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1-1-2008

## Financial Statements, 2007

Cottleville Community Fire Protection District

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**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

March 9, 2009

Robert Wylie, Fire Chief  
Cottleville Com Fire Protection District  
1385 Motherhead Road  
Cottleville, MO 63304

12-092-0001  
St. Charles County

Fiscal Period: One Year Ended December 31, 200<sup>7</sup>

Dear Mr. Wylie:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA  
STATE AUDITOR

*Dana Wansing*

Dana Wansing  
Staff Auditor III

Cottleville Comm Fire Prot. Dist.

(Political Subdivision Name)

1385 Motherhead Rd

Cottleville, MO 63304

(Address)

636-447-6655

(Telephone Number)

RWylie@Cottlevillefd.org

(Email Address)

12-092-0001

Rob Wylie, Fire Chief

Cottleville Comm Fire Prot District

1385 Motherhead Road

Cottleville, MO 63304



CERTIFICATION

I Robert B Wylie, Chief of  
(Name - please print) (Title)

Cottleville Comm Fire Dist. of St. Charles do attest, under oath, this  
(Political subdivision) (County)

report is a true and accurate account of all financial transactions for the year ended Dec 2008.  
(month, day & year)

Signature

Subscribed and sworn to before me this 24<sup>th</sup> day of February, 2009.



(Notary seal)

Sandra L Schene Sandra L Schene  
(Notary public signature)

My Commission Expires: November 14, 2012

Financial Statement Summary

For the Year Ended \_\_\_\_\_

Audited Financial Statement  
Enclosed.

	Total All Funds	General Fund	Fund	Fund	Fund
Beginning Balance	\$	\$	\$	\$	\$
Total Receipts					
Total Disbursements					
Ending Balance	\$	\$	\$	\$	\$

# Receipts

		(Political Subdivision Name)				
		Total All Funds	General Fund	Fund	Fund	Fund
Property Tax						
	\$	\$	\$	\$	\$	\$
Total	(T01)					
Sales Tax						
Total	(T02)					
Franchise Tax						
Total	(T15)					
Intergovernmental Receipts						
Total						
Charges for Services						
Total						
Utility Receipts						
Total						
Interest Earned	(U20)					
Other Receipts and Transfers						
Interfund Transfers						
Total						
Total Receipts		\$	\$	\$	\$	\$



## Disbursements (By Function)

		(Political Subdivision Name)			
		Total All Funds	General Fund	Fund	Fund
General Government	(E29)	\$	\$	\$	\$
Police	(E62)				
Fire	(E24)				
Streets and Roads	(E44)				
Sanitation	(E81)				
Health and Welfare	(E32)				
Parks	(E61)				
Libraries	(E52)				
Debt Payments					
Interfund Transfers					
Total Disbursements by Function		\$	\$	\$	\$

## Disbursements (By Object)

		Total All Funds	General Fund	Fund	Fund
Salaries	(Z00)	\$	\$	\$	\$
Fringe Benefits					
Operations					
Debt Payments					
Capital Expenditures	(V98)				
Interfund Transfers					
Total Disbursements by Object		\$	\$	\$	\$

# Statement of Indebtedness

Issue Description	(Political Subdivision Name)			
	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Retired During Fiscal Year	Outstanding End of Fiscal Year
General Obligation Bonds	(19X)	(29X)	(39X)	(41X)
	\$	\$	\$	\$
Revenue Bonds	(19X)	(29X)	(39X)	(41X)
Other Debt				
Totals	\$	\$	\$	\$

## Statement of Assessed Valuation and Tax Rates

### Assessed Valuation

Real Estate	\$
Personal Property	
State Assessed Railroad and Utility	
Total Valuation	\$

### Tax Rates

Funds	Tax Rate (per \$100)

***COTTLEVILLE COMMUNITY FIRE  
PROTECTION DISTRICT***

***FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2007***



**BOTZ, DEAL & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

# ***COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT***

COTTLEVILLE, MISSOURI

## **CONTENTS**

	PAGE
<b>SCHEDULE OF PRINCIPAL OFFICEHOLDERS</b>	1
<b>INDEPENDENT AUDITORS' REPORT</b>	2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>GENERAL PURPOSE FINANCIAL STATEMENTS:</b>	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet - Governmental Funds	11
Reconciliation Of The Statement Of Net Assets Of Governmental Funds To The Balance Sheet	12
Combined Statement of Revenues, Expenditures And Changes In Fund Balances - All Governmental Fund Types	13
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement of Activities	14
Notes To Financial Statements	15
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule - General Fund	25
Note To Required Supplementary Information	26



***COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT***  
SCHEDULE OF PRINCIPAL OFFICEHOLDERS  
DECEMBER 31, 2007

**Officeholders**

John Remstedt, President

Shea Murray, Treasurer

Jim Donnelly, Co-Treasurer

Ken Brooks, Secretary

Steve McCoy, director

**Appointments**

Robert Wylie, Chief

Sandra Schene, Recording Secretary

Members of the Board are elected by the community. The Board appoints a president to serve a one-year term. They also appoint a treasurer, a secretary and the fire chief.

## INDEPENDENT AUDITORS' REPORT

Board of Directors

**COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**



We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cottleville Community Fire Protection District, as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cottleville Community Fire Protection District, as of December 31, 2007, and the respective changes in the financial position where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 25 through 26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cottleville Community Fire Protection District's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Botz Deal & Company*

January 15, 2009

**COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

This section of Cottleville Community Fire Protection District's (the District) annual financial report presents management's discussion and analysis of the District's financial activity for the year ended December 31, 2007. In order to have a comprehensive understanding of the Management Discussion and Analysis, we recommend that the attached financial statements, including all notes to the financial statements, be read in their entirety.

**Using this Annual Report**

The District's basic financial statements are designed to emulate corporate presentation models whereby all District activities are consolidated. This approach is intended to summarize and simplify the analysis of the costs associated with various emergency services provided by the District for the benefit of its residents.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the basic financial statements.

Required supplementary information and additional supplementary information are also included in addition to the basic financial statements. The District has elected to present the government-wide and fund financial statements in a single report, pursuant to GASB 34 reporting requirements. The District believes this is the best reporting format of its operations and financial condition because the District has one (1) single purpose-emergency response services, although it is required, by state statute, to operate with three (3) separate ad-valorem tax rates and funds (general, debt service and pension.)

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the *Statement of Net Assets* and the *Statements of Activities*.

The *Statement of Net Assets* presents all of the District's assets and liabilities which measure the District's overall financial health. The increases and decreases in net assets can be monitored to determine whether the District's financial position is improving or deteriorating.



The *Statement of Activities* presents information reflecting how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused compensation, etc.)

The government-wide financial statements report functions of the District that are principally supported by taxes and charges for services. The governmental activities for the District include fire protection, public safety and debt services. It should be noted that the District currently has no business-type activities.

### **Fund Financial Statements**

The fund financial statements provide grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure compliance with finance-related legal requirements.

### **Governmental Funds**

The District's basic services are included in the governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These fund statements measure current financial resources and uses or in essence, near-term inflows and outflows of expendable resources, as well as the balances of expendable resources available at the end of the year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate a comparison between governmental funds and governmental activities is provided in the basic financial statements. The fund financial statements can be located on pages 11 and 13 of this financial report.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the information reported in the government-wide and fund financial statements. The notes to the basic financial statements can be located on pages 15 through 24 of this financial report.

### **Required and Other Supplementary Information**

In addition to the basic financial statements and accompanying notes to the basic financial statements, this financial report also contains certain required supplementary information which is located on pages 25 through 26 of this financial report.



## Financial Analysis of the District as a Whole (Consolidated)

### Statement of Net Assets December 31, 2007 and 2006

	2007	2006	Increase (Decrease)
Current and other assets (net of inter-fund receivables)	\$ 9,678,152	\$ 8,759,207	\$ 918,945
Capital assets, net of depreciation	5,857,831	6,354,516	( 496,685)
Total Assets	15,535,983	15,113,723	422,260
Current liabilities	206,093	197,134	8,959
Non-current liabilities	7,029,327	7,423,031	( 393,704)
Total Liabilities	7,235,420	7,620,165	( 384,745)
Net Assets:			
Invested in capital assets, net of related debt	1,943,144	1,095,170	847,974
Restricted	1,901,042	1,934,833	( 33,791)
Unrestricted	4,456,377	4,463,555	( 7,178)
Total Net Assets	\$ 8,300,563	\$ 7,493,558	\$ 807,005

The District's assets exceeded liabilities (net assets) by \$8,300,563 as of December 31, 2007. Of this amount, \$1,943,144 is invested in capital assets, net of related debt; \$1,901,042 is restricted for debt service and pension contributions; \$4,456,377 is unrestricted and available to provide for current and future obligations of the District.

This schedule is prepared from the District's Statement of Net Assets, referenced herein, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

### Statement of Changes in Net Assets For the Years Ended December 31, 2007 and 2006

	2007	2006	Increase (Decrease)
Revenue:			
Program revenues:			
Charges for service	\$ 177,950	\$ 182,814	\$ ( 4,864)
General revenue:			
Property taxes	6,816,522	6,312,969	503,553
Interest and investment earnings	317,383	191,671	125,712
Miscellaneous revenue	69,270	40,073	29,197
Total revenues	7,381,125	6,727,527	653,598
Expenses:			
Fire protection and public safety	6,297,254	5,584,521	712,733
Interest and fiscal charges	276,866	237,991	38,875
Total expenses	6,574,120	5,822,512	751,608
Change in net assets	807,005	905,015	( 98,010)
Net assets, beginning of year	7,493,558	6,588,543	905,015
Net assets, end of year	\$ 8,300,563	\$ 7,493,558	\$ 807,005

Program revenue includes activities that have the characteristics of exchange transactions, such as commercial and residential inspections. General revenue includes activities that have the characteristics of non-exchange transactions, such as property taxes and investment earnings. Governmental activities are those expenses for the purpose of providing fire protection, emergency medical services and operational activities of the District. The District's governmental activities are funded primarily through general revenues. Total revenues exceeded expenses for the year ended December 31, 2007 by \$807,005.

## **Fund Analysis**

### *General Fund*

General Fund revenues and other financing sources exceeded General Fund expenditures by \$730,124. The increase in the general balance was primarily the result of the District's conservative approach to budgeting and monthly monitoring of expenses.

### *Debt Service Fund*

Debt Service Fund expenditures exceeded Debt Service Fund revenues by \$102,298. The decrease in the debt service fund balance was primarily the result of the timing of tax receipts from St. Charles County and bond payments (principal and interest) to said bond holders.

### *Pension Revenue Fund*

Pension Fund revenue exceeded Pension Fund expenditures by \$33,411. The increase was attributable to revenue being recorded on the modified accrual basis of accounting and contributions to pension accounts are based on when tax payments are received.

## **Budget Analysis**

The District adopts an annual budget for each of its governmental funds, except the Capital Projects Fund and Pension Fund, pursuant to Missouri State Statutes.

Annually, as allowed by Missouri State Statutes, the District amends the budgets of each fund to reflect approved changes in spending requirements and unforeseen events that occurred during the most recent year.

The difference between the original budget adopted for 2007 and the amended budget for 2007, approved in January 2007, was primarily due to the timing of tax collections received from St. Charles County. Tax collection receipts can significantly vary from year-to-year, based on the economy, timeline of tax payments made by District residents and/or the timeliness of the processing and subsequent remittance to the District of said tax payment receipts by St. Charles County.



## Capital Assets

GASB 34 requires the District to include in capital assets all real estate to house firefighters and emergency vehicles, the District's administrative building and all emergency and administrative equipment and vehicles owned by the District with an original cost in excess of \$500. The District has adopted a capitalization policy with specific useful lives by capital asset category. More detailed information on the District's capital assets is presented in note 5 to the financial statements.

	2007	2006	Increase (Decrease)
Capital Assets:			
Land	\$ 548,994	\$ 548,994	\$ -
Buildings and improvements	4,854,628	4,819,408	35,220
Communications equipment	122,375	127,554	( 5,179)
Firefighting equipment	689,258	670,232	19,026
Furniture, fixtures and equipment	433,172	446,056	( 12,884)
Vehicles	3,285,121	3,305,605	( 20,484)
Total	9,933,548	9,917,849	15,699
Less: accumulated depreciation	(4,075,717)	(3,563,333)	( 512,384)
Net Capital Assets	\$ 5,857,831	\$ 6,354,516	\$ ( 496,685)

## Long-Term Debt

During the year ended December 31, 2002, the District issued \$5,000,000 in general obligation bonds. During the year ended December 31, 2003, the District issued an additional \$1,000,000 in general obligations bonds. During the year ended December 31, 2006 the District issued \$2,000,000 in general obligation bonds. The average interest rates on these bonds issued are from 1.1% to 5.7%. These bonds were issued for the purpose of purchasing land, construction, equipping, and maintaining fire stations and purchasing fire protection and firefighting apparatus and auxiliary equipment for the District and were authorized at an election held in the District at the time of the general municipal election. More detailed information on the District's long-term debt is presented in note 6 to the financial statements.

Below is the combined repayment of principal and interest for all series:

Year Ending December 31	Principal	Interest	Total
2008	\$ 425,000	\$ 256,475	\$ 681,475
2009	275,000	238,356	513,356
2010	300,000	225,921	525,921
2011	300,000	213,963	513,963
2012	300,000	202,056	502,056
2013-2017	1,600,000	824,335	2,424,335
2018-2022	1,975,000	443,531	2,418,531
2023-2026	975,000	76,076	1,051,076
Totals	\$ 6,150,000	\$ 2,480,713	\$ 8,630,713

## **Economic Factors**

The District serves over 40,000 residents and has mutual aid agreements with all Fire Protection Districts and Fire Departments in the 'Region C' area of Missouri. The District also participates in the statewide mutual aid program through the State of Missouri's Division of Fire Safety. While the District includes office buildings, regional and local shopping areas, churches, residential care and light manufacturing facilities, it primarily consists of single and multi-family residential housing. Hence, the District is somewhat insulated from significant changes in the economy.

## **Contact Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. This financial report demonstrates the District's spirit of full disclosure to provide readers of this report with an overview of the District's financial operations. For questions or requests for additional information, please direct requests to the Chief of the Fire Protection District at Fire Station No. 1, 1385 Motherhead Road, Cottleville, Missouri 63304.



# **COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**

## **STATEMENT OF NET ASSETS**

DECEMBER 31, 2007

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,481,305
Taxes receivable	4,774,096
Prepaid expenses	71,639
Restricted cash and investments	2,235,314
Debt issuance costs	115,799
Capital assets - net:	
Nondepreciable	548,994
Depreciable	<u>5,308,836</u>
TOTAL ASSETS	<u>15,535,983</u>
<b>LIABILITIES</b>	
Accounts payable	22,462
Accrued wages	94,226
Accrued interest payable	89,405
Noncurrent liabilities:	
Due in one year	638,201
Due in more than one year	<u>6,391,126</u>
TOTAL LIABILITIES	<u>7,235,420</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,943,144
Restricted for:	
Pension benefits	875,466
Retirement of bonds	1,025,576
Unrestricted	<u>4,456,377</u>
TOTAL NET ASSETS	<u>\$ 3,300,563</u>

The accompanying notes are an integral part of these financial statements.

**COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
		<u>Charges for Service</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>			
Public safety	\$ 6,297,254	\$ 177,950	\$ (6,119,304)
Interest and fiscal charges	276,866	-	(276,866)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,574,120</b>	<b>\$ 177,950</b>	<b>(6,396,170)</b>
			6,816,522
			317,383
			72,746
			(3,476)
		<b>TOTAL GENERAL REVENUES</b>	<b>7,203,175</b>
		<b>CHANGE IN NET ASSETS</b>	<b>807,005</b>
		<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>7,493,558</b>
		<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,300,563</b>

The accompanying notes are an integral part of these financial statements.

**COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	General Fund	Capital Projects Fund	Debt Service Fund	Pension Fund	Total
<b>ASSETS AND OTHER DEBITS</b>					
Cash and cash equivalents	\$ 1,692,879	\$ -	\$ 446,699	\$ 341,727	\$ 2,481,305
Taxes receivable	3,931,149	-	439,296	403,651	4,774,096
Due (to) from other funds	(269,669)	-	139,581	130,088	-
Restricted cash and investments	-	2,235,314	-	-	2,235,314
Prepaid items	71,639	-	-	-	71,639
<b>TOTAL ASSETS</b>	<b>\$ 5,425,998</b>	<b>\$ 2,235,314</b>	<b>\$ 1,025,576</b>	<b>\$ 875,466</b>	<b>\$ 9,562,354</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 22,462	\$ -	\$ -	\$ -	\$ 22,462
Deferred revenue	341,934	-	37,782	33,664	413,380
Accrued salaries	94,226	-	-	-	94,226
<b>TOTAL LIABILITIES</b>	<b>458,622</b>	<b>-</b>	<b>37,782</b>	<b>33,664</b>	<b>530,068</b>
<b>FUND BALANCES</b>					
Fund balance reserved for:					
Pension benefits	-	-	-	841,802	841,802
Retirement of bonds	-	-	987,794	-	987,794
Prepaid items	71,639	-	-	-	71,639
Unreserved					
Designated for compensated absences	823,031	-	-	-	823,031
Undesignated	4,072,706	2,235,314	-	-	6,308,020
<b>TOTAL FUND BALANCES</b>	<b>4,967,376</b>	<b>2,235,314</b>	<b>987,794</b>	<b>841,802</b>	<b>9,032,286</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,425,998</b>	<b>\$ 2,235,314</b>	<b>\$ 1,025,576</b>	<b>\$ 875,466</b>	<b>\$ 9,562,354</b>

The accompanying notes are an integral part of these financial statements.

***COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT***

RECONCILIATION OF THE STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
DECEMBER 31, 2007

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance per balance sheet	\$ 9,032,286
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	5,857,830
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	115,799
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	413,380
Interest payable recorded in the statement of net assets does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(89,405)
Long-term liabilities, including bonds payable, vacation and sick leave, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(7,029,327)</u>
Net assets of governmental activities	<u><u>\$ 8,300,563</u></u>

The accompanying notes are an integral part of these financial statements.



**COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund	Capital Projects Fund	Debt Service Fund	Pension Fund	Total
<b>REVENUES</b>					
Taxes	\$ 5,433,290	\$ -	\$ 607,631	\$ 567,694	\$ 6,608,615
Building and other permits	177,950	-	-	-	177,950
Interest	139,268	134,340	24,576	19,199	317,383
Miscellaneous	72,861	-	-	-	72,861
<b>TOTAL REVENUES</b>	<u>5,823,369</u>	<u>134,340</u>	<u>632,207</u>	<u>586,893</u>	<u>7,176,809</u>
<b>EXPENDITURES</b>					
Current:					
Operations/repairs	126,060	-	-	-	126,060
Personnel	4,652,853	-	-	511,749	5,164,602
Maintenance	88,854	-	-	-	88,854
Insurance	75,716	-	-	17,331	93,047
Training	22,915	-	-	-	22,915
Office and miscellaneous	36,842	-	-	-	36,842
Professional fees	68,255	-	-	24,402	92,657
Capital outlay	21,750	101,137	-	-	122,887
Debt service:					
Principal, interest and fiscal charges	-	6	734,505	-	734,511
<b>TOTAL EXPENDITURES</b>	<u>5,093,245</u>	<u>101,143</u>	<u>734,505</u>	<u>553,482</u>	<u>6,482,375</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>730,124</u>	<u>33,197</u>	<u>(102,298)</u>	<u>33,411</u>	<u>694,434</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,237,252</u>	<u>2,202,117</u>	<u>1,090,092</u>	<u>808,391</u>	<u>8,337,852</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,967,376</u>	<u>\$ 2,235,314</u>	<u>\$ 987,794</u>	<u>\$ 841,802</u>	<u>\$ 9,032,286</u>

The accompanying notes are an integral part of these financial statements.

***COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT***  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Change in fund balance-total governmental funds	\$ 694,434
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.	71,421
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold.	(3,591)
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(564,515)
Revenues that do not provide current financial resources are not included in the fund financial statements.	207,907
Repayment of bond principal is an expenditure in the governmental funds, but it is a reduction of long-term liabilities in the government-wide statements.	450,000
The increase in compensated absences liability does not require the use of current financial resources but is recorded as an expense in the statement of activities.	(56,296)
Bond issue costs are amortized over the life of the bonds on the statement of activities.	(7,216)
Interest payable does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>14,861</u>
Change in net assets of governmental activities	<u><u>\$ 807,005</u></u>

The accompanying notes are integral part of these financial statements.

# **COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2007

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

Cottleville Community Fire Protection District (the District) operates under a five person Board of Directors. The District provides fire protection services to the cities of Cottleville, Weldon Spring, Dardenne Farms, a portion of the cities of St. Peters and O'Fallon and a portion of unincorporated St. Charles County.

#### **A. REPORTING ENTITY**

The District applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The District presently has no component units included within its reporting entity.

#### **B. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

*Government-Wide Financial Statements* - The reporting model includes financial statements prepared using accrual accounting for all the District's nonfiduciary activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

B. **BASIC FINANCIAL STATEMENTS - continued**

*Statement of Net Assets* - The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The District reports capital assets in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The net assets of the District are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The District has no business-type activities.

*Statement of Activities* - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the District has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. The District has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General, Capital Projects, Debt Service and Pension. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued**

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental funds financial statements, the District considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, interest, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The District reports the following major governmental funds:

**General Fund** - This fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

**Capital Projects Fund** - This fund is used to account for the proceeds of the District's fire protection bond issue and the various capital expenditures made with the proceeds.

**Debt Service Fund** - This fund is used to account for the proceeds of a tax levy which will be used to retire the District's fire protection bonds.

**Pension Fund** - This fund is used to account for a separate tax used to fund the employees' pension.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

D. **CAPITAL ASSETS - continued**

Capital assets of the District are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	7 - 40 years
Communication equipment	5 - 10 years
Firefighting equipment	5 - 10 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 10 years

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All interfund transactions are reported as transfers.

G. **COMPENSATED ABSENCES**

District employees earn vacation based on their length of employment. Accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. District employees earn sick leave every two weeks and can accumulate up to 2,880 hours. At retirement, employees will be paid for a maximum of 960 hours.

H. **LONG-TERM LIABILITIES**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discount, and issuance costs are included in interest expense.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

I. **RESTRICTED CASH AND INVESTMENTS**

Restricted cash and investments consist of proceeds from the issuance of bonds restricted for the purchase of capital assets.

J. **NET ASSETS AND FUND EQUITY**

In government-wide financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the District (such as creditors, grantors, contributors, laws and regulations of other governments).

When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$1,901,042 of restricted assets, which is restricted by enabling legislation.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. **CONCENTRATION OF LABOR**

Approximately 90% of the labor force was subject to a collective bargaining agreement expiring December 31, 2009.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

**Budgetary Process** - Prior to January 1, the budget is legally enacted. Projected expenditures cannot exceed estimated revenues plus any unencumbered balance estimated for the beginning of the budget year. The budget is prepared on a cash basis of accounting. No budget is prepared for the Pension Fund or the Capital Projects Fund.

3. **CASH AND INVESTMENTS**

The District's bank deposits are required by state law to be secured by the deposit of certain securities with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2007, the carrying amount of the District's bank deposits totaled \$4,716,119 with bank balances of \$4,759,581. The bank balance was covered by federal depository insurance or collateralized by securities held by the pledging financial institution in the District's name.



#### 4. PROPERTY TAX

The District's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are levied in September and payable by December 31. The County collects the property tax and remits it to the District. Assessed values are established by the St. Charles County Assessor subject to review by the Board of Equalization.

##### Assessed Valuation and Tax Rate

Real estate	\$ 1,001,185,870
Personal property	179,884,230
Railroad and utilities	23,478,146
Total Assessed Valuation	<u>\$ 1,204,548,246</u>

##### Tax Rate (per \$100 of Assessed Valuation)

General Fund	\$ .4465
Pension Fund	.0460
Debt Service Fund	.0500

#### 5. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2007 is as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 548,994	\$ -	\$ -	\$ 548,994
Capital assets, being depreciated:				
Buildings and improvements	4,819,408	35,220	-	4,854,628
Communication equipment	127,554	-	( 5,179)	122,375
Firefighting equipment	670,232	22,241	( 3,215)	689,258
Furniture and equipment	446,056	13,960	( 26,844)	433,172
Vehicles	3,305,605	-	( 20,484)	3,285,121
Total capital assets, being depreciated	<u>9,368,855</u>	<u>71,421</u>	<u>( 55,722)</u>	<u>9,384,554</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,731,911)	(125,770)	-	(1,857,681)
Communication equipment	( 85,588)	( 8,866)	5,179	( 89,275)
Firefighting equipment	( 399,160)	( 85,327)	3,215	( 481,272)
Furniture and equipment	( 258,269)	( 57,387)	23,253	( 292,403)
Vehicles	(1,088,405)	(287,165)	20,484	(1,355,086)
Total accumulated depreciation	<u>(3,563,333)</u>	<u>(564,515)</u>	<u>52,131</u>	<u>(4,075,717)</u>
Total capital assets, being depreciated, net	<u>5,805,522</u>	<u>(493,094)</u>	<u>( 3,591)</u>	<u>5,308,837</u>
Total governmental activities	<u>\$ 6,354,516</u>	<u>\$ (493,094)</u>	<u>\$ ( 3,591)</u>	<u>\$ 5,857,831</u>

All depreciation expense was charged to public safety on the government-wide financial statements.

## 6. LONG-TERM DEBT

**Fire Protection Bonds** - The District has been authorized to issue up to \$10,000,000 in bonds. The bonds were issued for the purpose of constructing, purchasing, equipping and maintaining fire stations, and purchasing fire-fighting apparatus and auxiliary equipment for the District. These bonds are being serviced through a separate property tax.

Fire Protection Bonds Series 2002 \$3,800,000  
 Bank of New York  
 Interest rate - 3.25% to 5.7%  
 Matures - March 1, 2022  
 Annual payments range from \$324,506  
 to \$726,323

Fire Protection Bonds Series 2003 600,000  
 Bank of New York  
 Interest rate - 1.1% to 4.75%  
 Matures - March 1, 2023  
 Annual payments range from \$36,163  
 to \$351,128

Fire Protection Bonds Series 2006 1,750,000  
 Bank of New York  
 Interest rate - 3.85% to 5.5%  
 Matures - March 1, 2026  
 Annual payments range from \$84,675  
 to \$338,575

TOTAL \$6,150,000

Debt and long-term liability activity for the year ended December 31, 2007 was as follows:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Governmental activities:					
Fire Protection Bonds:					
Series-2002	\$ 3,975,000	\$ -	\$ (175,000)	\$ 3,800,000	\$ 175,000
Series-2003	625,000	-	( 25,000)	600,000	25,000
Series-2006	2,000,000	-	(250,000)	1,750,000	225,000
Vacation and sick leave	823,031	447,782	(391,486)	879,327	213,201
Total governmental activities	<u>\$ 7,423,031</u>	<u>\$ 447,782</u>	<u>\$ (841,486)</u>	<u>\$ 7,029,327</u>	<u>\$ 638,201</u>

6. **LONG-TERM DEBT - continued**

Annual debt service payments are as follows:

YEAR	Governmental Activities		TOTAL
	PRINCIPAL	INTEREST	
2008	\$ 425,000	\$ 256,475	\$ 681,475
2009	275,000	238,356	513,356
2010	300,000	225,921	525,921
2011	300,000	213,963	513,963
2012	300,000	202,056	502,056
2013 – 2017	1,600,000	824,335	2,424,335
2018 – 2022	1,975,000	443,531	2,418,531
2023 – 2026	975,000	76,076	1,051,076
Total	<u>\$ 6,150,000</u>	<u>\$ 2,480,713</u>	<u>\$ 8,630,713</u>

7. **DUE TO/FROM OTHER FUNDS**

Due to/from other funds as of December 31, 2007 were as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 269,669
Debt Service Fund	139,581	-
Pension Trust Fund	<u>130,088</u>	<u>-</u>
	<u>\$ 269,669</u>	<u>\$ 269,669</u>

Interfund balances relate to the timing of tax collections. All taxes are receipted into the General Fund and then transfer to the various funds.

8. **LEASES**

The Company leases a copier from Ikon Office Solutions, Inc. Lease expense totaled \$4,896 and \$817 in 2007 and 2006, respectively. Minimum future rental payments under these non-cancellable operating leases as of December 31, are as follows:

2008	\$ 4,896
2009	4,896
2010	4,896
2011	<u>4,080</u>
Total	<u>\$18,768</u>



## **9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased workman's compensation insurance through Missouri Employers Mutual (MEM). The District pays an annual premium for its insurance coverage.

## **10. DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District makes no contribution to the Plan.

Qualified Plan Services, Ltd. administers the District's Deferred Compensation Plan. The District does not have significant administrative involvement in the Plan. With the adoption of Governmental Accounting Standards Board (GASB) No. 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*, the District's Deferred Compensation Plan is not included in the general purpose financial statements. The District's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

## **11. PENSION PLAN**

The District provides pension benefits and life insurance for all of its full-time employees through a Money Purchase Plan and Trust (the Plan), which is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

Employees who are eighteen or older are eligible to participate after one year of employment. For the Plan year ending December 31, 2007, the District contributed an amount equal to 15 percent of an employee's eligible salary plus \$100 for each year of service completed. In addition, contributions include a proportionate share of the "available amount". The "available amount" is based on the pension tax collected for the prior year, less administrative expenses related to the operations of the Plan for the current Plan year. The District's contributions for each employee (and earnings allocated to the employee's account) are fully vested after seven years of service. District contributions for, and earnings forfeited by employees who leave employment before seven years of service are allocated on the basis of compensation to participants who are eligible to receive an allocation for the Plan year.

Participants may borrow, from their mutual fund accounts, a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance.

Assets and liabilities of the Plan are recorded in the Pension Trust Fund. The District's contribution made in 2007 was \$511,749.

**12. SUBSEQUENT EVENT**

The District sold a rescue truck for \$65,000 in March 2008 and a pumper for \$90,000 in June 2008.

**13. NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 45, Accounting and Financial Reporting For Other Post Employment Benefits (OPEB) issued June 2004 will impose new standards for the recognition of post employment benefits other than pension benefits. The statement mandates that the District account for the implicit subsidy costs related to retiree health, dental and life insurance. Rather than recognizing the expense associated with the post employment benefits when they are paid by the District, the District will have to recognize the cost over the working life-times of the employees. This statement will be effective for the District for the fiscal year ending June 30, 2010. Management of the District has not yet completed its assessment of the statement; however, compliance with this statement may have a material effect on the District's financial statements prepared in accordance with accounting principals generally accepted in the United States of America.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT****REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>OPERATING REVENUE</b>				
Taxes	\$ 5,074,259	\$ 5,680,417	\$ 5,680,417	\$ -
Building and other permits	100,000	177,950	177,950	-
Interest	90,000	139,116	139,116	-
Miscellaneous	-	72,861	75,876	3,015
<b>TOTAL REVENUE</b>	<u>5,264,259</u>	<u>6,070,344</u>	<u>6,073,359</u>	<u>3,015</u>
<b>EXPENDITURES</b>				
Current:				
Operations/repairs	180,100	129,481	129,481	-
Personnel	4,305,842	4,635,342	4,635,342	-
Maintenance	81,500	85,317	85,317	-
Insurance	85,000	99,943	99,943	-
Training	122,100	22,916	22,916	-
Office and miscellaneous	42,086	44,207	44,207	-
Professional fees	61,000	68,255	68,255	-
Accumulated Absences reserve	100,000	-	-	-
Medical reserve	37,500	-	-	-
Capital outlay	15,000	19,315	19,315	-
Debt service:				
Principal, interest and fiscal charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,030,128</u>	<u>5,104,776</u>	<u>5,104,776</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	234,131	965,568	968,583	<u>\$ 3,015</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>454,627</u>	<u>454,627</u>	<u>454,627</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 688,758</u>	<u>\$ 1,420,195</u>	<u>\$ 1,423,210</u>	
<b>FUND BALANCES - END OF YEAR - BUDGET BASIS</b>			\$ 1,423,210	
Accrual adjustments:				
Revenues			3,589,215	
Expenditures			(45,049)	
<b>FUND BALANCE - END OF YEAR - GAAP BASIS</b>			<u>\$ 4,967,376</u>	

***COTTLEVILLE COMMUNITY FIRE PROTECTION DISTRICT***

**REQUIRED SUPPLEMENTARY INFORMATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**1. BUDGETARY INFORMATION**

The District prepares its budget on the cash basis of accounting. The budgetary process is detailed in footnote 2 of the notes to the financial statements.