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1-1-2006

## Annual Report, 2005

Goldman Fire Protection District

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**CLAIRE C. McCASKILL**  
Missouri State Auditor

March 24, 2006

Gregory J. Spinner, C.P.A.  
Ross, Spinner & Kummer, P.C.  
50 Crestwood Executive Center, Suite 400  
St. Louis, MO 63126

RE: Goldman Fire Protection District of Jefferson County

Fiscal Period: One Year Ended December 31, 2005 ✓

Dear Mr. Spinner:

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,

CLAIRE C. McCASKILL  
STATE AUDITOR

A handwritten signature in black ink that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst

# ROSS, SPINNER & KUMMER, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

50 CRESTWOOD EXECUTIVE CENTER ~ SUITE 400

(WATSON & SAPPINGTON)

ST. LOUIS, MISSOURI 63126

FOUNDED 1928

BY

FELIX G. KRAFT, C.P.A.

DENNIS J. ROSS, C.P.A.

GREGORY J. SPINNER, C.P.A.

BRUCE D. KUMMER, C.P.A.

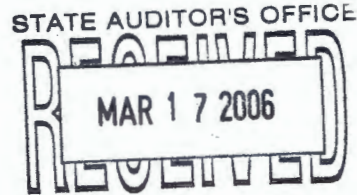
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MEMBER

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MISSOURI SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS



State Auditor of Missouri  
P. O. Box 869  
Jefferson City, Mo 65102

Dear State Official:

In accordance with Section 105.145, RSMo1978, we are submitting on behalf of our client, Goldman Fire Protection District, Hillsboro, Missouri, their financial report for the year ended December 31, 2005. If you have any questions regarding the report, please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "Gregory J. Spinner, C.P.A." with a stylized flourish at the end.

Gregory J. Spinner, C. P. A.  
ROSS, SPINNER & KUMMER, P. C.

GJS/cp

Enclosure (1)

**GOLDMAN FIRE PROTECTION DISTRICT**

**ANNUAL REPORT**

**YEAR ENDED DECEMBER 31, 2005**

**ROSS, SPINNER & KUMMER, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**50 CRESTWOOD EXECUTIVE CENTER • SUITE 400**

**ST. LOUIS, MISSOURI 63126**

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MISSOURI SOCIETY OF  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Goldman Fire Protection District  
9001 Old Lemay Ferry Rd.  
Goldman, Missouri 63050

We have audited the accompanying financial statements of the governmental activities, and each major fund of

### GOLDMAN FIRE PROTECTION DISTRICT

as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Goldman Fire Protection 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 accepted 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.

As described in Note 1(C), Goldman Fire Protection District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities and each major fund of Goldman Fire Protection District as of December 31, 2004, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1(C).

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the modified cash basis of accounting. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Ross, Sprin & Kummer, P.C.*  
Certified Public Accountants

March 3, 2006

GS/dm

## **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.



## **GOLDMAN FIRE PROTECTION DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **YEAR ENDED DECEMBER 31, 2005**

The discussion and analysis of the Goldman Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2005, 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 2005 are as follows:**

- The net assets for the Governmental Activities increased by \$156,889.
- Governmental Activities revenue was \$467,650.
- Property taxes represented \$432,021 of Governmental Activities revenue or 92%.
- Expenses for the Governmental Activities were \$310,762.
- The District paid \$70,000 on its tax anticipation loan and \$17,372 on its capital lease obligation.

#### **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 Assets 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.

**Required Supplementary Information:** This Management Discussion and Analysis and the General Fund Budgetary Comparison Schedule represent financial information required to be presented by the GASB. 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 Goldman Fire Protection District is fiscally responsible.

The primary government includes the following legal entity:

- The Goldman Fire Protection District

### ***The Government-wide Statement of Net Assets 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 Assets 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 assets and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the District's net assets - 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 assets 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 Assets 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 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 fund** - All of the District's basic services are reported in the governmental fund, which focuses on how money flows into and out of this fund and the balance left at year-end that is available for spending. This fund is reported using the report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statement provides a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. We describe the relationship (or differences) between governmental activity (reported in the Statement of Net Assets and the Statement of Activities) and governmental fund in a reconciliation at the bottom of the fund financial statements. The District considers the General Fund to be its significant or major governmental fund.

The District currently has no fiduciary funds. *Fiduciary funds* are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements and similar arrangements.

## A FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Assets - Modified Cash Basis

The District's combined net assets, resulting from modified cash basis transactions, increased from approximately \$230,812 to \$387,700 between fiscal years 2005 and 2004.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2005</u>	<u>2004</u>	<u>Percentage Change</u>
			<u>2005 - 2004</u>
Current and other assets	\$ 133,492.	\$ 19,596.	581%
Capital assets	<u>355,426.</u>	<u>379,657.</u>	(6%)
Total assets	<u>\$ 488,918</u>	<u>\$ 399,253.</u>	22%
Long-term debt outstanding	\$ 97,156.	\$ 164,528.	(41%)
Other liabilities	<u>4,062.</u>	<u>3,914.</u>	4%
Total liabilities	<u>\$ 101,218.</u>	<u>\$ 168,442.</u>	(40%)
Net assets			
Invested in capital assets, net of related debt	\$ 278,270.	\$ 273,129.	2%
Unrestricted	<u>109,430.</u>	<u>(42,318.)</u>	359%
Total net assets	<u>\$ 387,700.</u>	<u>\$ 230,811.</u>	68%

Net assets of the District's governmental activities increased 68% to \$387,700. However, \$278,270 of those net assets either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, vehicles and so on). Consequently, unrestricted net assets showed \$109,430 at the end of this year. Changes from 2005 to 2004 reflect a favorable increase of 359%.

**Changes in Net Assets - Modified Cash Basis**

For the year ended December 31, 2005, net assets of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental Activities</u>		<u>Total Percentage</u>
	<u>2005</u>	<u>2004</u>	<u>Change</u>
			<u>2005 - 2004</u>
<b><u>Revenues</u></b>			
Program revenues			
Permits	\$ 9,026.	\$ 13,619.	(34%)
Grant revenue			
General revenues			
Taxes	432,021.	287,268.	50%
Interest revenue	793.	249.	218%
Miscellaneous revenue	310.	2,953.	(90%)
Sale of assets	<u>25,500.</u>	<u>2,000.</u>	1175%
Total revenues	<u>\$ 467,650.</u>	<u>\$ 306,089.</u>	448%
<b><u>Expenses</u></b>			
Public safety - fire protection:			
Personal services - wages & fringe benefits	\$ 156,208.	\$ 138,624.	13%
Materials, supplies & maintenance	29,899.	21,327.	40%
Depreciation	27,727.	25,703.	8%
Interest	4,843.	1,872.	159%
Insurance	55,142.	51,750.	7%
Communications - dispatching, telephone and paging	14,585.	25,757.	(43%)
General and administrative	<u>22,357.</u>	<u>32,984.</u>	(32%)
Total expenses	<u>\$ 310,761.</u>	<u>\$ 298,017.</u>	4%
Increase in net assets	<u>\$ 156,889.</u>	<u>\$ 8,072.</u>	1844%

**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. This type of format highlights the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

For the year ended December 31, 2005, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$310,761. Of these total expenses, taxpayers and other general revenues funded \$301,735 while those directly benefiting from the program funded \$0 from grants and other contributions and \$9,026 from charges for services.

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

	<u>Total Cost of Services</u>		<u>Percentage</u>	<u>Net Cost of Services</u>		<u>Percentage</u>
	<u>2005</u>	<u>2004</u>	<u>Change</u> <u>2005 - 2004</u>	<u>2005</u>	<u>2004</u>	<u>Change</u> <u>2005 - 2004</u>
Public safety	\$ <u>310,761.</u>	\$ <u>298,017.</u>	4%	\$ <u>301,736.</u>	\$ <u>284,397.</u>	6%

**A FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

- The General Fund reported revenues of \$437,217 and expenditures of \$285,822, resulting in an increase in fund balance of \$151,395.

**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. The only significant difference between the current and prior year budgets was the Debt Service payment on the Capital Lease Obligation.

For the year ended December 31, 2005, General Fund expenditures were \$19,400 below final appropriations, while actual resources available for appropriation were \$126,580 above the final budgeted amount.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets - Modified Cash Basis**

At the end of December 31, 2005, the District has \$355,426 invested in capital assets, net of depreciation, including buildings, equipment and vehicles. This represents a net decrease of \$24,231 or 6% below last year.

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

(Net of accumulated depreciation)

	<u>Governmental Activities</u>	
	<u>Year Ended</u> <u>December 31, 2005</u>	<u>Year Ended</u> <u>December 31, 2004</u>
Land	\$ 12,000.	\$ 12,000.
Buildings	237,226.	248,678.
Equipment and radios	103,664.	115,300.
Vehicles	<u>2,536.</u>	<u>3,679.</u>
<b>TOTALS</b>	<b>\$ <u>355,426.</u></b>	<b>\$ <u>379,657.</u></b>

This year's more significant capital asset additions included:

3 Computers	\$ 3,496
-------------	----------

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

At December 31, 2005, the District had \$77,156 in long-term debt arising from modified cash basis transactions, compared to \$94,529 at December 31, 2004. This represents a decrease of 18%. All of the debt is related to government activities.

	<b><u>Balance at December 31, 2005</u></b>	<b><u>Balance at December 31, 2004</u></b>
Capital Lease Obligation	\$ <u>77,156.</u>	\$ <u>94,529.</u>
	\$ <u>77,156.</u>	\$ <u>94,529.</u>

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

For the year ending December 31, 2006, the budget is fairly consistent with the December 31, 2005 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and 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 Gary Peters, Fire Chief, at 9001 Old Lemay Ferry Rd., Hillsboro, MO 63050.

## 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

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.

**GOLDMAN FIRE PROTECTION DISTRICT**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2005**

**ASSETS**

Cash	\$	133,492.36
Land		12,000.00
Capital assets, net of accumulated depreciation		<u>343,425.90</u>

**TOTAL ASSETS** \$ 488,918.26

**LIABILITIES**

Payroll withholdings	\$	4,061.99
Long-term liabilities:		
Due within one year		38,107.35
Due in more than one year		<u>59,048.66</u>

**TOTAL LIABILITIES** \$ 101,218.00

**NET ASSETS**

Invested in capital assets, net of related debt	\$	278,269.89
Unrestricted		<u>109,430.37</u>

**TOTAL NET ASSETS** \$ 387,700.26

See accompanying notes to the basic financial statements.



**GOLDMAN FIRE PROTECTION DISTRICT**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2005**

**EXPENSES**

Public safety - fire protection:	
Personal services - wages and fringe benefits	\$ 156,208.46
Materials, supplies and maintenance	29,898.91
Depreciation	27,727.36
Interest	4,843.01
Insurance	55,142.13
Communications - dispatching, telephone and paging	14,584.91
General and administrative	<u>22,356.98</u>
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ <u>310,761.76</u></b>

**PROGRAM REVENUES**

Charges for services	\$ <u>9,026.00</u>
<b>NET PROGRAM EXPENSE</b>	<b>\$ <u>301,735.76</u></b>

**GENERAL REVENUES**

Property taxes	\$ 432,020.56
Interest earned	793.32
Miscellaneous	310.54
Gain in sale of assets	<u>25,500.00</u>
<b>TOTAL GENERAL REVENUES</b>	<b>\$ <u>458,624.42</u></b>

**INCREASE (DECREASE) IN NET ASSETS** \$ 156,888.66

<b><u>NET ASSETS - Beginning of year</u></b>	<u>230,811.60</u>
<b><u>NET ASSETS - End of year</u></b>	<b>\$ <u>387,700.26</u></b>

See accompanying notes to the basic financial statements.

**GOLDMAN FIRE PROTECTION DISTRICT**

**BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>ASSETS</u></b>			
Cash	\$ 128,912.13	\$ 4,580.23	\$ 133,492.36
Due from other fund	<u>0.00</u>	<u>7,771.43</u>	<u>7,771.43</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 128,912.13</u></b>	<b><u>\$ 12,351.66</u></b>	<b><u>\$ 141,263.79</u></b>
<b><u>LIABILITIES</u></b>			
Payroll withholdings	\$ 4,061.99	\$	\$ 4,061.99
Due to other fund	7,771.43		20,000.00
Tax anticipation note payable	<u>20,000.00</u>	<u></u>	<u>7,771.43</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 31,833.42</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 31,833.42</u></b>
<b><u>FUND BALANCE</u></b>			
Fund Balance - unreserved	<u>\$ 97,078.71</u>	<u>\$ 12,351.66</u>	<u>\$ 109,430.37</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 128,912.13</u></b>	<b><u>\$ 12,351.66</u></b>	<b><u>\$ 141,263.79</u></b>
<b><u>RECONCILIATION TO STATEMENT OF NET ASSETS</u></b>			
Fund balance - Total District Funds			\$ 109,430.37
Amounts reported for governmental activities in the statement of the net assets are different because:			
Capital assets used in governmental activities of \$1,082,153.49 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$726,727.59			355,425.90
Long-term liabilities of \$77,156.01 are not due and payable in the current period and are not reported in the funds.			<u>(77,156.01)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<b><u>\$ 387,700.26</u></b>

See accompanying notes to the basic financial statements.

**GOLDMAN FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>			
Taxes, penalties and interest	\$ 401,612.57	\$ 30,407.99	\$ 432,020.56
Permit and fees	9,026.00		9,026.00
Interest revenue	767.99	25.33	793.32
Miscellaneous	310.54		310.54
Sale of assets	<u>25,500.00</u>		<u>25,500.00</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>437,217.10</u></b>	<b>\$ <u>30,433.32</u></b>	<b>\$ <u>467,650.42</u></b>
<b><u>EXPENDITURES</u></b>			
Current:			
General and administration	\$ 263,606.48	\$ 14,584.91	\$ 278,191.39
Capital outlay:			
Current expenditures	0.00	3,496.09	3,496.09
Debt Service:			
Lease payment - Principal	17,372.49	0.00	17,372.49
Interest and fees	<u>4,843.01</u>	<u>0.00</u>	<u>4,843.01</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>285,821.98</u></b>	<b>\$ <u>18,081.00</u></b>	<b>\$ <u>303,902.98</u></b>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<b>\$ 151,395.12</b>	<b>\$ 12,352.32</b>	<b>\$ 163,747.44</b>
<b><u>FUND BALANCE - Beginning of year</u></b>	<b><u>(54,316.41)</u></b>	<b><u>(.66)</u></b>	<b><u>(54,317.07)</u></b>
<b><u>FUND BALANCE - End of year</u></b>	<b>\$ <u>97,078.71</u></b>	<b>\$ <u>12,351.66</u></b>	<b>\$ <u>109,430.37</u></b>

See accompanying notes to the basic financial statements.

**GOLDMAN FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

**NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS** \$ 163,747.44

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

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

Capital asset purchases capitalized	3,496.09
Depreciation expense	(27,727.36)

Repayment of debt principal is an expenditure in the general fund, but the repayment reduces long-term liabilities in the statement of net assets.	<u>17,372.49</u>
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**CHANGES IN NET ASSETS OF GOVERNMENTAL FUNDS** \$ 156,888.66

See accompanying notes to the basic financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**GOLDMAN FIRE PROTECTION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 1(C), these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Financial Reporting Entity**

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

Primary Government:	Goldman 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 Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Fund Financial Statement**

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**

The Special Revenue Fund is 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.

## **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 Assets 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 Assets and in the Statement of Activities. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (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 Assets 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 assets/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 Assets. 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 Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$            is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	30 years
- Equipment and radios	5 - 10 years
- Vehicles	7 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 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 assets and displayed in three components:

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance.

**E. Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 15 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

Permits and inspections

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 are no participants in the program as of December 31, 2005.

## 2. CASH AND CASH EQUIVALENTS

The District has determined 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 deposits and investments for its needs.

	<u>Bank Balance</u>
<u>Depository Account</u>	
Insured	\$ 100,000.00
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	37,778.47
Collateral held by pledging bank's trust department not in the District's name	0.00
Uninsured and uncollateralized	0.00
Total	<u>\$ 137,778.47</u>

### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2005, \$0.00 of the District's bank balance of \$137,778.47 was exposed to credit risk as follows:

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

### 3. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended December 31, 2005 was as follows:

<u>Governmental Activities:</u>	<u>Balance Jan. 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2005</u>
Land	\$ 12,000.00	\$ 0.00	\$ 0.00	\$ 12,000.00
Buildings	383,043.12	0.00	0.00	383,043.12
Equipment and radio	248,641.28	3,496.09	0.00	252,137.37
Vehicles	<u>460,320.00</u>	<u>0.00</u>	<u>25,347.00</u>	<u>434,973.00</u>
Totals at historical cost	<u>\$ 1,104,004.40</u>	<u>\$ 3,496.09</u>	<u>\$ 25,347.00</u>	<u>\$ 1,082,153.49</u>
Less accumulated depreciation:				
Buildings	\$ 134,364.87	\$ 11,452.54	\$ 0.00	\$ 145,817.41
Equipment and radio	133,340.93	15,131.96	0.00	148,472.89
Vehicles	<u>456,641.43</u>	<u>1,142.86</u>	<u>25,347.00</u>	<u>432,437.29</u>
Total accumulated depreciation	<u>\$ 724,347.23</u>	<u>\$ 27,727.36</u>	<u>\$ 25,347.00</u>	<u>\$ 726,727.59</u>
Governmental activities capital assets, net	<u>\$ 379,657.17</u>	<u>\$ (24,231.27)</u>	<u>\$ 0.00</u>	<u>\$ 355,425.90</u>

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

Depreciation expense totaled \$27,727.36 for the fiscal year ended December 31, 2005.

### 4. LONG-TERM DEBT

#### Governmental Activities

As of December 31, 2005, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

• Tax anticipation loan from Bank of Hillsboro	\$ 20,000.00
• Lease obligation payable with interest at 4.23%, final payment due May 1, 2009.	<u>77,156.01</u>
	<u>\$ 97,156.01</u>

## Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2005:

	<u>Balance</u> <u>Jan. 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Tax anticipation note	\$ 70,000.00	\$ 20,000.00	\$ 70,000.00	\$ 20,000.00	\$ 20,000.00
Lease obligation - Commerce	94,528.50	0.00	17,372.49	77,156.01	18,107.35
Total	<u>\$ 164,528.50</u>	<u>\$ 20,000.00</u>	<u>\$ 87,372.49</u>	<u>\$ 97,156.01</u>	<u>\$ 38,107.35</u>

### A) Tax anticipation note

The District borrows money from the bank for daily operations.

### B) Lease Obligation

On April 28, 2004, the District signed a lease obligation purchase agreement with Commerce Bank for the purchase of 20 SCBA packs and accompanying accessories for \$94,528.50.

<u>Payment</u> <u>Number</u>	<u>Date of</u> <u>Payment</u>	<u>Payment</u> <u>Amount</u>	<u>Interest</u> <u>Portion</u>	<u>Principal</u> <u>Portion</u>	<u>Balance</u>
					\$ 77,156.01
2	5/1/2006	\$ 21,371.05	\$ 3,263.70	\$ 18,107.35	59,048.66
3	5/1/2007	21,371.05	2,497.76	18,873.29	40,175.37
4	5/1/2008	21,371.05	1,699.42	19,671.63	20,503.74
5	5/1/2009	<u>21,371.05</u>	<u>867.31</u>	<u>20,503.74</u>	0.00
Totals		<u>\$ 85,484.20</u>	<u>\$ 8,328.19</u>	<u>\$ 77,156.01</u>	

## 5. RISK MANAGEMENT

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

The District manages these various risks of loss as follows:

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

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

**5. ASSESSED VALUATION AND TAX LEVY**

	<u>2 0 0 5</u>	<u>2 0 0 4</u>
Aggregate Assessed Valuation	\$ <u>49,513,922.00</u>	\$ <u>45,384,240.00</u>
	<u>Tax Levy per \$100</u> <u>of Assessed Valuation</u>	<u>Tax Levy per \$100</u> <u>of Assessed Valuation</u>
General Fund	\$ .6403	\$ .6605
Dispatch	<u>.0485</u>	<u>.0500</u>
	<u>\$ .6888</u>	<u>\$ .7105</u>
Total taxes assessed	\$ 341,051.89	\$ 322,454.71
Less - 1.6% collection fee	<u>(5,456.83)</u>	<u>(5,159.28)</u>
	<u>\$ 335,595.06</u>	<u>\$ 317,295.43</u>
Total tax collections (including delinquent taxes)	<u>\$ 137,638.11</u>	<u>\$ 294,382.45</u>

The receipts of current and delinquent property taxes during the year ended December 31, 2005 aggregated approximately 41% of the 2005 assessed taxes and 93% of the 2004 assessed taxes.

**6. INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2005 consisted of the following amounts:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General	\$ 0.00	\$ 7,771.43
Special Revenue	<u>7,771.43</u>	<u>0.00</u>
Total	<u>\$ 7,771.43</u>	<u>\$ 7,771.43</u>

During the year, various funds expended monies for other funds or property taxes were not allocated correctly. The monies were not reimbursed or allocated by year-end. All funds were reimbursed on February 2006.

**7. DISTRICT OFFICIALS**

	<u>2 0 0 5</u>
Director/Chairwoman	Rita I. Ida
Director/Treasurer	Betsy Irelan
Director	Frank Block
Fire Chief	Gary Peters

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Modified Cash Basis - General Fund
- Budgetary Comparison Schedule - Modified Cash Basis - Special Revenue Fund
- Notes to RSI - Budgetary Comparison Schedule

**GOLDMAN FIRE PROTECTION DISTRICT****BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS****GENERAL FUND****YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b><u>BEGINNING BUDGETARY FUND BALANCE</u></b>	\$ (54,316.41)	\$ (54,316.41)	\$ (54,316.41)
<b><u>RESOURCES (inflows):</u></b>			
Taxes, penalties and interest	298,762.00	298,162.00	401,612.57
Permits and fees	12,000.00	12,000.00	9,026.00
Interest revenue	475.00	475.00	767.99
Miscellaneous revenue	0.00	0.00	310.54
Sale of assets	0.00	0.00	25,500.00
	<u>0.00</u>	<u>0.00</u>	<u>25,500.00</u>
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<b><u>\$ 256,920.59</u></b>	<b><u>\$ 256,320.59</u></b>	<b><u>\$ 382,900.69</u></b>
<b><u>CHARGES TO APPROPRIATIONS (outflows):</u></b>			
<b>Current:</b>			
Advertising	\$ 250.00	\$ 0.00	\$ 0.00
Audit	2,000.00	2,200.00	2,185.00
Books and dues	2,000.00	2,064.35	2,739.35
Building repair	1,500.00	1,768.61	3,551.42
Cleaning supplies	1,000.00	1,000.00	698.32
Clothing	1,600.00	1,600.00	1,089.36
Electric	4,500.00	4,500.00	4,165.17
Equipment repair	2,500.00	2,500.00	1,453.92
Fire equipment	8,000.00	8,000.00	4,752.45
Gas reimbursement	8,500.00	10,448.00	9,626.00
Gas and oil	5,000.00	5,891.38	5,891.38
Ground repair	800.00	915.00	875.00
Insurance	50,350.00	60,067.76	55,142.13
LP gas	4,000.00	4,000.00	3,911.49
Legal	800.00	2,927.00	2,927.00
Medical supplies	0.00	576.77	576.77
Miscellaneous	3,500.00	3,500.00	3,737.55
Office supplies	700.00	700.00	395.64
Payroll taxes	10,000.00	10,400.37	6,286.60
Pension expense	7,200.00	7,920.00	7,920.00
Postage	500.00	500.00	323.10
Tools	200.00	200.00	62.95
Training and videos	2,350.00	2,364.91	1,078.71
Trash	240.00	279.65	279.65
Truck repairs	5,000.00	12,903.68	12,036.70
Wages	129,000.00	129,000.00	131,286.50
Water	500.00	650.00	614.32
	<u>500.00</u>	<u>650.00</u>	<u>614.32</u>
	<b><u>\$ 251,990.00</u></b>	<b><u>\$ 276,877.48</u></b>	<b><u>\$ 263,606.48</u></b>

**GOLDMAN FIRE PROTECTION DISTRICT**

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b><u>CHARGES TO APPROPRIATIONS (outflows):</u></b>			
Capital outlay:			
New construction	\$ 3,000.00	\$ 3,000.00	\$ 0.00
Equipment	<u>1,000.00</u>	<u>2,500.00</u>	<u>0.00</u>
	<u>\$ 4,000.00</u>	<u>\$ 5,500.00</u>	<u>\$ 0.00</u>
Debt service:			
Lease payments - Principal	\$ 17,372.49	\$ 17,372.49	\$ 17,372.49
Interest and fees	<u>4,627.51</u>	<u>5,471.96</u>	<u>4,843.01</u>
	<u>\$ 22,000.00</u>	<u>\$ 22,844.45</u>	<u>\$ 22,215.50</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>\$ 277,990.00</u>	<u>\$ 305,221.93</u>	<u>\$ 285,821.98</u>
<b><u>ENDING BUDGETARY FUND BALANCE</u></b>	<u>\$ (21,069.41)</u>	<u>\$ (48,901.34)</u>	<u>\$ 97,078.71</u>

See accompanying notes to the Budgetary Comparison Schedule.



**GOLDMAN FIRE PROTECTION DISTRICT**

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b><u>BEGINNING BUDGETARY FUND BALANCE</u></b>	\$ (.66)	\$ (.66)	\$ (.66)
<b><u>REVENUES (inflows):</u></b>			
Taxes, penalties and interest	22,690.00	22,690.00	30,407.99
Interest earned	<u>0.00</u>	<u>0.00</u>	<u>25.33</u>
AMOUNT AVAILABLE FOR APPROPRIATIONS	\$ <u>22,689.34</u>	\$ <u>22,689.34</u>	\$ <u>30,432.66</u>
<b><u>CHARGES TO APPROPRIATIONS (outflows):</u></b>			
Current:			
Dispatching	\$ 5,481.00	\$ 5,481.00	\$ 5,481.00
Communications expense	<u>17,209.00</u>	<u>17,209.00</u>	<u>9,103.91</u>
	\$ <u>22,690.00</u>	\$ <u>22,690.00</u>	\$ <u>14,584.91</u>
Capital Outlay:			
Computer	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>3,496.09</u>
	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>3,496.09</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>22,690.00</u>	\$ <u>22,690.00</u>	\$ <u>18,081.00</u>
<b><u>ENDING BUDGETARY FUND BALANCE</u></b>	\$ <u>(.66)</u>	\$ <u>(.66)</u>	\$ <u>12,351.66</u>

See accompanying notes to the Budgetary Comparison Schedule.

**GOLDMAN FIRE PROTECTION DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2005**

**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 December 31, the budget for the upcoming year is adopted by the Board of Directors.
- d. Budgets are adopted on a basis consistent with the modified cash basis of accounting.
- e. Any revisions that alter the total expenditures must be approved by the Board of Directors.
- f. Prior to year-end, the Board of Directors adopts an amended budget approving any additional expenditures, if necessary.
- g. 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.