

**ROCK COMMUNITY  
FIRE PROTECTION DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2022**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Rock Community Fire Protection District  
3749 Telegraph Rd.  
Arnold, Missouri 63010

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

**ROCK COMMUNITY FIRE PROTECTION DISTRICT**

as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**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 Rock Community Fire Protection District, as of September 30, 2022, 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 for Opinions**

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

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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.

## **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); and for 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 for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

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

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

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

## **Other Matters**

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Spinner & Kummer, P.C.*

Certified Public Accountant  
Saint Louis, Missouri

October 18, 2022

GS/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.

## **ROCK COMMUNITY FIRE PROTECTION DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **SEPTEMBER 30, 2022**

The discussion and analysis of the Rock Community Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended September 30, 2022, 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 September 30, 2022 are as follows:**

- The Net Position for the Governmental Activities increased by \$2,778,798.
- Governmental Activities revenue was \$15,332,148.
- Property and sales taxes represented \$14,920,013 of the Governmental Activities revenue or 97%.
- Expenses for Governmental Activities were \$12,553,350.
- The District paid \$510,000 of General Obligation Bonds.

### **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's 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 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.

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 Rock Community Fire Protection District is fiscally responsible.

The primary government includes the following legal entity:

- Rock Community 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.

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, sales taxes, and permit fees finance all 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 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 these 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 funds statement provides a detailed short-term view of the District's general government operations and the basic services it provides. Governmental funds information helps you determine (through a review of changes to fund balances) 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 funds in a reconciliation at the bottom of the funds 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, increased from approximately \$22,496,372 to \$25,275,170 between years 2021 and 2022.

|                                  | <b><u>Governmental Activities</u></b> |                       | <b><u>Total</u></b>             |
|----------------------------------|---------------------------------------|-----------------------|---------------------------------|
|                                  | <b><u>2022</u></b>                    | <b><u>2021</u></b>    | <b><u>Percentage Change</u></b> |
|                                  |                                       |                       | <b><u>2022 - 2021</u></b>       |
| Current and other assets         | \$ 17,359,812.                        | \$ 14,460,284.        | 20%                             |
| Restricted assets                | 1,598,957.                            | 1,507,872.            | 6%                              |
| Capital assets                   | <u>11,753,873.</u>                    | <u>12,482,768.</u>    | (6%)                            |
| Total assets                     | <u>\$ 30,712,642.</u>                 | <u>\$ 28,450,924.</u> | 8%                              |
| Long-term debt outstanding       | \$ 5,420,000.                         | \$ 5,930,000.         | (9%)                            |
| Other liabilities                | <u>17,472.</u>                        | <u>7,083.</u>         | 147%                            |
| Total liabilities                | <u>\$ 5,437,472.</u>                  | <u>\$ 5,937,083.</u>  | (9%)                            |
| Deferred inflows of resources    | <u>\$ 0.</u>                          | <u>\$ 17,469.</u>     | —                               |
| Net position -                   |                                       |                       |                                 |
| Net investment in capital assets | \$ 6,333,873.                         | \$ 6,552,768.         | (4%)                            |
| Restricted                       | 1,598,957.                            | 1,490,403.            | 8%                              |
| Unrestricted                     | <u>17,342,340.</u>                    | <u>14,453,201.</u>    | 20%                             |
| Total net position               | <u>\$ 25,275,170.</u>                 | <u>\$ 22,496,372.</u> | 13%                             |

Net position of the District's governmental activities increased 13% to \$25,275,170. However, \$7,932,830 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 \$17,342,340 at the end of this year. Changes in unrestricted net position between 2021 and 2022 reflect an increase of 20%.

### **Changes in Net Position - Modified Cash Basis**

For the year ended September 30, 2022, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

|                                     | <b><u>Governmental Activities</u></b> |                       | <b><u>Total</u></b>             |
|-------------------------------------|---------------------------------------|-----------------------|---------------------------------|
|                                     | <b><u>2022</u></b>                    | <b><u>2021</u></b>    | <b><u>Percentage Change</u></b> |
|                                     |                                       |                       | <b><u>2022 - 2021</u></b>       |
| <b><u>Revenues</u></b>              |                                       |                       |                                 |
| Program revenues                    |                                       |                       |                                 |
| Permits                             | \$ 283,046.                           | \$ 189,271.           | 50%                             |
| Grant revenue - capital             | 0.                                    | 209,959.              | —                               |
| Grant revenue - operating           | 19,871.                               | 108,242.              | (82%)                           |
| General revenues                    |                                       |                       |                                 |
| Property taxes                      | 10,238,667.                           | 9,664,617.            | 6%                              |
| Sales taxes                         | 4,681,348.                            | 4,472,160.            | 5%                              |
| Interest revenue                    | 104,860.                              | 31,646.               | 231%                            |
| Miscellaneous revenue               | 3,680.                                | 6,161.                | (40%)                           |
| Sale of assets                      | 676.                                  | 27,101.               | (98%)                           |
| Total revenues                      | <u>\$ 15,332,148.</u>                 | <u>\$ 14,709,157.</u> | 4%                              |
| <b><u>Expenses</u></b>              |                                       |                       |                                 |
| Public safety - fire protection     | <u>\$ 12,553,350.</u>                 | <u>\$ 11,500,847.</u> | 9%                              |
| Total expenses                      | <u>\$ 12,553,350.</u>                 | <u>\$ 11,500,847.</u> | 9%                              |
| Increase (decrease) in net position | <u>\$ 2,778,798.</u>                  | <u>\$ 3,208,310.</u>  | (13%)                           |

### **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 September 30, 2022, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$12,553,350. Of these total expenses, taxpayers and other general revenues funded \$12,250,433, while those directly benefiting from the program funded \$19,871 from grants and other contributions and \$283,046 from charges for services.

**Net Cost of Rock Community Fire Protection District's Governmental Activities - Modified Cash Basis**

|               | <b><u>Total Cost of Services</u></b> |                       | <b><u>Percentage</u></b>  | <b><u>Net Cost of Services</u></b> |                       | <b><u>Percentage</u></b>  |
|---------------|--------------------------------------|-----------------------|---------------------------|------------------------------------|-----------------------|---------------------------|
|               | <b><u>2022</u></b>                   | <b><u>2021</u></b>    | <b><u>Change</u></b>      | <b><u>2022</u></b>                 | <b><u>2021</u></b>    | <b><u>Change</u></b>      |
|               |                                      |                       | <b><u>2022 - 2021</u></b> |                                    |                       | <b><u>2022 - 2021</u></b> |
| Public safety | \$ <u>12,553,350.</u>                | \$ <u>11,500,847.</u> | 9%                        | \$ <u>12,250,433.</u>              | \$ <u>10,993,375.</u> | 12%                       |

**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 and transfers of \$14,245,311 and expenditures of \$11,356,172, resulting in an increase in fund balance of \$2,889,139.

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Directors revised the General Fund budget at various times. The final adjusted budget, however, was consistent with the prior year budget.

For the year ended September 30, 2022, General Fund expenditures were even with the final appropriations, while actual resources available for appropriation were even with the final budgeted amount.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets - Modified Cash Basis**

At September 30, 2022, the District had \$11,753,873 invested in capital assets, including buildings, equipment and vehicles. This represents a net decrease of \$728,895 or 6% below last year.

**PRIMARY GOVERNMENT CAPITAL ASSETS - MODIFIED CASH BASIS**

(Net of accumulated depreciation)

|           | <b><u>Governmental Activities</u></b> |                              |
|-----------|---------------------------------------|------------------------------|
|           | <b><u>Year Ended</u></b>              | <b><u>Year Ended</u></b>     |
|           | <b><u>Sept. 30, 2022</u></b>          | <b><u>Sept. 30, 2021</u></b> |
| Land      | \$ 1,261,806.                         | \$ 1,261,806.                |
| Buildings | 7,964,033.                            | 8,427,804.                   |
| Vehicles  | 2,115,904.                            | 2,373,465.                   |
| Equipment | <u>412,130.</u>                       | <u>419,693.</u>              |
| TOTALS    | \$ <u>11,753,873.</u>                 | \$ <u>12,482,768.</u>        |

This year's more significant capital additions included:

- |                          |    |         |
|--------------------------|----|---------|
| • (5) Lucas machines     | \$ | 81,271. |
| • (2) Power Edge servers | \$ | 25,802. |

#### **Long-Term Debt – Modified Cash Basis**

At September 30, 2022, the District had \$5,420,000 in long-term debt arising from modified cash basis transactions, compared to \$5,930,000 at September 30, 2021. This represents a decrease of 8%. All of the debt is related to governmental activities.

#### **Primary Government Long-Term Debt – Modified Cash Basis**

|                                       | <b><u>Balance at<br/>September 30, 2022</u></b> | <b><u>Balance at<br/>September 30, 2021</u></b> |
|---------------------------------------|---|---|
| General Obligation Bond – Series 2019 | \$ 5,420,000.                                   | \$ 5,930,000.                                   |
|                                       | <u>\$ 5,420,000.</u>                            | <u>\$ 5,930,000.</u>                            |

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the year ending September 30, 2023, the budget is fairly consistent with the September 30, 2022 budget.

#### **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 Kevin Wingbermuehle, Fire Chief, at 3749 Telegraph Rd., Arnold, Missouri 63010.

## **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.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2022**

**ASSETS**

|   |                                |
|---|--------------------------------|
| Cash and cash equivalents                       | \$ 17,359,811.81               |
| Restricted assets:                              |                                |
| Cash  | 1,598,956.95                   |
| Capital assets:                                 |                                |
| Land  | 1,261,805.85                   |
| Capital assets, net of accumulated depreciation | <u>10,492,066.93</u>           |
| <b>TOTAL ASSETS</b>                             | <b>\$ <u>30,712,641.54</u></b> |

**LIABILITIES**

|                             |                               |
|-----------------------------|-------------------------------|
| Payroll withholding payable | \$ 17,471.64                  |
| Long-term liabilities:      |                               |
| Due within one year         | 525,000.00                    |
| Due in more than one year   | <u>4,895,000.00</u>           |
| <b>TOTAL LIABILITIES</b>    | <b>\$ <u>5,437,471.64</u></b> |

**NET POSITION**

|                                  |                                |
|----------------------------------|--------------------------------|
| Net investment in capital assets | \$ 6,333,872.78                |
| Restricted - communications      | 858,117.18                     |
| Restricted - debt retirement     | 740,839.77                     |
| Unrestricted                     | <u>17,342,340.17</u>           |
| <b>TOTAL NET POSITION</b>        | <b>\$ <u>25,275,169.90</u></b> |

See accompanying notes to the basic financial statements.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2022****EXPENSES**

|   |                             |
|---|-----------------------------|
| Public safety - fire protection:                          |                             |
| Personnel - wages, fringe benefits and volunteer expenses | \$ 9,798,598.09             |
| Materials, supplies and maintenance                       | 852,016.42                  |
| Depreciation  | 835,968.13                  |
| Interest  | 174,550.00                  |
| Communications - dispatching, telephone and paging        | 267,930.32                  |
| General and administrative                                | <u>624,287.02</u>           |
| <br>TOTAL PROGRAM EXPENSES                                | <br>\$ <u>12,553,349.98</u> |

**PROGRAM REVENUES**

|                            |                             |
|----------------------------|-----------------------------|
| Charges for services       | \$ 283,046.42               |
| Grant revenue - operating  | <u>19,870.77</u>            |
| <br>TOTAL PROGRAM REVENUES | <br>\$ <u>302,917.19</u>    |
| <br>NET PROGRAM EXPENSE    | <br>\$ <u>12,250,432.79</u> |

**GENERAL REVENUES**

|  |                             |
|--|-----------------------------|
| Property taxes, penalties and interest | \$ 10,238,665.73            |
| Sales tax                              | 4,681,347.87                |
| Interest revenue                       | 104,860.17                  |
| Other revenue                          | 3,680.77                    |
| Sale of assets                         | <u>676.00</u>               |
| <br>TOTAL GENERAL REVENUES             | <br>\$ <u>15,029,230.54</u> |
| <br>CHANGE IN NET POSITION             | <br>\$ 2,778,797.75         |

**NET POSITION - Beginning of year** 22,496,372.15

**NET POSITION - End of year** \$ 25,275,169.90

See accompanying notes to the basic financial statements.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

|                                     | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> | <b><u>Debt<br/>Service<br/>Fund</u></b> | <b><u>Total<br/>Governmental<br/>Funds</u></b> |
|-------------------------------------|--------------------------------|--|---|--|
| <b><u>ASSETS</u></b>                |                                |  |   |  |
| Cash and cash equivalents           | \$ 17,359,811.81               | \$   | \$                                      | \$ 17,359,811.81                               |
| Restricted assets:                  |                                |  |   |  |
| Cash                                |                                | 858,117.18                                 | 740,839.77                              | 1,598,956.95                                   |
| Committed assets:                   |                                |  |   |  |
| Cash                                |                                |  |   |  |
|                                     |                                |  |   |  |
| TOTAL ASSETS                        | <u>\$ 17,359,811.81</u>        | <u>\$ 858,117.18</u>                       | <u>\$ 740,839.77</u>                    | <u>\$ 18,958,768.76</u>                        |
| <b><u>LIABILITIES</u></b>           |                                |  |   |  |
| Payroll withholding payable         | <u>\$ 17,471.64</u>            | <u>\$</u>                                  | <u>\$</u>                               | <u>\$ 17,471.64</u>                            |
| TOTAL LIABILITIES                   | <u>\$ 17,471.64</u>            | <u>\$ 0.00</u>                             | <u>\$ 0.00</u>                          | <u>\$ 17,471.64</u>                            |
| <b><u>FUND BALANCES</u></b>         |                                |  |   |  |
| Restricted for communications       | \$                             | \$ 858,117.18                              | \$                                      | \$ 858,117.18                                  |
| Restricted for debt repayment       |                                |  | 740,839.77                              | 740,839.77                                     |
| Assigned for capital expenditures   | 11,036,772.18                  |  |   | 11,036,772.18                                  |
| Assigned for medical insurance      | 3,520,068.21                   |  |   | 3,520,068.21                                   |
| Unassigned                          | <u>2,785,499.78</u>            |  |   | <u>2,785,499.78</u>                            |
| TOTAL FUND BALANCES                 | <u>\$ 17,342,340.17</u>        | <u>\$ 858,117.18</u>                       | <u>\$ 740,839.77</u>                    | <u>\$ 18,941,297.12</u>                        |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 17,359,811.81</u>        | <u>\$ 858,117.18</u>                       | <u>\$ 740,839.77</u>                    | <u>\$ 18,958,768.76</u>                        |

See accompanying notes to the basic financial statements.



**ROCK COMMUNITY FIRE PROTECTION DISTRICT**

**BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

|  | <b>Total<br/>Governmental<br/><u>Funds</u></b> |
|--|--|
| Fund balances  | \$ 18,941,297.12                               |
| Amounts reported for governmental activities in the statement<br>of the net position are different because:  |  |
| Capital assets used in governmental activities of \$23,045,290.20<br>are not financial resources and, therefore, are not reported in<br>the funds, net of accumulated depreciation of \$11,291,417.42. | 11,753,872.78                                  |
| Long-term liabilities of \$5,420,000.00 are not due and<br>payable in the current period and are not reported in the funds.  | <u>(5,420,000.00)</u>                          |
| NET POSITION OF GOVERNMENTAL ACTIVITIES  | <u>\$ 25,275,169.90</u>                        |

See accompanying notes to the basic financial statements.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2022**

|   | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> | <b><u>Debt<br/>Service<br/>Fund</u></b> | <b><u>Total<br/>Governmental<br/>Funds</u></b> |
|---|--------------------------------|--|---|--|
| <b><u>REVENUES</u></b>  |                                |  |   |  |
| Property taxes, penalties and interest  | \$ 9,160,961.40                | \$ 398,341.36                              | \$ 679,362.97                           | \$ 10,238,665.73                               |
| Sales tax   | 4,681,347.87                   |  |   | 4,681,347.87                                   |
| Permits and fees  | 283,046.42                     |  |   | 283,046.42                                     |
| Interest revenue  | 95,728.15                      | 4,856.13                                   | 4,275.89                                | 104,860.17                                     |
| Other revenue   | 3,680.77                       |  |   | 3,680.77                                       |
| - Grant revenue   | <u>19,870.77</u>               |  |   | <u>19,870.77</u>                               |
| TOTAL REVENUES  | <u>\$ 14,244,635.38</u>        | <u>\$ 403,197.49</u>                       | <u>\$ 683,638.86</u>                    | <u>\$ 15,331,471.73</u>                        |
| <b><u>EXPENDITURES</u></b>  |                                |  |   |  |
| Current:  |                                |  |   |  |
| General and administration  | \$ 11,274,901.53               | \$ 267,930.32                              |   | \$ 11,542,831.85                               |
| Capital outlay:   |                                |  |   |  |
| Current   | 81,270.65                      | 25,801.96                                  |   | 107,072.61                                     |
| Debt Service:   |                                |  |   |  |
| Principal retirement  |                                |  | 510,000.00                              | 510,000.00                                     |
| Interest and fees   |                                |  | <u>174,550.00</u>                       | <u>174,550.00</u>                              |
| TOTAL EXPENDITURES  | <u>\$ 11,356,172.18</u>        | <u>\$ 293,732.28</u>                       | <u>\$ 684,550.00</u>                    | <u>\$ 12,334,454.46</u>                        |
| <b><u>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES BEFORE OTHER FINANCING<br/>SOURCES (USES)</u></b> | <u>\$ 2,888,463.20</u>         | <u>\$ 109,465.21</u>                       | <u>\$ (911.14)</u>                      | <u>\$ 2,997,017.27</u>                         |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>  |                                |  |   |  |
| Sale of assets  | <u>\$ 676.00</u>               | <u>\$ 0.00</u>                             | <u>\$ 0.00</u>                          | <u>\$ 676.00</u>                               |
| <b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>  | <u>\$ 676.00</u>               | <u>\$ 0.00</u>                             | <u>\$ 0.00</u>                          | <u>\$ 676.00</u>                               |
| <b><u>NET CHANGE IN FUND BALANCES</u></b>   | <u>\$ 2,889,139.20</u>         | <u>\$ 109,465.21</u>                       | <u>\$ (911.14)</u>                      | <u>\$ 2,997,693.27</u>                         |
| <b><u>FUND BALANCES - Beginning of year</u></b>   | <u>14,453,200.97</u>           | <u>748,651.97</u>                          | <u>741,750.91</u>                       | <u>15,943,603.85</u>                           |
| <b><u>FUND BALANCES - End of year</u></b>   | <u>\$ 17,342,340.17</u>        | <u>\$ 858,117.18</u>                       | <u>\$ 740,839.77</u>                    | <u>\$ 18,941,297.12</u>                        |

See accompanying notes to the basic financial statements.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2022**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

**NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** \$ 2,997,693.27

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 | 107,072.61   |
| Depreciation expense                | (835,968.13) |

|   |                   |
|---|-------------------|
| Repayment of debt principal is an expenditure in the governmental funds,<br>but the repayment reduces long-term liabilities in the Statement of Net Activities. | <u>510,000.00</u> |
|---|-------------------|

**CHANGES IN NET POSITION OF GOVERNMENTAL FUNDS** \$ 2,778,797.75

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.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUND  
SEPTEMBER 30, 2022****ASSETS**

|  |                                 |                         |
|--|---------------------------------|-------------------------|
| Cash   |                                 | \$ <u>4,554.94</u>      |
|  | TOTAL CASH AND CASH EQUIVALENTS | \$ <u>4,554.94</u>      |
| Investments, at fair value:                  |                                 |                         |
| Equity Mutual Funds - ETF                    |                                 | \$ 15,895,339.37        |
| Bond Mutual Funds - ETF                      |                                 | 1,271,350.27            |
| Bond Mutual Funds                            |                                 | 1,743,196.43            |
| Brighthouse Financial -<br>Fixed Income Fund |                                 | <u>3,182,810.55</u>     |
|  | TOTAL INVESTMENTS               | \$ <u>22,092,696.62</u> |
|  | TOTAL ASSETS                    | \$ <u>22,097,251.56</u> |

**LIABILITIES**

TOTAL LIABILITIES \$ 0.00

**NET POSITION**

|   |                         |
|---|-------------------------|
| Held in trust for pension benefits and other purposes | \$ <u>22,097,251.56</u> |
| TOTAL NET POSITION                                    | \$ <u>22,097,251.56</u> |

See accompanying notes to the basic financial statements.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUND  
YEAR ENDED SEPTEMBER 30, 2022****ADDITIONS**

|                              |                                    |                          |
|------------------------------|------------------------------------|--------------------------|
| Contributions:               |                                    |                          |
| Employer                     | \$                                 | 290,605.26               |
| Plan members                 |                                    | <u>0.00</u>              |
|                              | TOTAL CONTRIBUTIONS                | <u>\$ 290,605.26</u>     |
| Investment earnings:         |                                    |                          |
| Investment earnings (losses) | \$                                 | <u>(3,597,571.96)</u>    |
|                              | TOTAL INVESTMENT EARNINGS (LOSSES) | \$ (3,597,571.96)        |
| Less investment expense      |                                    | <u>0.00</u>              |
|                              | NET INVESTMENT EARNINGS            | <u>\$ (3,597,571.96)</u> |
| Other additions:             |                                    |                          |
| Property taxes               | \$                                 | <u>806,006.54</u>        |
|                              | TOTAL OTHER ADDITIONS              | <u>\$ 806,006.54</u>     |
|                              | TOTAL ADDITIONS                    | <u>\$ (2,500,960.16)</u> |

**DEDUCTIONS**

|                         |                  |                      |
|-------------------------|------------------|----------------------|
| Benefits paid           | \$               | 901,177.48           |
| Administrative expenses |                  | <u>7,338.54</u>      |
|                         | TOTAL DEDUCTIONS | <u>\$ 908,516.02</u> |

|  |    |                      |
|--|----|----------------------|
| <b><u>CHANGE IN NET POSITION</u></b>           | \$ | (3,409,476.18)       |
| <b><u>NET POSITION - Beginning of year</u></b> |    | <u>25,506,727.74</u> |
| <b><u>NET POSITION - End of year</u></b>       | \$ | <u>22,097,251.56</u> |

See accompanying notes to the basic financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

# **ROCK COMMUNITY FIRE PROTECTION DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS** **SEPTEMBER 30, 2022**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Financial Reporting Entity**

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

Primary Government: Rock Community 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. Governmental activities 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.



### Special Revenue Fund

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Dispatching Fund is accounted for as a special revenue fund.

### 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 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. 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**

“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 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 \$10,000 is used to report capital assets purchased by the District and \$5,000 when purchased with federal grant funds. The range of estimated useful lives by type of asset is as follows:

|             |              |
|-------------|--------------|
| - Buildings | 5 - 39 years |
| - Vehicles  | 5 - 20 years |
| - 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 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 do 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 31 and payable by December 31. Taxes paid after December 31 are subject to penalties. Jefferson County bills, collects and remits the taxes to the District. The District records the revenues from property taxes when they are received, since the District uses the modified cash basis of accounting.

#### **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 |
|               | Contributed capital     |

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

##### Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

|                                    |                |
|------------------------------------|----------------|
| Governmental Funds - By Character: | Current        |
|                                    | Capital Outlay |
|                                    | Debt Service   |

In the fund financial statements, governmental funds report expenditures of financial resources.

## **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 September 30, 2022.

## **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, 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.

| <b><u>Depository Account</u></b>   | <b><u>Bank Balance</u></b>     |
|--|--------------------------------|
| Insured  | \$ 250,000.00                  |
| 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     | 18,735,823.82                  |
| 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><u>\$ 18,985,823.82</u></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 September 30, 2022, \$0.00 of the District's bank balance of \$18,985,823.82 was exposed to credit risk as follows:

| <b><u>Type of Deposit</u></b>   | <b><u>Custody<br/>Credit<br/>Risk Amount</u></b> |
|---|--|
| 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><u>\$ 0.00</u></u>                            |

### 3. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the year ended September 30, 2022 was as follows:

| <b><u>Governmental Activities:</u></b>      | <b><u>Balance<br/>Oct. 1, 2021</u></b> | <b><u>Additions</u></b> | <b><u>Deductions</u></b> | <b><u>Balance<br/>Sept. 30, 2022</u></b> |
|---|--|-------------------------|--------------------------|--|
| Capital assets not being depreciated:       |  |                         |                          |  |
| Land  | \$ 1,261,805.85                        | \$ 0.00                 | \$ 0.00                  | \$ 1,261,805.85                          |
| Total capital assets not being depreciated  | \$ 1,261,805.85                        | \$ 0.00                 | \$ 0.00                  | \$ 1,261,805.85                          |
| Capital assets being depreciated:           |  |                         |                          |  |
| Buildings                                   | \$ 14,464,313.76                       | \$ 0.00                 | \$ 0.00                  | \$ 14,464,313.76                         |
| Vehicles                                    | 5,635,212.62                           | 0.00                    | 0.00                     | 5,635,212.62                             |
| Equipment                                   | 1,692,870.66                           | 81,270.65               | 115,985.30               | 1,658,156.01                             |
| Computer equipment                          | 0.00                                   | 25,801.96               | 0.00                     | 25,801.96                                |
| Total capital assets being depreciated      | \$ 21,792,397.04                       | \$ 107,072.61           | \$ 115,985.30            | \$ 21,783,484.35                         |
| Less accumulated depreciation:              |  |                         |                          |  |
| Buildings                                   | \$ 6,036,509.71                        | \$ 463,771.30           | \$ 0.00                  | \$ 6,500,281.01                          |
| Vehicles                                    | 3,261,747.39                           | 257,561.23              | 0.00                     | 3,519,308.62                             |
| Equipment                                   | 1,273,177.49                           | 109,905.24              | 115,985.30               | 1,267,097.43                             |
| Computer equipment                          | 0.00                                   | 4,730.36                | 0.00                     | 4,730.36                                 |
| Total accumulated depreciation              | \$ 10,571,434.59                       | \$ 835,968.13           | \$ 115,985.30            | \$ 11,291,417.42                         |
| Total capital assets being depreciated, net | \$ 11,220,962.45                       | \$ (728,895.52)         | \$ 0.00                  | \$ 10,492,066.93                         |
| Governmental activities capital assets, net | \$ 12,482,768.30                       | \$ (728,895.52)         | \$ 0.00                  | \$ 11,753,872.78                         |

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

Depreciation expense totaled \$835,968.13 for the year ended September 30, 2022.

### 4. RESTRICTED ASSETS

The amount of restricted equity is as follows:

#### **Governmental Activities:**

|                   |                 |
|-------------------|-----------------|
| Cash              | \$ 1,598,956.95 |
| Less: Liabilities | <u>0.00</u>     |

Net Position - Restricted \$ 1,598,956.95

| <b><u>Governmental Funds:</u></b> | <b><u>Special<br/>Revenue Fund</u></b> | <b><u>Debt<br/>Service Fund</u></b> |
|-----------------------------------|--|-------------------------------------|
| Cash                              | \$ 858,117.18                          | \$ 740,839.77                       |
| Fund Balance - Restricted         | <u>\$ 858,117.18</u>                   | <u>\$ 740,839.77</u>                |

## 5. ASSIGNED FUND BALANCE

The District has assigned \$14,556,840.39 of the fund balance for future capital expenditures and health insurance

|                         |                         |
|-------------------------|-------------------------|
| Cash                    | \$ 14,556,840.39        |
| Less: Liabilities       | <u>0.00</u>             |
| Fund Balance - Assigned | <u>\$ 14,556,840.39</u> |

## 6. LONG-TERM DEBT

### Governmental Activities

As of September 30, 2022, the long-term debt, arising from cash transactions, payable from the general revenue fund resources, consisted of the following:

|   |                        |
|---|------------------------|
| • General Obligation Bonds - Series 2019, payable in semi-annual installments with interest from 3.00% to 3.25%, final payment due March 1, 2032. | <u>\$ 5,420,000.00</u> |
| Total   | <u>\$ 5,420,000.00</u> |

### Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

| <u>Governmental Activities</u>         | <u>Balance<br/>Oct. 1, 2021</u> | <u>Additions</u> | <u>Payments</u>      | <u>Balance<br/>Sept. 30, 2022</u> | <u>Amount Due<br/>Within One Year</u> |
|--|---------------------------------|------------------|----------------------|-----------------------------------|---------------------------------------|
| General Obligation Bonds - Series 2019 | <u>\$ 5,930,000.00</u>          | <u>\$ 0.00</u>   | <u>\$ 510,000.00</u> | <u>\$ 5,420,000.00</u>            | <u>\$ 525,000.00</u>                  |
| Total Governmental Activities          | <u>\$ 5,930,000.00</u>          | <u>\$ 0.00</u>   | <u>\$ 510,000.00</u> | <u>\$ 5,420,000.00</u>            | <u>\$ 525,000.00</u>                  |

### Debt Service Requirements to Maturity

#### A) **General Obligation Bonds – Series 2019**

On May 13, 2019, the District advance refunded the outstanding Series 2013 Bond, \$4,020,000.00. The net present value savings was calculated to be \$1,294,127.38

#### **General Obligation Bonds - Series 2019**

**Dated – May 13, 2019**

**Original amount of issue - \$6,900,000.00**

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

**Bond-paying agent – UMB Bank, N.A.**

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of September 30, 2022, 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>  |
|------------------------|------------------------|------------------------|----------------------|----------------------|-----------------|
|                        |                        |                        |                      |                      | \$ 5,420,000.00 |
| 03/01/2023             | \$ 608,450.00          | \$ 525,000.00          | 3.000%               | \$ 83,450.00         | 4,895,000.00    |
| 09/01/2023             | 75,575.00              |                        |                      | 75,575.00            |                 |
| 03/01/2024             | 610,575.00             | 535,000.00             | 3.000%               | 75,575.00            | 4,360,000.00    |
| 09/01/2024             | 67,550.00              |                        |                      | 67,550.00            |                 |
| 03/01/2025             | 622,550.00             | 555,000.00             | 3.250%               | 67,550.00            | 3,805,000.00    |
| 09/01/2025             | 58,531.25              |                        |                      | 58,531.25            |                 |
| 03/01/2026             | 628,531.25             | 570,000.00             | 3.250%               | 58,531.25            | 3,235,000.00    |
| 09/01/2026             | 49,268.75              |                        |                      | 49,268.75            |                 |
| 03/01/2027             | 644,268.75             | 595,000.00             | 3.250%               | 49,268.75            | 2,640,000.00    |
| 09/01/2027             | 39,600.00              |                        |                      | 39,600.00            |                 |
| 03/01/2028             | 649,600.00             | 610,000.00             | 3.000%               | 39,600.00            | 1,405,000.00    |
| 09/01/2028             | 30,450.00              |                        |                      | 30,450.00            |                 |
| 03/01/2029             | 655,450.00             | 625,000.00             | 3.000%               | 30,450.00            | 765,000.00      |
| 09/01/2029             | 21,075.00              |                        |                      | 21,075.00            |                 |
| 03/01/2030             | 661,075.00             | 640,000.00             | 3.000%               | 21,075.00            | 100,000.00      |
| 09/01/2030             | 11,475.00              |                        |                      | 11,475.00            |                 |
| 03/01/2031             | 676,475.00             | 665,000.00             | 3.000%               | 11,475.00            | 1,295,000.00    |
| 09/01/2031             | 1,500.00               |                        |                      | 1,500.00             |                 |
| 03/01/2032             | <u>101,500.00</u>      | <u>100,000.00</u>      | 3.000%               | <u>1,500.00</u>      | 0.00            |
| Totals                 | <u>\$ 6,213,500.00</u> | <u>\$ 5,420,000.00</u> |                      | <u>\$ 793,500.00</u> |                 |

The minimum lease payment is the payment amount.

#### 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 | <u>\$ 174,550.00</u> |
|-------------------|----------------------|

## 7. PENSION PLANS

### A. DEFINED BENEFIT PLAN

#### **Summary of Significant Accounting Policies**

**Plan Description.** The Employees Retirement Plan is a single member defined benefit plan which covers substantially all full-time employees of Rock Community Fire Protection District. The plan administrator is the District's Board Chairman. Employees are eligible on the first of the month coincident or following the later of 2 years of service and the attainment of age 20.

**Benefits Provided.** The pension plan provides pension benefits. A member may retire after reaching the age of 55 with 30 years of service or age 60 with 5 years of service. Benefits vest after 5 years of service. The retirement benefit will be equal to 2% of their average monthly earnings (36-month average) for each year of service.



**Contributions.** The District makes annual contributions to the pension plan. The amount of contribution is actuarially determined by using the aggregate actuarial cost method. Actuarial valuations are performed annually. The District contributed \$290,605.26 during the year.

The plan assets are invested in various securities by Universal Financial Group. There are no investments in, loans to, or leases with parties related to the pension plan.

## **8. DEFERRED COMPENSATION PLAN**

Employees of the Rock Community 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 Charles Schwab.

## **9. 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:

| <b><u>Type of Loss</u></b>                      | <b><u>Method Managed</u></b>   | <b><u>Risk of Loss Retained</u></b> |
|---|--------------------------------|-------------------------------------|
| 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.

On April 4, 2018, the District became self-insured with respect to medical insurance. A third-party administers the plan and provides information to the District regarding the claims incurred, reported and nonreported, but unpaid at year-end. The District budgeted \$2,600,000.00 for medical claims for the 2022 fiscal year. The District maintains a stop-loss provision for liability claims in excess of this amount.

## **10. 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 September 30, 2022, 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. For the year ended September 30, 2022, \$478,916.19 of the District's share of the real estate property taxes and sales taxes were abated through the Chapter 100 program. The District received PILOT distribution in the amount of \$0.00.

**Chapter 353** - At September 30, 2022, 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 September 30, 2022, \$0.00 of the District's share of the real estate property taxes were abated through the Chapter 353 program.

# **11. ASSESSED VALUATION AND TAX LEVY**

|  | <b><u>2021</u></b>   |
|--|--|
| Aggregate Assessed Valuation (excluding TIF) | \$ <u>920,125,395.00</u>                                     |
|  | <u>Tax Levy Per \$100.00</u><br><u>of Assessed Valuation</u> |
| General Fund                                 | \$ 0.9823  |
| Pension                                      | 0.0864   |
| Communications                               | 0.0427   |
| Debt Service                                 | <u>0.0728</u>  |
|  | <u>\$ 1.1842</u>   |
| Total taxes assessed                         | \$ 10,896,124.93   |
| Less - 1.6% collection fee                   | <u>(174,338.00)</u>  |
|  | <u>\$ 10,721,786.93</u>                                      |
| Tax collections (including delinquent taxes) | <u>\$ 11,044,672.27</u>                                      |

The receipts of current and delinquent property taxes during the year ended September 30, 2022, aggregated approximately 103% of the 2021 assessed taxes.

# **12. DISTRICT OFFICIALS**

|                      | <b><u>2022</u></b>                       |
|----------------------|--|
| Director/Chairman    | Kenneth Baker                            |
| Director/Secretary   | Edward Zimmermann                        |
| Director/Treasurer   | Dan Meyer                                |
| Fire Chief           | Jeffrey Broombaugh / Kevin Wingbermuehle |
| Assistant Fire Chief | Kevin Wingbermuehle / Charles Hill       |
| Fire Marshal         | Jeff Delapp                              |
| Finance Manager      | Lisa Eckstein                            |

## **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 basis 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 - Debt Service Fund
- Notes to Other Information - Budgetary Comparison Schedules

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS****GENERAL FUND****YEAR ENDED SEPTEMBER 30, 2022**

|   | <b><u>Budgeted Amounts</u></b> |                         | <b><u>Actual<br/>Amounts</u></b> |
|---|--------------------------------|-------------------------|----------------------------------|
|   | <b><u>Original</u></b>         | <b><u>Final</u></b>     |                                  |
| <b><u>BEGINNING BUDGETARY FUND BALANCE</u></b>      | \$ 14,453,200.97               | \$ 14,453,200.97        | \$ 14,453,200.97                 |
| <b><u>RESOURCES (inflows):</u></b>                  |                                |                         |                                  |
| Property taxes, penalties and interest              | 9,015,789.33                   | 9,160,961.40            | 9,160,961.40                     |
| Sales tax   | 3,900,000.00                   | 4,681,347.87            | 4,681,347.87                     |
| Permits and fees                                    | 175,000.00                     | 283,046.42              | 283,046.42                       |
| Interest revenue                                    | 25,000.00                      | 95,728.15               | 95,728.15                        |
| Other revenue                                       | 0.00                           | 3,680.77                | 3,680.77                         |
| Sale of assets                                      | 35,000.00                      | 676.00                  | 676.00                           |
| Grant revenue                                       | <u>0.00</u>                    | <u>19,870.77</u>        | <u>19,870.77</u>                 |
| AMOUNTS AVAILABLE FOR APPROPRIATION                 | <u>\$ 27,603,990.30</u>        | <u>\$ 28,698,512.35</u> | <u>\$ 28,698,512.35</u>          |
| <b><u>CHARGES TO APPROPRIATIONS (outflows):</u></b> |                                |                         |                                  |
| Current:  |                                |                         |                                  |
| Operations:   |                                |                         |                                  |
| Salaries  | \$ 6,404,269.86                | \$ 6,747,751.99         | \$ 6,747,751.99                  |
| Payroll taxes                                       | 489,926.64                     | 493,823.96              | 493,823.96                       |
| Benefits  | 3,376,400.00                   | 2,266,416.88            | 2,266,416.88                     |
| Uniforms  | 78,000.00                      | 42,528.57               | 42,528.57                        |
| Training  | 116,000.00                     | 63,954.77               | 63,954.77                        |
| Memberships and subscriptions                       | 26,900.00                      | 22,031.18               | 22,031.18                        |
| Public relations and education                      | 28,600.00                      | 25,391.86               | 25,391.86                        |
| Medical expense                                     | 89,000.00                      | 98,655.90               | 98,655.90                        |
| Firefighting equipment                              | 364,900.00                     | 170,690.25              | 170,690.25                       |
| Firefighting equipment repair                       | 59,000.00                      | 32,622.28               | 32,622.28                        |
| Vehicle maintenance and repair                      | 170,050.00                     | 139,568.62              | 139,568.62                       |
| Fuel expense  | 65,000.00                      | 107,914.20              | 107,914.20                       |
| Household expenses                                  | 101,800.00                     | 92,252.79               | 92,252.79                        |
| Building repair and maintenance                     | 104,500.00                     | 210,312.38              | 210,312.38                       |
| Contract services                                   | 295,100.00                     | 148,420.52              | 148,420.52                       |
| Tax increment financing                             | 260,000.00                     | 290,483.91              | 290,483.91                       |
| Office supplies and equipment                       | 8,000.00                       | 12,719.67               | 12,719.67                        |
| Miscellaneous expense                               | 25,200.00                      | 18,756.54               | 18,756.54                        |
| Pension expense                                     | <u>290,605.26</u>              | <u>290,605.26</u>       | <u>290,605.26</u>                |
| TOTAL CURRENT                                       | <u>\$ 12,353,251.76</u>        | <u>\$ 11,274,901.53</u> | <u>\$ 11,274,901.53</u>          |

See accompanying notes to the Budgetary Comparison Schedules.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS****GENERAL FUND****YEAR ENDED SEPTEMBER 30, 2022**

|  | <b><u>Budgeted Amounts</u></b> |                         | <b><u>Actual<br/>Amounts</u></b> |
|--|--------------------------------|-------------------------|----------------------------------|
|  | <b><u>Original</u></b>         | <b><u>Final</u></b>     |                                  |
| <b><u>CHARGES TO APPROPRIATIONS (outflows)</u></b> |                                |                         |                                  |
| Capital outlay:                                    |                                |                         |                                  |
| Vehicle replacement                                | \$ 475,000.00                  | \$ 0.00                 | \$ 0.00                          |
| Building improvements                              | 595,000.00                     | 0.00                    | 0.00                             |
| Equipment  | <u>0.00</u>                    | <u>81,270.65</u>        | <u>81,270.65</u>                 |
| TOTAL CAPITAL OUTLAY                               | <u>\$ 1,070,000.00</u>         | <u>\$ 81,270.65</u>     | <u>\$ 81,270.65</u>              |
| TOTAL CHARGES TO APPROPRIATIONS                    | <u>\$ 13,423,251.76</u>        | <u>\$ 11,356,172.18</u> | <u>\$ 11,356,172.18</u>          |
| <b><u>ENDING BUDGETARY FUND BALANCE</u></b>        | <u>\$ 14,180,738.54</u>        | <u>\$ 17,342,340.17</u> | <u>\$ 17,342,340.17</u>          |

See accompanying notes to the Budgetary Comparison Schedules.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**SPECIAL REVENUE FUND - COMMUNICATIONS FUND**  
**YEAR ENDED SEPTEMBER 30, 2022**

|   | <b><u>Budgeted Amounts</u></b> |                        | <b><u>Actual<br/>Amounts</u></b> |
|---|--------------------------------|------------------------|----------------------------------|
|   | <b><u>Original</u></b>         | <b><u>Final</u></b>    |                                  |
| <b><u>BEGINNING BUDGETARY FUND BALANCE</u></b>      | \$ 748,651.97                  | \$ 748,651.97          | \$ 748,651.97                    |
| <b><u>RESOURCES (inflows):</u></b>                  |                                |                        |                                  |
| Property taxes, penalties and interest              | 391,911.03                     | 398,341.36             | 398,341.36                       |
| Interest revenue                                    | <u>2,500.00</u>                | <u>4,856.13</u>        | <u>4,856.13</u>                  |
| AMOUNTS AVAILABLE FOR APPROPRIATION                 | <u>\$ 1,143,063.00</u>         | <u>\$ 1,151,849.46</u> | <u>\$ 1,151,849.46</u>           |
| <b><u>CHARGES TO APPROPRIATIONS (outflows):</u></b> |                                |                        |                                  |
| Current:  |                                |                        |                                  |
| Information services / hardware                     | \$ 47,000.00                   | \$ 54,468.54           | \$ 54,468.54                     |
| Information services / software                     | 27,000.00                      | 34,360.78              | 34,360.78                        |
| Radio repair and accessories                        | 324,500.00                     | 17,640.35              | 17,640.35                        |
| Contract services                                   | 202,300.00                     | 160,723.71             | 160,723.71                       |
| Miscellaneous                                       | 34,000.00                      | 736.94                 | 736.9                            |
| Reserve   | <u>0.00</u>                    | <u>109,465.21</u>      | <u>0.00</u>                      |
| TOTAL CURRENT                                       | <u>\$ 634,800.00</u>           | <u>\$ 377,395.53</u>   | <u>\$ 267,930.32</u>             |
| Capital outlay:                                     |                                |                        |                                  |
| Computer equipment                                  | <u>\$ 0.00</u>                 | <u>\$ 25,801.96</u>    | <u>\$ 25,801.96</u>              |
| TOTAL CAPITAL OUTLAY                                | <u>\$ 0.00</u>                 | <u>\$ 25,801.96</u>    | <u>\$ 25,801.96</u>              |
| TOTAL CHARGES TO APPROPRIATIONS                     | <u>\$ 634,800.00</u>           | <u>\$ 403,197.49</u>   | <u>\$ 293,732.28</u>             |
| <b><u>ENDING BUDGETARY FUND BALANCE</u></b>         | <u>\$ 508,263.00</u>           | <u>\$ 748,651.97</u>   | <u>\$ 858,117.18</u>             |

See accompanying notes to the Budgetary Comparison Schedules.

**ROCK COMMUNITY FIRE PROTECTION DISTRICT****BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
DEBT SERVICE FUND  
YEAR ENDED SEPTEMBER 30, 2022**

|   | <b><u>Budgeted Amounts</u></b> |                        | <b><u>Actual<br/>Amounts</u></b> |
|---|--------------------------------|------------------------|----------------------------------|
|   | <b><u>Original</u></b>         | <b><u>Final</u></b>    |                                  |
| <b><u>BEGINNING BUDGETARY FUND BALANCE</u></b>      | \$ 741,750.91                  | \$ 741,750.91          | \$ 741,750.91                    |
| <b><u>RESOURCES (inflows):</u></b>                  |                                |                        |                                  |
| Property taxes, penalties and interest              | 668,176.18                     | 679,362.97             | 679,362.97                       |
| Interest revenue                                    | <u>0.00</u>                    | <u>4,275.89</u>        | <u>4,275.89</u>                  |
| AMOUNTS AVAILABLE FOR APPROPRIATION                 | <u>\$ 1,409,927.09</u>         | <u>\$ 1,425,389.77</u> | <u>\$ 1,425,389.77</u>           |
| <b><u>CHARGES TO APPROPRIATIONS (outflows):</u></b> |                                |                        |                                  |
| Debt Service:                                       |                                |                        |                                  |
| Principal retirement                                | \$ 510,000.00                  | \$ 510,000.00          | \$ 510,000.00                    |
| Interest and fees                                   | <u>174,550.00</u>              | <u>174,550.00</u>      | <u>174,550.00</u>                |
| TOTAL DEBT SERVICE                                  | <u>\$ 684,550.00</u>           | <u>\$ 684,550.00</u>   | <u>\$ 684,550.00</u>             |
| TOTAL CHARGES TO APPROPRIATIONS                     | <u>\$ 684,550.00</u>           | <u>\$ 684,550.00</u>   | <u>\$ 684,550.00</u>             |
| <b><u>ENDING BUDGETARY FUND BALANCE</u></b>         | <u>\$ 725,377.09</u>           | <u>\$ 740,839.77</u>   | <u>\$ 740,839.77</u>             |

See accompanying notes to the Budgetary Comparison Schedule.

## **ROCK COMMUNITY FIRE PROTECTION DISTRICT**

### **NOTES TO OTHER INFORMATION BUDGETARY COMPARISON SCHEDULE YEAR ENDED SEPTEMBER 30, 2022**

#### **Budgets and Budgetary Practices**

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

- a. Prior to October 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 September 30, 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. 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.