

Presented at the June 28, 2018
Board Meeting

**O'FALLON FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017**

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SPINNER & KUMMER, P. C.
CERTIFIED PUBLIC ACCOUNTANTS
50 CRESTWOOD EXECUTIVE CENTER ~ SUITE 400
(WATSON & SAPPINGTON)
ST. LOUIS, MISSOURI 63126

FOUNDED 1928
BY
FELIX G. KRAFT, C.P.A.

GREGORY J. SPINNER, C.P.A.
BRUCE D. KUMMER, C.P.A.

(314) 842-1120
FAX: (314) 842-0921

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MISSOURI SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
O'Fallon Fire Protection District
111 Laura K Drive
O'Fallon, Missouri 63366-3990

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

O'FALLON FIRE PROTECTION DISTRICT

as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1(C); this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of O'Fallon Fire Protection District, as of December 31, 2017, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1(C).

Basis of Accounting

We draw attention to Note 1(C) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise O'Fallon Fire Protection District's basic financial statements. The management's discussion and analysis and budgetary comparison information, as stated in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

 , P. C.

Certified Public Accountants

St. Louis, Missouri

May 23, 2018

BK/cp

MANAGEMENT'S DISCUSSION AND ANALYSIS

An objective and easily readable analysis of the District's financial activities. The Management's Discussion and Analysis presents an analytical overview of both short-term and long-term financial information.

O'FALLON FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS **YEAR ENDED DECEMBER 31, 2017**

The discussion and analysis of the O'Fallon Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2017, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2017 are as follows:

- The net position for the Governmental Activities decreased by \$1,546,085.
- Governmental Activities revenue was \$10,051,795.
- Property taxes represented \$9,780,157 of the Governmental Activities revenue total or 97%.
- Expenses for the Governmental Activities were \$10,069,880.
- Governmental Activities transferred \$1,528,000 to the OPEB Trust Fund.

USING THIS ANNUAL FINANCIAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's modified cash basis of accounting.

Report Components

This annual report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities provide information about the activities of the District government-wide (or "as a whole") and present a longer-term view of the District's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the District's government. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant ("major") funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Other Information: This Management Discussion and Analysis and the Budgetary Comparison Schedules represent other financial information presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The District has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the District's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities. Property taxes are recognized when collected after the year of assessment. Those revenues collected before that time are deferred until the following year.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (*such as accounts receivable and revenue for billed or provided services not yet collected*) and certain liabilities and their related expenses (*such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities*) **are not recorded** in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the District as a Whole

The District's Reporting Entity Presentation

This annual report includes all activities for which the O'Fallon Fire Protection District is fiscally responsible.

The primary government includes the following legal entity:

- O'Fallon Fire Protection District

The Government-Wide Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the District's net position and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base.

In the Statement of Net Position and the Statement of Activities, we have one kind of activity:

Governmental activities - All of the District's basic services are reported here. Property taxes, permit fees, grants, and investment earnings finance most of the activities.

Reporting the District's Most Significant Funds

The Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District Officials may establish certain other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - All of the District's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund's statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements. The District considers the General Fund, the Special Revenue Fund, the Capital Projects Fund and the Debt Service Fund to be its significant or major governmental funds.

Fiduciary funds - The District uses these funds to account for assets that are held in a trustee capacity such as pension plan assets, assets held per trust agreements and similar arrangements.

A FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - Modified Cash Basis

The District's combined net position, resulting from modified cash basis transactions, decreased from approximately \$6,568,151 to \$5,022,066 between years 2016 and 2017.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>
			<u>2017 - 2016</u>
Current and other assets	\$ 5,716,729.	\$ 5,405,289.	6%
Capital assets	<u>8,910,429.</u>	<u>8,854,437.</u>	1%
Total assets	<u>\$ 14,627,158.</u>	<u>\$ 14,259,726.</u>	3%
Long-term debt outstanding	\$ 9,460,000.	\$ 7,615,000.	24%
Other liabilities	<u>5,929.</u>	<u>8,629.</u>	(31%)
Total liabilities	<u>\$ 9,465,929.</u>	<u>\$ 7,623,629.</u>	24%
Deferred inflows of resources	<u>\$ 139,163.</u>	<u>\$ 67,946.</u>	105%
Net position			
Net investment in capital assets	\$ 960,123.	\$ 1,239,437.	(23%)
Restricted	880,396.	925,151.	(5%)
Unrestricted	<u>3,181,547.</u>	<u>4,403,563.</u>	(28%)
Total net position	<u>\$ 5,022,066.</u>	<u>\$ 6,568,151.</u>	(24%)

Net position of the District's governmental activities decreased to \$5,022,066. However, \$1,840,519 of the net position either is restricted as to the purposes it can be used for or is invested in capital assets (buildings, equipment, vehicles and so on). Consequently, unrestricted net position showed \$3,181,547 at the end of this year. Changes between 2016 and 2017 reflect a decrease in unrestricted net position of 28%.

Changes in Net Position - Modified Cash Basis

For the year ended December 31, 2017, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental Activities</u>		Total Percentage
	<u>2017</u>	<u>2016</u>	<u>Change</u>
			<u>2017 - 2016</u>
<u>Revenues</u>			
Program revenues -			
Permits and fees	\$ 69,925.	\$ 42,192.	66%
Operating grant	24,183.	0.	-
General revenues -			
Taxes	9,780,157.	9,404,477.	4%
Investment earnings	51,535.	39,398.	31%
Gain / (loss) on sale or exchange of assets	40,000.	(43,054.)	-
Miscellaneous revenue	1,192.	8,821.	(86%)
Premium from issuance of debt obligations	84,803.	0.	-
Total revenues	<u>\$ 10,051,795.</u>	<u>\$ 9,451,834.</u>	6%
<u>Expenses</u>			
Public safety - fire protection	\$ 10,069,880.	\$ 9,511,241.	6%
Transfers	<u>1,528,000.</u>	<u>0.</u>	-
Total expenses	<u>\$ 11,597,880.</u>	<u>\$ 9,511,241.</u>	22%
Increase (decrease) in net position	<u>\$ (1,546,085.)</u>	<u>\$ (59,407.)</u>	2,503%

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed first with revenues from that particular program reported below it. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended December 31, 2017, total expenses and transfers for governmental activities, resulting from modified cash basis transactions, amounted to \$11,597,880. Of these total expenses, taxpayers and other general revenues funded \$11,503,772, while those directly benefiting from the program funded \$94,108 from charges for services and grants.

Net Cost of O'Fallon Fire Protection District's Governmental Activities - Modified Cash Basis

	<u>Total Cost of Services</u>		<u>Percentage</u>	<u>Net Cost of Services</u>		<u>Percentage</u>
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
			<u>2017 - 2016</u>			<u>2017 - 2016</u>
Public safety	\$ 10,069,880.	\$ 9,511,241.	6%	\$ 9,975,772.	\$ 9,469,049.	5%

A FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund reported revenues of \$8,664,004 and expenditures and transfers of \$9,885,295, resulting in a decrease in fund balance of \$1,221,291.

General Fund Budgetary Highlights

Over the course of the year, the Board of Directors revised the General Fund budget at various times.

For the year ended December 31, 2017, General Fund expenditures and transfers were \$202,036 below final appropriations, while actual resources available for appropriation were \$0 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Modified Cash Basis

At December 31, 2017, the District had \$8,910,429 invested in capital assets, net of depreciation, including buildings, equipment and vehicles. This represents a net increase of \$55,992 or 1% above last year.

PRIMARY GOVERNMENT CAPITAL ASSETS - MODIFIED CASH BASIS
(Net of accumulated depreciation)

	<u>Governmental Activities</u>	
	<u>Year Ended</u>	<u>Year Ended</u>
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Land	\$ 1,072,794.	\$ 1,072,794.
Buildings	5,962,747.	5,766,596.
Vehicles	1,548,847.	1,833,734.
Equipment	267,663.	109,869.
Furniture	58,378.	71,444.
	<u> </u>	<u> </u>
TOTAL	\$ 8,910,429.	\$ 8,854,437.

This year's more significant capital asset additions included:

• Building renovations	\$	467,137.
• (4) Monitor / defibrillators	\$	144,349.
• Rescue equipment	\$	44,777.
• Truck modifications	\$	57,530.

Long-Term Debt - Modified Cash Basis

At December 31, 2017, the District had \$9,460,000 in long-term debt arising from modified cash basis transactions, compared to \$7,615,000 at December 31, 2016. This represents an increase of 24%. All of the debt is related to governmental activities.

Primary Government Long-Term Debt - Modified Cash Basis

	<u>Balance at December 31, 2017</u>	<u>Balance at December 31, 2016</u>
General Obligation Bonds - Series 2013	\$ 7,240,000.	\$ 7,615,000.
General Obligation Bonds - Series 2017	<u>2,220,000.</u>	<u>0.</u>
Total	<u>\$ 9,460,000.</u>	<u>\$ 7,615,000.</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the year ending December 31, 2018, the budget is fairly consistent with the December 31, 2017 budget.

On August 17, 2017, the District approved Layneco Construction Services as the general contractor for Station #5 renovation of living quarters with change orders for a total cost of \$566,611.71. In 2017, the District paid \$282,500.54 with the difference of \$284,111.17 paid in 2018. This was paid out of the Capital Projects Fund.

On October 18, 2017, the District approved Layneco Construction Services as the general contractor for Station #1 renovation of living quarters for a total cost of \$58,678.80. In 2017, the District paid \$3,699.93 with the difference of \$54,978.87 paid in 2018. This was paid out of the Capital Projects Fund.

On February 8, 2018, the District approved the addition and renovation of Station #4 for an approximate cost of \$1,500,000.00 and the addition and renovation of Station #3 for approximately \$250,000.00.

On March 22, 2018, the District approved the purchase and installation of electric signs at Stations #1, #3 and #5 for a total cost of \$77,049.00.

On April 12, 2018, the District approved the purchase of a ladder truck for \$1,173,500.00 from Banner Fire Equipment, Inc.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 concerning this report or need additional information, contact Chief Tom Vineyard at 111 Laura K Drive, O'Fallon, Missouri, 63366.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
 - Governmental funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017**

ASSETS

Cash and investments	\$ 3,313,933.68
Restricted assets:	
Cash and investments	2,402,795.52
Capital assets:	
Land	1,072,793.92
Other capital assets, net of accumulated depreciation	<u>7,837,635.55</u>
TOTAL ASSETS	\$ <u>14,627,158.67</u>

LIABILITIES

Payroll withholdings payable	\$ 5,929.31
Long-term liabilities:	
Due within one year	465,000.00
Due in more than one year	<u>8,995,000.00</u>
TOTAL LIABILITIES	\$ <u>9,465,929.31</u>

DEFERRED INFLOWS OF RESOURCES

Deferred tax revenue	\$ <u>139,163.00</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ <u>139,163.00</u>

NET POSITION

Net investment in capital assets	\$ 960,123.05
Restricted for retirement benefits	189,877.21
Restricted for debt service	690,518.44
Unrestricted	<u>3,181,547.66</u>
TOTAL NET POSITION	\$ <u>5,022,066.36</u>

See accompanying notes to the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2017****EXPENSES**

Public safety - fire protection:

Personnel – wages and benefits	\$ 7,724,981.99
Materials, supplies and maintenance	562,328.58
Depreciation	657,801.26
Interest, fees and issue costs	259,862.00
Insurance	441,705.59
Communications - dispatching, telephone and paging	41,435.00
General and administrative	<u>381,765.73</u>

TOTAL PROGRAM EXPENSES \$ 10,069,880.15

PROGRAM REVENUES

Charges for services (permits and fees)	\$ 69,924.62
Operating grant	<u>24,183.60</u>

TOTAL PROGRAM REVENUE \$ 94,108.22

NET PROGRAM EXPENSE \$ 9,975,771.93

GENERAL REVENUES

Property taxes	\$ 9,780,157.03
Investment earnings	51,535.12
Gain/(loss) on sale / disposition of assets	40,000.00
Other revenue	1,192.01
Premium from issuance of debt obligations	84,803.20
Transfer to Fiduciary Fund	<u>(1,528,000.00)</u>

TOTAL GENERAL REVENUES AND TRANSFERS \$ 8,429,687.36

CHANGE IN NET POSITION \$ (1,546,084.57)

NET POSITION - Beginning of year 6,568,150.93

NET POSITION - End of year \$ 5,022,066.36

See accompanying notes to the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and investments	\$ 3,313,933.68	\$	\$	\$	\$ 3,313,933.68
Restricted assets:					
Cash and investments		195,328.26	1,509,693.58	697,773.68	2,402,795.52
Due from other funds	<u>265.26</u>				<u>265.26</u>
TOTAL ASSETS	<u>\$ 3,314,198.94</u>	<u>\$ 195,328.26</u>	<u>\$ 1,509,693.58</u>	<u>\$ 697,773.68</u>	<u>\$ 5,716,994.46</u>
<u>LIABILITIES</u>					
Payroll withholdings payable	\$ 5,929.31	\$	\$	\$	\$ 5,929.31
Due to other funds		133.02		132.24	265.26
TOTAL LIABILITIES	<u>\$ 5,929.31</u>	<u>\$ 133.02</u>	<u>\$ 0.00</u>	<u>\$ 132.24</u>	<u>\$ 6,194.57</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred tax revenue	\$ 125,998.00	\$ 6,042.00	\$	\$ 7,123.00	\$ 139,163.00
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 125,998.00</u>	<u>\$ 6,042.00</u>	<u>\$ 0.00</u>	<u>\$ 7,123.00</u>	<u>\$ 139,163.00</u>
<u>FUND BALANCES</u>					
Restricted for retirement benefits	\$ 723.97	\$ 189,153.24	\$	\$	\$ 189,877.21
Restricted for capital projects			1,509,693.58		1,509,693.58
Restricted for debt service				690,518.44	690,518.44
Assigned for future appropriations	3,181,547.66				3,181,547.66
Unassigned					
TOTAL FUND BALANCES	<u>\$ 3,182,271.63</u>	<u>\$ 189,153.24</u>	<u>\$ 1,509,693.58</u>	<u>\$ 690,518.44</u>	<u>\$ 5,571,636.89</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,314,198.94</u>	<u>\$ 195,328.26</u>	<u>\$ 1,509,693.58</u>	<u>\$ 697,773.68</u>	<u>\$ 5,716,994.46</u>

See accompanying notes to the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

RECONCILIATION TO STATEMENT OF NET POSITION

Fund Balances	\$ 5,571,636.89
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Amounts reported for governmental activities in the statement of the net position are different because:

Capital assets used in governmental activities of \$15,006,471.45 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$6,096,041.98.

8,910,429.47

Long-term liabilities of \$9,460,000.00 are not due and payable in the current period and are not reported in the funds.

(9,460,000.00)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 5,022,066.36

See accompanying notes to the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Taxes, penalties and interest	\$ 8,481,392.83	\$ 612,042.87	\$	\$ 686,721.33	\$ 9,780,157.03
Permits and fees	69,924.62				69,924.62
Interest revenue	47,311.21	834.40		3,389.51	51,535.12
Grant revenue	24,183.60				24,183.60
Other revenue	1,192.01				1,192.01
	<u>\$ 8,624,004.27</u>	<u>\$ 612,877.27</u>	<u>\$ 0.00</u>	<u>\$ 690,110.84</u>	<u>\$ 9,926,992.38</u>
TOTAL REVENUES					
<u>EXPENDITURES</u>					
Current:					
General and administration	\$ 8,357,295.34	\$ 694,657.62	\$ 100,263.93	\$	\$ 9,152,216.89
Capital outlay:					
Current expenditures			713,793.68		713,793.68
Debt Service:					
Principal retirement				375,000.00	375,000.00
Interest and fees				208,019.86	208,019.86
	<u>\$ 8,357,295.34</u>	<u>\$ 694,657.62</u>	<u>\$ 814,057.61</u>	<u>\$ 583,019.86</u>	<u>\$ 10,449,030.43</u>
TOTAL EXPENDITURES					
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)</u>	<u>\$ 266,708.93</u>	<u>\$ (81,780.35)</u>	<u>\$ (814,057.61)</u>	<u>\$ 107,090.98</u>	<u>\$ (522,038.05)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from sale of debt obligations	\$	\$	\$ 2,220,000.00	\$	\$ 2,220,000.00
Premium from issuance of debt obligations			84,803.20		84,803.20
Cost of issuance			(51,842.14)		(51,842.14)
Sale of capital assets	40,000.00				40,000.00
Operating transfer	(1,528,000.00)				(1,528,000.00)
	<u>\$ (1,488,000.00)</u>	<u>\$ 0.00</u>	<u>\$ 2,252,961.06</u>	<u>\$ 0.00</u>	<u>\$ 764,961.06</u>
TOTAL OTHER FINANCING SOURCES (USES)					
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$ (1,221,291.07)</u>	<u>\$ (81,780.35)</u>	<u>\$ 1,438,903.45</u>	<u>\$ 107,090.98</u>	<u>\$ 242,923.01</u>
<u>FUND BALANCES - Beginning of year</u>	<u>4,403,562.70</u>	<u>270,933.59</u>	<u>70,790.13</u>	<u>583,427.46</u>	<u>5,328,713.88</u>
<u>FUND BALANCES - End of year</u>	<u>\$ 3,182,271.63</u>	<u>\$ 189,153.24</u>	<u>\$ 1,509,693.58</u>	<u>\$ 690,518.44</u>	<u>\$ 5,571,636.89</u>

See accompanying notes to the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 242,923.01

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense as to allocate
those expenditures over the life of the assets:

Capital asset purchases capitalized	713,793.68
Depreciation expense	(657,801.26)

Proceeds from the sale of debt obligations is revenue in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Net Position.	(2,220,000.00)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>375,000.00</u>
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (1,546,084.57)**

See accompanying notes to the basic financial statements.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Required financial statements for fiduciary funds are the statement of fiduciary net position and the statement of changes in fiduciary net position. Fiduciary fund financial statements should include information about all fiduciary funds. The statements should provide a separate column for pension (and other employee benefits) trust funds, investment trust funds, private-purpose trusts, and agency funds.

O'FALLON FIRE PROTECTION DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2017**

	<u>OPEB Trust</u>	<u>Pension Trust</u>
<u>ASSETS</u>		
Cash and investments (at fair value)	\$ <u>1,557,951.64</u>	\$ <u>12,515,614.10</u>
TOTAL ASSETS	\$ <u>1,557,951.64</u>	\$ <u>12,515,614.10</u>
<u>LIABILITIES</u>		
TOTAL LIABILITIES	\$ <u>0.00</u>	\$ <u>0.00</u>
<u>NET POSITION</u>		
Held in trust for pension benefits and retiree health insurance	\$ <u>1,557,951.64</u>	\$ <u>12,515,614.10</u>
TOTAL NET POSITION	\$ <u>1,557,951.64</u>	\$ <u>12,515,614.10</u>

See accompanying notes to the basic financial statements.

O'FALLON FIRE PROTECTION DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>OPEB Trust</u>	<u>Pension Trust</u>
<u>ADDITIONS</u>		
Contributions:		
Employer	\$ 0.00	\$ 649,123.52
Operating transfer from General Fund	<u>1,528,000.00</u>	<u>0.00</u>
TOTAL CONTRIBUTIONS	<u>\$ 1,528,000.00</u>	<u>\$ 649,123.52</u>
Investments earnings:		
Investment earnings	\$ 26,358.09	\$
Net increase (decrease) in fair market value of investments	<u>38,780.48</u>	<u>1,703,322.06</u>
TOTAL INVESTMENT EARNINGS	<u>\$ 65,138.57</u>	<u>\$ 1,703,322.06</u>
TOTAL ADDITIONS / (SUBTRACTIONS)	<u>\$ 1,593,138.57</u>	<u>\$ 2,352,445.58</u>
<u>DEDUCTIONS</u>		
Retiree insurance paid	\$ 32,570.62	\$ 0.00
Pension benefits paid	0.00	89,646.81
Investment expenses	<u>2,616.31</u>	<u>33,455.10</u>
TOTAL DEDUCTIONS	<u>\$ 35,186.93</u>	<u>\$ 123,101.91</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ 1,557,951.64</u>	<u>\$ 2,229,343.67</u>
<u>NET POSITION</u> – Beginning of year	<u>0.00</u>	<u>10,286,270.43</u>
<u>NET POSITION</u> - End of year	<u>\$ 1,557,951.64</u>	<u>\$ 12,515,614.10</u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

O'FALLON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The District's financial reporting entity is comprised of the following:

Primary Government: O'Fallon Fire Protection District

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements represent the District's governmental activities. Governmental activities generally are financed through taxes, charges for services, grants and investment earnings.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described as follows:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvement of major capital items. The Capital Projects Fund accounts for the proceeds of the general obligation bonds issued by the District.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of general long-term debt principal and interest.

Fiduciary Fund Type

Pension Trust Fund

This fund was established to provide pension benefits for District employees. The principal revenue source for this fund is a tax levy.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item (b) following.

In the fund financial statements, the “current financial resources” measurement focus, as applied to the modified cash basis of accounting, is used.

- a. 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.
- b. Governmental activities utilize an “economic resources” measurement focus in the Statement of Net Position and in the Statement of Activities. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. Property tax revenues are recognized when collected after the year of assessment. Those revenues collected before that time, are deferred until the following year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets

The District’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000.00 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	30 years
- Vehicles	7 years
- Equipment	10 years
- Furniture	10 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

Equity Classification

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balances

The District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The statement is designed to improve financial reporting by establishing fund balance classifications that are easier to understand and apply. GASB 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

Non-spendable – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted – 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 – Amounts constrained to specific purposes by the District itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint. The District's highest level of decision-making authority is the Board of Directors. The formal action that is required to be taken to establish committed fund balances is either by ordinance or resolution.

Assigned – Amounts the District 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 – Amounts that are available for any purpose; these amounts are reported only in the General Fund.

The District's policy is to spend the most restricted resources first before less restricted resources in the following order: Non-spendable (if funds become spendable), restricted, committed, assigned, then unassigned.

The District's fund balance policy was enacted in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The District's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The District also seeks to maintain the highest possible credit ratings which are dependent, in part, on the District's maintenance of a healthy fund balance. The unrestricted fund balances of the General Fund have been accumulating to meet this purpose to provide stability and flexibility in order to respond to unexpected adversity and/or opportunities. The target is to maintain an unrestricted fund balance of not less than 25% of annual operating expenditures in order to provide adequate funding to cover approximately two months of operating expenditures, provide the liquidity necessary to accommodate the District's uneven cash flow, which is inherent in its periodic tax collection schedule, and provide liquidity to respond to contingent liabilities.

E. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. St. Charles County bills, collects and remits the taxes to the District. The District records the revenues from property taxes when they are received, after the year of assessment. Property taxes collected before that time are recorded as deferred revenues.

F. Revenues, Expenditures and Expenses

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has the following program revenues in each activity:

Public Safety

Inspections and permits
Operating grant

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenue and expenses include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

G. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

H. Post - Employment Health Care Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured to the District. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were no participants in the program as of December 31, 2017.

2. CASH AND INVESTMENTS

The District's investment policy allows the District to invest in interest bearing checking accounts, certificates of deposit, repurchase agreements, United States Government Obligations, bonds, notes or other obligations of the State of Missouri, and any other securities or investments that are lawful for the investment of monies held in such funds or accounts under the law of the State of Missouri are appropriate types of investments for its needs.

Depository Account**Bank Balance**

Insured	\$ 4,593,356.96
Collateralized:	
Collateral held by District's agent in the District's name	0.00
Collateral held by pledging bank's trust department in the District's name	1,483,282.43
Collateral held by pledging bank's trust department not in the District's name	0.00
Uninsured and uncollateralized	<u>0.00</u>
Total	<u>\$ 6,076,639.39</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2017, \$0.00 of the District's bank balance of \$6,076,639.39 was exposed to credit risk as follows:

<u>Type of Deposit</u>	<u>Custody Credit Risk Amount</u>
Uninsured and uncollateralized	\$ 0.00
Uninsured and collateralized by pledging bank's trust department not in the District's name	<u>0.00</u>
Total	<u>\$ 0.00</u>

3. RESTRICTED ASSETS

The amount of restricted equity is as follows:

Governmental Activities:

Cash	\$ 2,402,795.52
Less: Deferred inflows of resources	(13,165.00)
Net investment in capital assets	<u>(1,509,234.87)</u>
Net Position - Restricted	<u>\$ 880,395.65</u>

Governmental Funds:**Special Revenue Fund -**

Cash	\$ 195,328.26
Less: Deferred inflows of resources	(6,042.00)
Due to other funds	<u>(133.02)</u>

Fund Balance - Restricted \$ 189,153.24

Capital Projects Fund -

Cash	\$ 1,509,693.58
Less: Liabilities	<u>0.00</u>

Fund Balance - Restricted \$ 1,509,693.58

Debt Service Fund -

Cash	\$ 697,773.68
Less: Deferred inflows of resources	(7,123.00)
Due to other funds	<u>(132.24)</u>

Fund Balance - Restricted \$ 690,518.44

4. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the year ended December 31, 2017 was as follows:

<u>Governmental Activities:</u>	<u>Balance Jan. 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2017</u>
Capital assets not being depreciated:				
Land	\$ 1,072,793.92	\$ 0.00	\$ 0.00	\$ 1,072,793.92
Total capital assets not being depreciated	<u>\$ 1,072,793.92</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,072,793.92</u>
Capital assets being depreciated:				
Buildings	\$ 8,116,360.95	\$ 467,137.32	\$ 0.00	\$ 8,583,498.27
Vehicles	4,504,625.17	57,530.00	154,995.00	4,407,160.17
Equipment	616,348.02	189,126.36	0.00	805,474.38
Furniture	<u>137,544.71</u>	<u>0.00</u>	<u>0.00</u>	<u>137,544.71</u>
Total capital assets being depreciated	<u>\$ 13,374,878.85</u>	<u>\$ 713,793.68</u>	<u>\$ 154,995.00</u>	<u>\$ 13,933,677.53</u>
Less accumulated depreciation:				
Buildings	\$ 2,349,764.64	\$ 270,986.40	\$ 0.00	\$ 2,620,751.04
Vehicles	2,670,891.04	342,416.66	154,995.00	2,858,312.70
Equipment	506,478.72	31,332.88	0.00	537,811.60
Furniture	<u>66,101.32</u>	<u>13,065.32</u>	<u>0.00</u>	<u>79,166.64</u>
Total accumulated depreciation	<u>\$ 5,593,235.72</u>	<u>\$ 657,801.26</u>	<u>\$ 154,995.00</u>	<u>\$ 6,096,041.98</u>
Total capital assets being depreciated, net	<u>\$ 7,781,643.13</u>	<u>\$ 55,992.42</u>	<u>\$ 0.00</u>	<u>\$ 7,837,635.55</u>
Governmental activities capital assets, net	<u>\$ 8,854,437.05</u>	<u>\$ 55,992.42</u>	<u>\$ 0.00</u>	<u>\$ 8,910,429.47</u>

Depreciation expense was charged to the public safety function in the Statement of Activities.

Depreciation expense totaled \$657,801.26 for the year ended December 31, 2017.

5. LONG-TERM DEBT

Governmental Activities

As of December 31, 2017, the long-term debt, arising from cash transactions, payable from the general revenue fund resources consisted of the following:

• General Obligation Bonds, Series 2013, with interest at 2.00% to 2.75%, dated March 13, 2013, final payment due March 1, 2033.	\$ 7,240,000.00
• General Obligation Bonds, Series 2017, with interest at 3.00% to 3.50%, dated March 9, 2017, final payment due March 1, 2037.	<u>2,220,000.00</u>
Total	<u>\$ 9,460,000.00</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

<u>Governmental Activities:</u>	<u>Balance Jan. 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Dec. 31, 2017</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds - Series 2013	\$ 7,615,000.00	\$ 0.00	\$ 375,000.00	\$ 7,240,000.00	\$ 380,000.00
General Obligation Bonds - Series 2017	<u>0.00</u>	<u>2,220,000.00</u>	<u>0.00</u>	<u>2,220,000.00</u>	<u>85,000.00</u>
Total Governmental Activities	<u>\$ 7,615,000.00</u>	<u>\$ 2,220,000.00</u>	<u>\$ 375,000.00</u>	<u>\$ 9,460,000.00</u>	<u>\$ 465,000.00</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of December 31, 2017, are as follows:

General Obligation Bonds - Series 2013

Dated - February 28, 2013

Original amount of issue - \$8,680,000.00

Interest payable - Semi-annually March 1 and September 1 of each year

Bond paying agent - United Missouri Bank

<u>Date</u>	<u>Total Payment</u>	<u>Principal Portion</u>	<u>Interest Rate</u>	<u>Interest Portion</u>	<u>Balance</u>
					\$ 7,240,000.00
03/01/2018	\$ 465,565.00	\$ 380,000.00	2.00%	\$ 85,565.00	6,860,000.00
09/01/2018	81,765.00			81,765.00	
03/01/2019	471,765.00	390,000.00	2.00%	81,765.00	6,470,000.00
09/01/2019	77,865.00			77,865.00	
03/01/2020	477,865.00	400,000.00	2.00%	77,865.00	6,070,000.00
09/01/2020	73,865.00			73,865.00	
03/01/2021	478,865.00	405,000.00	2.00%	73,865.00	5,665,000.00
09/01/2021	69,815.00			69,815.00	
03/01/2022	484,815.00	415,000.00	2.00%	69,815.00	5,250,000.00
09/01/2022	65,665.00			65,665.00	
03/01/2023	490,665.00	425,000.00	2.00%	65,665.00	4,825,000.00
09/01/2023	61,415.00			61,415.00	

03/01/2024	491,415.00	430,000.00	2.25%	61,415.00	4,395,000.00
09/01/2024	56,577.50			56,577.50	
03/01/2025	496,577.50	440,000.00	2.25%	56,577.50	3,955,000.00
09/01/2025	51,627.50			51,627.50	
03/01/2026	501,627.50	450,000.00	2.25%	51,627.50	3,505,000.00
09/01/2026	46,565.00			46,565.00	
03/01/2027	506,565.00	460,000.00	2.30%	46,565.00	3,045,000.00
09/01/2027	41,275.00			41,275.00	
03/01/2028	516,275.00	475,000.00	2.50%	41,275.00	2,570,000.00
09/01/2028	35,337.50			35,337.50	
03/01/2029	520,337.50	485,000.00	2.75%	35,337.50	2,085,000.00
09/01/2029	28,668.75			28,668.75	
03/01/2030	528,668.75	500,000.00	2.75%	28,668.75	1,585,000.00
09/01/2030	21,793.75			21,793.75	
03/01/2031	536,793.75	515,000.00	2.75%	21,793.75	1,070,000.00
09/01/2031	14,712.50			14,712.50	
03/01/2032	544,712.50	530,000.00	2.75%	14,712.50	540,000.00
09/01/2032	7,425.00			7,425.00	
03/01/2033	547,425.00	540,000.00	2.75%	7,425.00	0.00
TOTALS	<u>\$ 8,794,310.00</u>	<u>\$ 7,240,000.00</u>		<u>\$ 1,554,310.00</u>	

General Obligation Bonds - Series 2017

Dated - March 9, 2017

Original amount of issue - \$2,220,000.00

Interest payable - Semi-annually March 1 and September 1 of each year

Bond paying agent - United Missouri Bank

<u>Date</u>	<u>Total Payment</u>	<u>Principal Portion</u>	<u>Interest Rate</u>	<u>Interest Portion</u>	<u>Balance</u>
					\$ 2,220,000.00
03/01/2018	\$ 119,681.25	\$ 85,000.00	3.00%	\$ 34,681.25	2,135,000.00
09/01/2018	33,406.25			33,406.25	
03/01/2019	118,406.25	85,000.00	3.00%	33,406.25	2,050,000.00
09/01/2019	32,131.25			32,131.25	
03/01/2020	122,131.25	90,000.00	3.00%	32,131.25	1,960,000.00
09/01/2020	30,781.25			30,781.25	
03/01/2021	120,781.25	90,000.00	3.00%	30,781.25	1,870,000.00
09/01/2021	29,431.25			29,431.25	
03/01/2022	124,431.25	95,000.00	3.00%	29,431.25	1,775,000.00
09/01/2022	28,006.25			28,006.25	
03/01/2023	123,006.25	95,000.00	3.00%	28,006.25	1,680,000.00
09/01/2023	26,581.25			26,581.25	
03/01/2024	126,581.25	100,000.00	3.00%	26,581.25	1,580,000.00
09/01/2024	25,081.25			25,081.25	
03/01/2025	125,081.25	100,000.00	3.00%	25,081.25	1,480,000.00
09/01/2025	23,581.25			23,581.25	
03/01/2026	128,581.25	105,000.00	3.00%	23,581.25	1,375,000.00
09/01/2026	22,006.25			22,006.25	
03/01/2027	127,006.25	105,000.00	3.00%	22,006.25	1,270,000.00
09/01/2027	20,431.25			20,431.25	
03/01/2028	130,431.25	110,000.00	3.00%	20,431.25	1,160,000.00
09/01/2028	18,781.25			18,781.25	
03/01/2029	133,781.25	115,000.00	3.00%	18,781.25	1,045,000.00
09/01/2029	17,056.25			17,056.25	

03/01/2030	132,056.25	115,000.00	3.00%	17,056.25	930,000.00
09/01/2030	15,331.25			15,331.25	
03/01/2031	135,331.25	120,000.00	3.00%	15,331.25	810,000.00
09/01/2031	13,531.25			13,531.25	
03/01/2032	138,531.25	125,000.00	3.00%	13,531.25	685,000.00
09/01/2032	11,656.25			11,656.25	
03/01/2033	141,656.25	130,000.00	3.25%	11,656.25	555,000.00
09/01/2033	9,543.75			9,543.75	
03/01/2034	144,543.75	135,000.00	3.25%	9,543.75	420,000.00
09/01/2034	7,350.00			7,350.00	
03/01/2035	142,350.00	135,000.00	3.50%	7,350.00	285,000.00
09/01/2035	4,987.50			4,987.50	
03/01/2036	144,987.50	140,000.00	3.50%	4,987.50	145,000.00
09/01/2036	2,537.50			2,537.50	
03/01/2037	<u>147,537.50</u>	<u>145,000.00</u>	3.50%	<u>2,537.50</u>	<u>0.00</u>
TOTALS	<u>\$ 2,999,106.25</u>	<u>\$ 2,220,000.00</u>		<u>\$ 779,106.25</u>	

Interest Expense Allocated By Function

Interest expense, including fiscal agent fees, on long-term debt was charged to functions in the Statement of Activities as follows:

Governmental-Type Activities:

Debt Service Fund \$ 208,019.86

6. PENSION PLANS

A. DEFINED CONTRIBUTION

The District has a defined contribution pension plan, O'Fallon Fire Protection District Money Purchase Plan, which covers all employees who meet the plan's eligibility requirements. All employees who are twenty-one years of age and have completed one year of service are eligible to participate in the plan. Participants are vested 20% after one year of service; 40% after two years; 60% after three years; 80% after four years, and are fully vested after five years of service. The District is required to contribute 10% of eligible employees' annual salary. The District also matches employees 457 plan withholding up to a maximum of \$2,600.00 per employee. These matching funds are contributed to the Money Purchase Plan. The District contributed \$649,123.52 during the year ended December 31, 2017. Forfeitures reduce employer contributions and are allocated to each eligible participant. There were no forfeitures during the year. Employees may not contribute a portion of their salary. The pension payable at year end was \$0.

B. DEFERRED COMPENSATION

Employees of the O'Fallon Fire Protection District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or hardship. The plan assets are held in trust by American United Life Insurance Company.

7. OTHER POST-EMPLOYMENT BENEFITS

The O'Fallon Fire Protection District Post-Retirement Medical Premium Reimbursement Plan reimburses eligible retirees for premium expenses they and their eligible dependents (and under certain circumstances, survivors) incur for medical or health coverage obtained under a policy of medical or health insurance coverage (whether group coverage or individual coverage) after the eligible retiree's retirement.

To be eligible to become a participant, a retiree must satisfy all of the following:

- A. Must have been regular, full-time, common law employee of the District.
- B. Must retire directly from employment with the District after having reached age 55 or leave employment with the District with at least 25 years of service.
- C. Must have at least 15 years of service at retirement.
- D. Must not be eligible for Medicare by reason of having attained the age for Medicare eligibility.

Benefits Provided

<u>Years of Service on Retirement Date</u>	<u>Percentage of Maximum Allowance to Which Retiree is Entitled</u>	<u>Monthly Maximum Allowance</u>
15	50%	\$1,000
16	55%	\$1,100
17	60%	\$1,200
18	65%	\$1,300
19	70%	\$1,400
20	75%	\$1,500
21	80%	\$1,600
22	85%	\$1,700
23	90%	\$1,800
24	95%	\$1,900
25	100%	\$2,000

Contributions

In 2017, the District's General transferred \$1,528,000 to the O'Fallon Fire Protection District OPEB Trust, which funds the retiree medical premium reimbursement program. The District will make periodic contributions to the Trust in order to fund the Plan benefits.

8. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2017 consisted of the following amounts:

<u>Fund</u>	<u>Transfer - in</u>	<u>Transfer - out</u>
General Fund	\$ 0.00	\$ 1,528,000.00
OPEB Trust	1,528,000.00	0.00
Total	\$ 1,528,000.00	\$ 1,528,000.00

Transfer was to initiate the OPEB Trust.

9. 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 is a member of the Volunteer Firemen's Insurance Services (VFIS), which provides liability insurance coverage under one comprehensive plan for all members. The District pays an annual premium to VFIS for its general liability, public officials' errors and omissions, and automobile liability. VFIS is self-sustaining through member premiums and reinsures with commercial companies for excess insurance.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. ASSESSED VALUATION AND TAX LEVY

	<u>2017</u>	<u>2016</u>
Aggregate Assessed Valuation	\$ 1,562,118,490.00	\$ 1,426,203,390.00
	<u>Tax Levy Per \$100.00</u> <u>of Assessed Valuation</u>	<u>Tax Levy Per \$100.00</u> <u>of Assessed Valuation</u>
General Fund	\$.8279	\$.5779
Special Revenue Fund	.0397	.0417
Debt Service Fund	.0468	.0468
	<u>\$.9144</u>	<u>\$.6664</u>
Total taxes assessed	\$ 14,284,011.47	\$ 9,504,219.39
Tax collections (including delinquent taxes)	\$ 139,163.00	\$ 9,712,212.03

The receipts of current and delinquent property taxes during the year ended December 31, 2017 aggregated approximately 1.0% of the 2017 assessed taxes and 102.2% of the 2016 assessed taxes. Taxes collected on the 2017 assessment are considered deferred revenue and will be recognized as revenue in 2018.

11. TAX ABATEMENT AGREEMENTS

The cities/counties served by the District utilize two types of tax abatement programs to attract jobs and industrial investments to their cities/counties. They are Chapter 100 and Chapter 353.

Chapter 100 - At December 31, 2017, the cities/counties served by the District had three Chapter 100 projects. Chapter 100 is a means of using bonds to purchase the building and equipment with the city/county holding title to the property and the company paying a PILOT (payment in lieu of taxes) or a grant to the city/county each year. The cities/counties share a portion of these taxes with the District. At December 31, 2017, \$110,918.39 of the District's share of property taxes were abated through the Chapter 100 program.

Chapter 353 - At December 31, 2017, the cities/counties served by the District had no active Chapter 353 projects. Chapter 353 is taking a blighted piece of property and giving tax abatement for a limited number of years to a company who will improve the property and bring in jobs. At December 31, 2017, \$0.00 of the District's share of the real estate property taxes were abated through the Chapter 353 program.

12. COMMITMENTS

On August 17, 2017, the District approved Layneco Construction Services as the general contractor for Station #5 renovation of living quarters with change orders for a total cost of \$566,611.71. In 2017, the District paid \$282,500.54 with the difference of \$284,111.17 paid in 2018. This was paid out of the Capital Projects Fund.

On October 18, 2017, the District approved Layneco Construction Services as the general contractor for Station #1 renovation of living quarters for a total cost of \$58,678.80. In 2017, the District paid \$3,699.93 with the difference of \$54,978.87 paid in 2018. This was paid out of the Capital Projects Fund.

13. SUBSEQUENT EVENTS

On February 8, 2018, the District approved the addition and renovation of Station #4 for an approximate cost of \$1,500,000.00 and the addition and renovation of Station #3 for approximately \$250,000.00.

On March 22, 2018, the District approved the purchase and installation of electric signs at Stations #1, #3 and #5 for a total cost of \$77,049.00.

On April 12, 2018, the District approved the purchase of a ladder truck for \$1,173,500.00 from Banner Fire Equipment, Inc.

14. DISTRICT OFFICIALS

2017

Director/Chairman

Bill Laughlin

Director/Secretary

Matt Simmons

Director/Treasurer

Matt Gober

Fire Chief

Tom Vineyard

OTHER INFORMATION

Other information includes financial information and disclosures that are presented for purposes of additional analysis but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Modified Cash Basis - General Fund
- Budgetary Comparison Schedule - Modified Cash Basis - Special Revenue Fund
- Budgetary Comparison Schedule - Modified Cash Basis - Capital Projects Fund
- Budgetary Comparison Schedule - Modified Cash Basis - Debt Service Fund
- Notes to Other Information - Budgetary Comparison Schedules

O'FALLON FIRE PROTECTION DISTRICT**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS****GENERAL FUND****YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 4,403,562.70	\$ 4,403,562.70	\$ 4,403,562.70
<u>RESOURCES (inflows):</u>			
Taxes, penalties & interest	8,242,029.00	8,481,393.00	8,481,392.83
Permits & fees	65,000.00	69,925.00	69,924.62
Interest revenue	30,000.00	47,311.00	47,311.21
Grant revenue	0.00	0.00	24,183.60
Sale of assets	30,000.00	40,000.00	40,000.00
Other revenue	500.00	25,375.00	1,192.01
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 12,771,091.70</u>	<u>\$ 13,067,566.70</u>	<u>\$ 13,067,566.97</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current:			
Salaries and wages	\$ 5,691,904.00	\$ 5,691,904.00	\$ 5,658,322.66
Payroll taxes	435,431.00	435,431.00	426,369.09
Health and welfare (employee benefits)	1,044,100.00	1,044,100.00	983,166.72
Vehicle repair and maintenance	106,400.00	162,393.00	162,393.04
Equipment repair and maintenance	43,300.00	43,718.00	43,718.28
Fuel and oil	37,000.00	37,000.00	35,848.81
Education and training	79,200.00	79,200.00	69,993.49
Firefighter supplies and uniforms	120,800.00	120,800.00	114,627.10
Fire prevention	33,200.00	35,394.00	35,393.91
Physicals and background checks	26,800.00	29,647.00	29,646.50
Telephone and internet expense	52,100.00	52,100.00	41,435.00
Volunteer contributions	10,000.00	10,000.00	8,000.00
Building repairs and maintenance	69,700.00	70,084.00	70,083.51
Utilities	63,500.00	63,500.00	52,394.47
Insurance - general	496,700.00	496,700.00	440,476.64
Office supplies	15,350.00	15,625.00	15,624.60
Professional fees	68,000.00	77,872.00	77,872.88
Information systems	26,200.00	26,200.00	24,265.47
Meeting expense	3,000.00	4,572.00	4,572.20
Dues and subscriptions	18,275.00	24,204.00	24,204.41
Miscellaneous administration expense	35,000.00	38,887.00	38,886.56
TOTAL CURRENT	<u>\$ 8,475,960.00</u>	<u>\$ 8,559,331.00</u>	<u>\$ 8,357,295.34</u>

See accompanying notes to the Budgetary Comparison Schedule.

O'FALLON FIRE PROTECTION DISTRICT**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS****GENERAL FUND****YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Capital outlay:			
Vehicles	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL CAPITAL OUTLAY	\$ 0.00	\$ 0.00	\$ 0.00
Other charges to appropriations:			
Operating transfer	\$ 0.00	\$ 1,528,000.00	\$ 1,528,000.00
TOTAL OTHER CHARGES TO APPROPRIATIONS	\$ 0.00	\$ 1,528,000.00	\$ 1,528,000.00
TOTAL CHARGES TO APPROPRIATIONS	\$ 8,475,960.00	\$ 10,087,331.00	\$ 9,885,295.34
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 4,295,131.70</u>	<u>\$ 2,980,235.70</u>	<u>\$ 3,182,271.63</u>

See accompanying notes to the Budgetary Comparison Schedule.

O'FALLON FIRE PROTECTION DISTRICT**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 270,933.59	\$ 270,933.59	\$ 270,933.59
<u>RESOURCES (inflows):</u>			
Taxes, penalties and interest	594,727.00	612,043.00	612,042.87
Interest revenue	<u>103.00</u>	<u>834.00</u>	<u>834.40</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 865,763.59</u>	<u>\$ 883,810.59</u>	<u>\$ 883,810.86</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current:			
Printing, postage and office	\$ 223.00	\$ 223.00	\$ 0.00
Professional fees	7,625.00	44,305.00	44,305.15
Insurance	713.00	33,799.00	1,228.95
Pension expense	<u>551,581.00</u>	<u>649,123.00</u>	<u>649,123.52</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 560,142.00</u>	<u>\$ 727,450.00</u>	<u>\$ 694,657.62</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 305,621.59</u>	<u>\$ 156,360.59</u>	<u>\$ 189,153.24</u>

See accompanying notes to the Budgetary Comparison Schedule.

O'FALLON FIRE PROTECTION DISTRICT**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 70,790.13	\$ 70,790.13	\$ 70,790.13
<u>RESOURCES (inflows):</u>			
Bond proceeds	2,200,000.00	2,284,507.00	2,220,000.00
Interest revenue	200.00	0.00	0.00
Original issue premium	<u>0.00</u>	<u>0.00</u>	<u>84,803.20</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 2,270,990.13</u>	<u>\$ 2,355,297.13</u>	<u>\$ 2,375,593.33</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current:			
Building renovation expense	\$ 0.00	\$ 0.00	\$ 55,819.88
Vehicle equipment expense	0.00	0.00	719.90
Equipment expense	<u>0.00</u>	<u>0.00</u>	<u>43,724.15</u>
TOTAL CURRENT	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 100,263.93</u>
Capital outlay:			
Vehicles	\$ 0.00	\$ 0.00	\$ 57,530.00
Buildings / improvements	2,000,000.00	2,000,000.00	467,137.32
Equipment	<u>0.00</u>	<u>0.00</u>	<u>189,126.36</u>
TOTAL CAPITAL OUTLAY	<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 713,793.68</u>
Debt Service:			
Cost of issuance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 51,842.14</u>
TOTAL DEBT SERVICE	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 51,842.14</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 865,899.75</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 270,990.13</u>	<u>\$ 355,297.13</u>	<u>\$ 1,509,693.58</u>

See accompanying notes to the Budgetary Comparison Schedule.

O'FALLON FIRE PROTECTION DISTRICT**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS****DEBT SERVICE FUND****YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 583,427.46	\$ 583,427.46	\$ 583,427.46
<u>RESOURCES (inflows):</u>			
Taxes, penalties & interest	667,463.00	686,721.00	686,721.33
Interest revenue	<u>68.00</u>	<u>3,378.00</u>	<u>3,389.51</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 1,250,958.46</u>	<u>\$ 1,273,526.46</u>	<u>\$ 1,273,538.30</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current:			
Administrative expense	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 0.00</u>
TOTAL CURRENT	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 0.00</u>
Debt Service:			
Principal retirement	<u>\$ 375,000.00</u>	<u>\$ 375,000.00</u>	<u>\$ 375,000.00</u>
Interest expense	<u>177,330.00</u>	<u>208,020.00</u>	<u>208,019.86</u>
TOTAL DEBT SERVICE	<u>\$ 552,330.00</u>	<u>\$ 583,020.00</u>	<u>\$ 583,019.86</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 552,480.00</u>	<u>\$ 583,170.00</u>	<u>\$ 583,019.86</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 698,478.46</u>	<u>\$ 690,356.46</u>	<u>\$ 690,518.44</u>

See accompanying notes to the Budgetary Comparison Schedule.

O'FALLON FIRE PROTECTION DISTRICT

NOTES TO OTHER INFORMATION BUDGETARY COMPARISON SCHEDULES YEAR ENDED DECEMBER 31, 2017

Budgets and Budgetary Practices

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

- a. Prior to September 1, the Board of Directors prepares a proposed operating budget for the upcoming year. The operating budget includes proposed expenditures and the means of financing them.
- b. Open meetings of the Board of Directors are held to obtain taxpayer comments.
- c. Prior to December 31, the budget for the upcoming year is adopted by the Board of Directors.
- d. Budgets are adopted on a basis consistent with the modified cash basis of accounting.
- e. Any revisions that alter the total expenditures must be approved by the Board of Directors.
- f. Prior to year-end, the Board of Directors adopts an amended budget approving any additional expenditures, if necessary.
- g. The amended budgets for the District are presented in the Budgetary Comparison Schedules – General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.
- h. All annual appropriations lapse at fiscal year-end.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.