$ 12,925
Personal property replacement taxes	\$ 65,378	\$ 62,462	\$ 59,600	\$ 15,436	\$ 15,404	\$ 51,757
Other revenues	\$ 55,835	\$ 24,944	\$ 31,749	\$ 49,650	\$ 96,246	\$ 49,169
TOTAL REVENUES	\$ 6,985,797	\$ 6,926,649	\$ 6,435,729	\$ 5,572,778	\$ 5,469,714	\$ 5,334,563
Expenditures:						
Current						
<i>Personnel:</i>						
Compensation	\$ 3,340,975	\$ 3,348,372	\$ 3,482,243	\$ 3,600,652	\$ 3,168,539	\$ 3,083,326
Education and seminars	\$ 1,019	\$ 943	\$ 3,181	\$ 3,984	\$ 5,224	\$ 4,336
Employee benefits	\$ 701,247	\$ 713,025	\$ 691,853	\$ 710,589	\$ 717,471	\$ 683,689
<i>Commodities:</i>						
Fire training and education	\$ 10,461	\$ 9,564	\$ 8,890	\$ 13,505	\$ 11,441	\$ 10,235
Heat, light, power and telephone	\$ 84,125	\$ 82,302	\$ 107,296	\$ 124,526	\$ 100,969	\$ 72,658
Operational supplies	\$ 29,553	\$ 25,271	\$ 27,450	\$ 75,256	\$ 41,604	\$ 37,922
Postage and printing	\$ 1,512	\$ 1,139	\$ 1,076	\$ 1,616	\$ 1,157	\$ 933
Protective clothing	\$ 36,021	\$ 19,360	\$ 8,092	\$ 23,760	\$ 32,200	\$ 29,478
Repairs and maintenance	\$ 98,885	\$ 59,204	\$ 46,519	\$ 55,609	\$ 43,164	\$ 53,993
Testing	\$ 21,509	\$ 25,207	\$ 6,453	\$ 21,442	\$ 40,826	\$ 11,161
Vehicle costs	\$ 67,046	\$ 67,163	\$ 60,485	\$ 69,958	\$ 54,732	\$ 46,976
<i>Contractual:</i>						
Assessment notices	\$ 1,337	\$ 890	\$ 915	\$ 841	\$ 1,133	\$ 760
Insurance	\$ 2,499,933	\$ 1,976,839	\$ 1,875,225	\$ 1,211,897	\$ 1,065,623	\$ 1,465,273
Professional services	\$ 148,090	\$ 169,918	\$ 73,046	\$ 72,002	\$ 16,108	\$ 13,460
<i>Other</i>	\$ 20,949	\$ 12,513	\$ 13,807	\$ 63,643	\$ 73,703	\$ 70,210
Capital outlay	\$ 126,101	\$ 55,513	\$ 260,665	\$ 189,102	\$ 800,502	\$ 55,170
Debt Service:						
Principal			\$ 70,249	\$ 78,564	\$ 75,505	\$ 72,573
Interest			\$ 1,323	\$ 4,504	\$ 7,564	\$ 10,496
TOTAL EXPENDITURES	\$ 7,188,763	\$ 6,567,223	\$ 6,738,768	\$ 6,321,450	\$ 6,257,465	\$ 5,722,649
Excess (deficiency) of revenues over expenditures	\$ (202,946)	\$ 359,426	\$ (303,039)	\$ (748,672)	\$ (787,751)	\$ (421,423)
Other financing sources						
Proceeds from sale of capital asset	\$ 166,254	\$ 5,614	\$ 20,200			
Net change in fund balances (deficits)	\$ (36,692)	\$ 365,040	\$ (282,839)			
Fund balances (deficits) at beginning of year	\$ (83,981)	\$ (449,021)	\$ (166,182)	\$ 582,490	\$ 1,370,241	\$ (4,654,272)
Fund balances (deficits) at end of year	\$ (120,673)	\$ (83,981)	\$ (449,021)	\$ (166,182)	\$ 582,490	\$ 5,075,695

Exhibit F						Confidential
Schedules of Revenue, Expenditures & Changes in Fund Balance - Ambulance Fund						
	2015	2014	2013	2012	2011	2010
Revenues						
Property taxes	3,467,549	3,265,404	3,168,404	3,681,287	3,583,589	3,591,231
Charges for services	1,402,277	1,032,581	794,987	993,018	933,746	560,676
Interest income	287	340	954	1,236	1,525	1,486
Other income	30,644	-	-	-	4,068	-
Grants	20,803	23,669	28,618	-	-	-
Total revenues	4,921,560	4,321,994	3,992,963	4,675,541	4,522,928	4,153,393
Expenditures						
Current						
Personnel:						
Compensation	2,256,083	2,291,245	2,283,124	2,578,692	2,189,389	2,145,539
Paramedic services	995,960	960,462	970,462	958,008	939,741	907,288
Employee benefits	3,121	2,896	3,516	29,429	38,853	37,709
Commodities						
Fire training and education	8,344	6,824	7,224	11,576	7,962	11,420
Heat, light, power and telephone	84,124	82,301	107,296	124,525	101,165	72,703
Operational supplies	24,349	24,519	21,033	45,813	33,152	31,855
Postage and printing	1,423	1,139	1,076	1,344	1,157	933
Protective clothing	25,761	13,385	4,974	16,106	21,661	14,577
Repairs and maintenance	72,408	51,464	39,636	54,110	43,673	60,288
Testing	8,835	9,373	8,125	5,530	5,072	4,907
Vehicle costs	67,049	54,705	59,205	62,846	57,730	42,526
Contractual:						
Assessment notices	1,337	890	915	841	1,133	768
Professional services	206,304	222,278	71,973	71,652	16,111	13,460
Other	18,033	3,706	2,407	4,074	2,231	1,814
Capital outlay	535,162	80,609	234,780	180,377	532,417	59,656
Total expenditures	4,308,293	3,805,796	3,815,746	4,144,923	3,991,447	3,405,443
Excess (deficiency) of revenues over expenditures	613,267	516,198	177,217	530,618	531,481	747,950
Other financing sources:						
Proceeds from sale of capital asset	243,686	-	-	-	-	-
Net change in fund balances	856,953	516,198	-	-	-	-
Fund balances at beginning of year	3,829,490	3,313,292	3,136,075	2,605,457	2,073,976	1,326,026
Fund balances at end of year	4,686,443	3,829,490	3,313,292	3,136,075	2,605,457	2,073,976