

WRIGHT CITY FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wright City Fire Protection District
396 W N 2nd Street
Wright City, Missouri 63390

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

WRIGHT CITY FIRE PROTECTION DISTRICT

as of and for the year ended December 31, 2019, 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 Wright City Fire Protection District, as of December 31, 2019, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the 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 opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Wright City 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.

Spinner & Kummer, P.C.

Certified Public Accountants

St. Louis, Missouri

October 5, 2020

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.

WRIGHT CITY FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2019**

The discussion and analysis of the Wright City Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2019, within the limitations of the 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, 2019 are as follows:

- The net position for the Governmental Activities decreased \$154,275.
- Governmental Activities revenue was \$1,062,302.
- Property taxes represented \$920,911 of the Governmental Activities revenue or 87%.
- Expenses for the Governmental Activities were \$1,216,576.

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 General Fund Budgetary Comparison Schedule represent other financial information presented for 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 Wright City Fire Protection District is fiscally responsible.

The primary government includes the following legal entity:

- Wright City 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 real estate tax base, to assess the overall health of the District.

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 and cost recovery 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 Board of Directors establishes certain other funds to help it 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 fund - All of the District's basic services are reported in the governmental fund, which focuses on how money flows into and out of this fund and the balance left at year-end that is available for spending. This fund reports the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statement provides 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 activity (reported in the Statement of Net Position and the Statement of Activities) and governmental fund in a reconciliation at the bottom of the fund financial statements. The District considers the General Fund to be its significant or major governmental fund.

Fiduciary fund - The District uses this fund 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 to approximately \$1,460,470 from \$1,538,216 between fiscal years 2018 and 2019.

	<u>Governmental Activities</u>		<u>Total Percentage</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>
			<u>2019 - 2018</u>
Current and other assets	\$ 518,253.	\$ 654,549.	(21%)
Capital assets	<u>1,869,925.</u>	<u>1,078,854.</u>	73%
Total assets	<u>\$ 2,388,178.</u>	<u>\$ 1,733,403.</u>	37%
Long-term debt outstanding	\$ 788,432.	\$ 0.	-
Other liabilities	<u>10,997.</u>	<u>8,973.</u>	23%
Total liabilities	<u>\$ 799,429.</u>	<u>\$ 8,973.</u>	8,809%
Deferred tax revenue	<u>\$ 128,279.</u>	<u>\$ 109,684.</u>	17%
Total deferred inflows of resources	<u>\$ 128,279.</u>	<u>\$ 109,684.</u>	17%
Net position:			
Net investment in capital assets	\$ 1,081,493.	\$ 1,078,854.	-
Restricted	0.	250,000.	-
Unrestricted	<u>378,977.</u>	<u>285,892.</u>	33%
Total net position	<u>\$ 1,460,470.</u>	<u>\$ 1,614,746.</u>	(10%)

Net position of the District's governmental activities decreased 10% to \$1,460,470. However, \$1,081,493 of that net position is invested in capital assets (buildings, vehicles, equipment and so on). Consequently, unrestricted net position showed \$378,977 at the end of the year. Changes between 2018 and 2019 reflect an increase in unrestricted net position of 33%.

Changes in Net Position - Modified Cash Basis

For the year ended December 31, 2019, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2019</u>	<u>2018</u>	<u>2019 - 2018</u>
Revenues -			
Program revenues -			
Charges for services	\$ 65,435.	\$ 70,709.	(7%)
Operating grants	53,580.	233,782.	(77%)
General revenues -			
Taxes	920,911.	873,711.	5%
Interest revenue	16,408.	9,106.	80%
Miscellaneous revenue	<u>5,967.</u>	<u>8,482.</u>	(30%)
Total revenues	<u>\$ 1,062,301.</u>	<u>\$ 1,195,790.</u>	(11%)
Expenses -			
Public safety - fire protection	<u>\$ 1,216,576.</u>	<u>\$ 1,169,134.</u>	4%
Total expenses	<u>\$ 1,216,576.</u>	<u>\$ 1,169,134.</u>	4%
Change in net position	<u>\$ (154,275.)</u>	<u>\$ 26,656.</u>	679%

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. 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, 2019, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$1,216,576. Of these total expenses, taxpayers and other general revenues funded \$1,097,561, while those directly benefiting from the program funded \$119,015 from charges for services and grants.

Net Cost of Wright City Fire Protection District's Governmental Activities - Modified Cash Basis

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2019</u>	<u>2018</u>	<u>2019 - 2018</u>	<u>2019</u>	<u>2018</u>	<u>2019 - 2018</u>
Public safety	<u>\$ 1,216,576.</u>	<u>\$ 1,169,134.</u>	4%	<u>\$ 1,097,561</u>	<u>\$ 864,643.</u>	27%

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 \$1,910,754 and expenditures of \$2,067,667, resulting in an decrease in fund balance of \$156,913.

General Fund Budgetary Highlights

For the year ended December 31, 2019, General Fund expenditures were \$10,692 below the final appropriations, while actual resources available for appropriation were \$54,453 above as the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Modified Cash Basis

At December 31, 2019, the District had \$1,869,925 invested in capital assets, net of depreciation, including buildings, equipment and vehicles. This represents a net increase of \$791,072 or 73% below last year.

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

	<u>Governmental Activities</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Land	\$ 160,106.	\$ 160,106.
Buildings and improvements	394,518.	388,092.
Vehicles	1,292,360.	530,655.
Equipment	<u>22,941.</u>	<u>0.</u>
TOTALS	<u>\$ 1,869,925.</u>	<u>\$ 1,078,853.</u>

This year' more significant capital additions included:

- 2018 Rosenbauer pumper \$ 845,003.
- Station generator \$ 32,825.
- Extrication tools \$ 25,490.

Long-Term Debt - Modified Cash Basis

At December 31, 2019, the District had \$788,432 of long-term debt arising from modified cash basis transactions, compared to \$0 at December 31, 2018. All of the debt is related to governmental activities.

Primary Government Long-Term Debt - Modified Cash Basis

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Lease purchase obligation - Pumper	<u>\$ 788,432.</u>	<u>\$ 0.</u>
Total	<u>\$ 788,432.</u>	<u>\$ 0.</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the year ended December 31, 2020, the budget is similar to the December 31, 2019 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers 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 Ron MacKnight, Fire Chief, at 396 W N 2nd Street, Wright City, Missouri 63390.

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 fund

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.

WRIGHT CITY FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

EXPENSES

Public safety - fire protection:	
Personnel - wages and benefits	\$ 778,279.49
Materials, supplies and maintenance	136,532.99
Depreciation	112,246.62
Interest	12,587.16
Insurance	73,387.20
General and administrative	<u>103,542.98</u>
TOTAL PROGRAM EXPENSES	\$ <u>1,216,576.44</u>

PROGRAM REVENUES

Charges for services	\$ 65,434.67
Operating grants and contributions	<u>53,580.33</u>
TOTAL PROGRAM REVENUE	\$ <u>119,015.00</u>
NET PROGRAM EXPENSE	\$ <u>1,097,561.44</u>

GENERAL REVENUES

Taxes	\$ 920,910.83
Interest earned	16,407.82
Miscellaneous revenue	<u>5,967.89</u>
TOTAL GENERAL REVENUES	\$ <u>943,286.54</u>
CHANGE IN NET POSITION	\$ (154,274.90)

NET POSITION - Beginning of year 1,614,745.46

NET POSITION - End of year \$ 1,460,470.56

See accompanying notes to the basic financial statements.

WRIGHT CITY FIRE PROTECTION DISTRICT

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

ASSETS

Cash and cash equivalents	\$ 513,496.45
Other assets	<u>4,756.53</u>
TOTAL ASSETS	<u>\$ 518,252.98</u>

LIABILITIES

Purchasing card payable	\$ <u>10,996.73</u>
TOTAL LIABILITIES	<u>\$ 10,996.73</u>

DEFERRED INFLOWS OF REVENUE

Deferred revenue – property taxes	\$ <u>128,278.61</u>
TOTAL DEFERRED INFLOWS OF REVENUE	<u>\$ 128,278.61</u>

FUND BALANCE

Assigned for capital expenditures	\$ 3,194.32
Unassigned	<u>375,783.32</u>
TOTAL FUND BALANCE	<u>\$ 378,977.64</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF REVENUE AND FUND BALANCE	<u>\$ 518,252.98</u>

RECONCILIATION TO STATEMENT OF NET POSITION

Fund Balance	\$ 378,977.64
Amounts reported for governmental activities in the statement of the net position are different because:	
Capital assets used in governmental activities of \$3,792,689.92 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,922,764.55.	1,869,925.37
Long-term liabilities of \$788,432.45 are not due and payable in the current period and are not reported in the funds.	<u>(788,432.45)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,460,470.56</u>

See accompanying notes to the basic financial statements.

WRIGHT CITY FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ (156,913.71)

Amounts reported for general fund 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	903,317.88
Depreciation expense	(112,246.62)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	60,019.55
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Proceeds of debt obligations are recorded as debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position.	<u>(848,452.00)</u>
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (154,274.90)

See accompanying notes to the basic financial statements.

FIDUCIARY FUND AND 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.

WRIGHT CITY FIRE PROTECTION DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2019**

ASSETS

Investments at fair value:

 Volunteer length of service awards program \$ 70,662.00

TOTAL ASSETS \$ 70,662.00

LIABILITIES

TOTAL LIABILITIES \$ 0.00

NET POSITION

Held in trust for pension benefits and other purposes \$ 70,662.00

TOTAL NET POSITION \$ 70,662.00

See accompanying notes to the basic financial statements.

WRIGHT CITY FIRE PROTECTION DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2019**

ADDITIONS

Contributions:		
Employer		\$ 11,538.20
	TOTAL CONTRIBUTIONS	\$ 11,538.20
Investment earnings:		
Investment earnings		\$ 2,629.00
	TOTAL INVESTMENT EARNINGS	\$ 2,629.00
	TOTAL ADDITIONS	\$ 14,167.20

DEDUCTIONS

Benefits paid		\$ 1,890.00
Life premiums		1,546.00
Administrative expenses		<u>2,500.20</u>
	TOTAL DEDUCTIONS	\$ 5,936.20

<u>CHANGE IN NET POSITION</u>		\$ 8,231.00
<u>NET POSITION</u> - Beginning of year		<u>62,431.00</u>
<u>NET POSITION</u> - End of year		<u>\$ 70,662.00</u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

WRIGHT CITY FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

Primary Government: Wright City Fire Protection District

Component Units: None

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, intergovernmental revenues and other non-exchange revenues.

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 report 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.

Fiduciary Fund Type

LOSAP Trust Fund

This fund was established to provide length-of-service award benefits for District volunteers.

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 limitation of the modified cash basis of accounting, as defined in item (b) following.

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

- 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 deposit.

Capital Assets

The District’s modified cash basis of accounting reports capital assets arising 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 \$10,000.00 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings and improvements 30 years
- Vehicles 5 - 20 years
- Equipment 5 - 10 years
- Office equipment 5 - 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 liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is 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 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 do not meet the definition of “restricted” or “net investment in capital assets”.

It is the District’s policy to first use restricted assets 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 September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. Warren County and Lincoln County bill, collect and remit the property 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. Program Revenues

Program Revenues

In the Statement of Activities, modified cash basis revenues that are directly derived 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 - fire protection	Permits and fees
	Cost recovery
	Operating grants

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. 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 are no participants in the program as of December 31, 2019.

2. CASH AND CASH EQUIVALENTS

The District’s investment policy states that interest-bearing checking accounts, certificates of deposit, repurchase agreements, United States Government Obligations, bonds, notes or other obligations of the State of Missouri are appropriate types of deposits and investments for its needs.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 368,007.85
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	162,368.78
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>\$ 530,376.63</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, 2019, \$0.00 of the District’s bank balance of \$530,376.63 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. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the year ended December 31, 2019 was as follows:

<u>Governmental Activities:</u>	<u>Balance Jan. 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2019</u>
Capital assets not being depreciated:				
Land	\$ 160,106.47	\$ 0.00	\$ 0.00	\$ 160,106.47
Total capital assets not being depreciated	\$ 160,106.47	\$ 0.00	\$ 0.00	\$ 160,106.47
Capital assets being depreciated:				
Buildings and improvements	\$ 786,566.32	\$ 32,825.00	\$ 0.00	\$ 819,391.32
Vehicles	1,605,468.73	845,003.00	0.00	2,450,471.73
Equipment	<u>337,230.52</u>	<u>25,489.88</u>	<u>0.00</u>	<u>362,720.40</u>
Total capital assets being depreciated	\$ 2,729,265.57	\$ 903,317.88	\$ 0.00	\$ 3,632,583.45
Less accumulated depreciation:				
Buildings and improvements	\$ 398,474.35	\$ 26,399.11	\$ 0.00	\$ 424,873.46
Vehicles	1,074,813.06	83,298.52	0.00	1,158,111.58
Equipment	<u>337,230.52</u>	<u>2,548.99</u>	<u>0.00</u>	<u>339,779.51</u>
Total accumulated depreciation	\$ 1,810,517.93	\$ 112,246.62	\$ 0.00	\$ 1,922,764.55
Total capital assets being depreciated, net	\$ 918,747.64	\$ 791,071.26	\$ 0.00	\$ 1,709,818.90
Governmental activities capital assets, net	\$ <u>1,078,854.11</u>	\$ <u>791,071.26</u>	\$ <u>0.00</u>	\$ <u>1,869,925.37</u>

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

Depreciation expense totaled \$112,246.62 for the year ended December 31, 2019.

4. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

<u>Governmental Activities:</u>	<u>Balance Jan. 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2019</u>	<u>Amount Due Within One Year</u>
Lease Obligation – Pumper	\$ 0.00	\$ 848,452.00	\$ 60,019.55	\$ 788,432.45	\$ 44,346.14
Total Governmental Activities	\$ 0.00	\$ 848,452.00	\$ 60,019.55	\$ 788,432.45	\$ 44,346.14

Lease purchase – 2018 Rosenbauer pumper

The payment schedule is as follows:

<u>Date of Payment</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Balance</u>
09/10/2020	\$ 72,606.71	\$ 44,346.14	3.584%	\$ 28,260.57	\$
09/10/2021	72,606.71	45,935.68	3.584%	26,671.03	712,113.64
09/10/2022	72,606.71	47,582.20	3.584%	25,024.51	663,579.80
09/10/2023	72,606.71	49,287.73	3.584%	23,318.97	613,306.32
09/10/2024	72,606.71	51,054.40	3.584%	21,552.31	561,230.82
09/10/2025	72,606.71	52,884.40	3.584%	19,722.31	507,288.74
09/10/2026	72,606.71	54,779.98	3.584%	17,826.72	451,413.16
09/10/2027	72,606.71	56,743.52	3.584%	15,863.19	393,534.77
09/10/2028	72,606.71	58,777.43	3.584%	13,829.27	333,581.78
09/10/2029	72,606.71	60,884.25	3.584%	11,722.46	271,479.85
09/10/2030	72,606.71	63,066.59	3.584%	9,540.12	207,151.93
09/10/2031	72,606.71	65,327.15	3.584%	7,279.56	140,518.24
09/10/2032	72,606.71	67,668.73	3.584%	4,937.98	71,496.13
09/10/2033	<u>72,606.69</u>	<u>70,094.25</u>	3.584%	<u>2,512.46</u>	0.00
	<u>\$ 1,016,493.91</u>	<u>\$ 788,432.45</u>		<u>\$ 228,061.46</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:

General Fund \$ 12,587.16

5. DEFERRED COMPENSATION PLAN

Employees of the Wright City 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 unforeseeable emergency. The plan assets are held in trust by Voya Financial. The District contributed \$25,411.08 to the plan for the year ended December 31, 2019. The District will match up to 6% of the employees’ compensation.

6. DEFINED BENEFIT PLAN

Length of Service Awards Program - LOSAP

The Wright City Fire Protection District established a defined benefit LOSAP for the firefighters of the District. The program took effect on January 1, 1997. The program provides District-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Wright City Fire Protection District is the sponsor of the program.

Plan Description

Active volunteer firefighters who have reached the age of 16 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with one year of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates a specified number of points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a District policy list of activities and point values. Members who were 40 or older at the plan's inception may be credited with up to ten years of past service. All other members may be credited with up to five years of past service.

Benefits

A participant's benefit under the program is the monthly payment for life with 120 payments guaranteed equal to \$5.00 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit amount cannot exceed thirty. \$150.00 is the maximum monthly benefit that may be accumulated in the plan. Benefits are not payable until the first day of the month following entitlement age. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides policy mandated death and disability benefits.

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the plan administrator. The actuarially determined contribution is the estimated amount necessary to finance the cost of benefits earned by volunteers during the year, with an additional amount to finance an unfunded accrued liability. Volunteers do not contribute to the plan. Contributions to the pension plan from the District were \$12,778.20 for the year ended December 31, 2019.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The District manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors, and omissions	Purchased commercial insurance	None
b. Workers compensation, health and life	Purchased commercial insurance	None
c. Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. ASSESSED VALUATION AND TAX LEVY

	<u>2 0 1 9</u>	<u>2 0 1 8</u>
<u>Aggregate Assessed Valuation</u>		
Warren County	\$ 212,350,573.00	\$ 201,426,459.00
Lincoln County	<u>20,020,668.00</u>	<u>19,428,811.00</u>
Total assessed valuation	<u>\$ 232,371,241.00</u>	<u>\$ 220,855,270.00</u>
	<u>Tax Levy Per \$100.00 of Assessed Valuation</u>	<u>Tax Levy Per \$100.00 of Assessed Valuation</u>
General Fund	<u>\$.5895</u>	<u>\$.4126</u>
Total taxes assessed	<u>\$ 1,369,828.47</u>	<u>\$ 911,248.84</u>
Total tax collections (including delinquent taxes and grants in lieu of taxes)	<u>\$ 128,278.61</u>	<u>\$ 920,907.83</u>

The receipts of current and delinquent property taxes during the year ended December 31, 2019 aggregated approximately 9% of the 2019 assessed taxes, and 101% of the 2018 assessed taxes. Taxes collected on the 2019 assessment are considered deferred revenue and will be recognized as revenue in 2020.

9. 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, 2019, the cities/counties served by the District had one Chapter 100 project. 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, 2019, \$36,144.76 of the District’s share of the real estate property taxes were abated through the Chapter 100 program.

Chapter 353 - At December 31, 2019, the cities/counties served by the District had two 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, 2019, \$15,042.39 of the District’s share of the real estate property taxes were abated through the Chapter 353 program.

10. SUBSEQUENT EVENTS

On May 12, 2020, the District purchased new base and mobile radios from Motorola Solutions for \$290,489.84.

11. DISTRICT OFFICIALS

2 0 1 9

Director - Chairman

Rudolph (Rudy) Jovanovic

Director - Treasurer

Mike Gantner

Director

Justin Fears

Director

Jeanette Woehrle

Director

Chris Kellner

Chief

Ron MacKnight

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
- Notes to Other Information - Budgetary Comparison Schedule

WRIGHT CITY FIRE PROTECTION DISTRICT

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 535,891.35	\$ 535,891.35	\$ 535,891.35
<u>RESOURCES (inflows):</u>			
Taxes, penalties and interest:			
Warren County	831,086.00	831,086.00	840,966.59
Lincoln County	80,163.00	80,163.00	79,944.24
Permits and fees	30,000.00	30,000.00	53,633.89
Cost recovery	12,000.00	12,000.00	11,800.78
Interest	2,500.00	2,500.00	16,407.82
Miscellaneous revenue	100.00	100.00	5,967.89
Grant revenue	52,000.00	52,000.00	53,580.33
Reserve funding	222,059.00	0.00	0.00
Lease revenue	0.00	848,452.00	848,452.00
	<u>0.00</u>	<u>848,452.00</u>	<u>848,452.00</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 1,765,799.35</u>	<u>\$ 2,392,192.35</u>	<u>\$ 2,446,644.89</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current:			
Election expenses	\$ 25,000.00	\$ 25,000.00	\$ 19,365.39
Professional services	15,250.00	15,250.00	22,609.37
Insurance expense	61,677.00	61,677.00	73,387.20
Office equipment and supplies	4,500.00	4,500.00	4,742.02
Professional dues and memberships	3,750.00	3,750.00	3,705.30
Personal protective equipment	10,800.00	10,800.00	11,850.00
Communications equipment	10,000.00	10,000.00	491.47
Operation equipment	8,000.00	11,449.00	21,304.81
Station improvements	3,500.00	3,500.00	6,534.84
Information technology	14,275.00	14,275.00	9,195.69
Building maintenance	10,045.00	10,045.00	6,978.12
Equipment maintenance	2,000.00	2,000.00	3,801.65
Vehicle maintenance/repair	45,000.00	45,000.00	60,158.58
Vehicle fuel	16,300.00	16,300.00	13,838.90
Electric	6,020.00	6,020.00	7,177.17
Water / sewer	700.00	700.00	677.12
Telephone	5,900.00	5,900.00	5,898.43
Natural gas / LPG	4,650.00	4,650.00	5,245.70
Trash	500.00	500.00	829.00
Internet / television	4,100.00	4,100.00	3,905.51
Training and education	15,000.00	15,000.00	13,192.03
EMS expenses	1,500.00	1,500.00	2,378.93
Public relations	4,000.00	4,000.00	6,232.35
Membership and personnel	15,200.00	15,200.00	9,890.61
Uniform expense	8,000.00	8,000.00	7,964.01

See accompanying notes to the Budgetary Comparison Schedule.

WRIGHT CITY FIRE PROTECTION DISTRICT

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>CHARGES TO APPROPRIATIONS</u> (continued)			
Current (continued):			
Grant expense	\$ 31,930.00	\$ 31,930.00	\$ 0.00
Salaries	606,075.00	606,075.00	593,135.32
Health insurance	131,222.00	131,222.00	101,300.35
Payroll service	3,900.00	3,900.00	3,653.79
Payroll taxes	43,100.00	43,100.00	46,360.65
Retirement expense	19,540.00	19,540.00	25,411.08
Fire Corps	600.00	600.00	454.29
Other expenses	<u>0.00</u>	<u>0.00</u>	<u>72.98</u>
	TOTAL CURRENT	\$ 1,132,034.00	\$ 1,135,483.00
		\$ 1,135,483.00	\$ 1,091,742.66
Capital outlay:			
Vehicles	\$ 0.00	\$ 845,003.00	\$ 845,003.00
Building improvements	0.00	0.00	32,825.00
Equipment	<u>0.00</u>	<u>0.00</u>	<u>25,489.88</u>
	TOTAL CAPITAL OUTLAY	\$ 845,003.00	\$ 903,317.88
		\$ 845,003.00	\$ 903,317.88
Debt Service:			
Lease payments – principal	\$ 60,019.55	\$ 60,019.55	\$ 60,019.55
Lease interest	<u>37,853.45</u>	<u>37,853.45</u>	<u>12,587.16</u>
	TOTAL DEBT SERVICE	\$ 97,873.00	\$ 72,606.71
		\$ 97,873.00	\$ 72,606.71
	TOTAL CHARGES TO APPROPRIATIONS	\$ 1,229,907.00	\$ 2,078,359.00
		\$ 2,078,359.00	\$ 2,067,667.25
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 535,892.35</u>	<u>\$ 313,833.35</u>	<u>\$ 378,977.64</u>

See accompanying notes to the Budgetary Comparison Schedule.

WRIGHT CITY FIRE PROTECTION DISTRICT

NOTES TO OTHER INFORMATION BUDGETARY COMPARISON SCHEDULE DECEMBER 31, 2019

Budgets and Budgetary Practices

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

- a. In September, the Chief submits to the Board of Directors a proposed operating budget for the upcoming fiscal 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. In December, 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 (if necessary) approving any additional expenditures.
- g. The amended budget for the District is presented in the Budgetary Comparison Schedule – General 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.