

**Wentzville Fire  
Protection District**

**Annual Financial Statements**

For The Year Ended December 31, 2016

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# *Fick, Eggemeyer & Williamson*

Certified Public Accountants, PC



MEMBERS OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wentzville Fire Protection District  
Wentzville, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wentzville Fire Protection District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Wentzville Fire Protection District, as of December 31, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3a-3e and 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule - capital project fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule- debt service fund and budgetary comparison schedule - capital projects fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2017, on our consideration of the Wentzville Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wentzville Fire Protection District's internal control over financial reporting and compliance.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer, Williamson, CPA's

St. Louis, Missouri

May 9, 2017

**WENTZVILLE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016**

The discussion and analysis of the Wentzville Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2016, within the limitations of the District's accrual basis of accounting. Please read it in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

- Based upon current year activity the net position for the Governmental Activities increased by \$5,271,550.
- Governmental Activities revenue was \$14,789,621.
- Property taxes represented \$11,600,326 of the General Fund revenue total or 92.3%.
- Expenses for the General Fund were \$7,757,059.

**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 accrual basis of accounting.

Report Components

This annual report consists of four parts as follows:

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

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

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

**Required Supplementary Information:** This Management Discussion and Analysis and the Budgetary Comparison Schedules 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 the accrual basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the 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 measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

### Reporting the District as a Whole

#### *The District's Reporting Entity Presentation*

This annual report includes all activities for which the Wentzville Fire Protection District is fiscally responsible. The primary government includes the following legal entity:

- Wentzville Fire Protection District

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

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

These two statements report the District's net position and changes in them. You can think of the District's position – the difference between assets and liabilities - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will also need to consider other non-financial factors, such as changes in the District's property tax base. In the Statement of Net Position and the Statement of Activities, we have one kind of activity:

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

### Reporting the District's Most Significant Funds

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 or by bond covenants. However, the District officials establish certain other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

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

## A FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

The District's combined net position increased from \$13,534,269 to \$18,805,819 between years 2015 and 2016.

	Governmental Activities		Total Percentage Change
	2016	2015	2016-2015
<b>Assets</b>			
Current and other assets	\$24,809,833	\$20,377,850	22%
Capital assets, net	15,793,669	4,719,073	235%
Total assets	<u>40,603,502</u>	<u>25,096,923</u>	62%
<b>Liabilities</b>			
Current liabilities	2,046,271	1,061,777	93%
Long-term liabilities	19,751,412	10,500,877	88%
Total liabilities	<u>21,797,683</u>	<u>11,562,654</u>	89%
<b>Net position</b>			
Net investment in capital assets	1,115,171	696,847	60%
Restricted	4,611,468	5,657,644	N/A
Unrestricted	13,079,180	7,179,778	82%
Total net position	<u>\$18,805,819</u>	<u>\$13,534,269</u>	39%

## Changes in Net Position

For the years ended December 31, 2016 and 2015, net position of the primary government changed as follows:

	Governmental Activities		Total Percentage Change
	2016	2015	2016-2015
<b>Revenues</b>			
Program revenues:			
Permits	\$ 607,951	\$ 325,007	87%
Grants	163,015	-	N/A
General revenues:			
Taxes	13,666,386	11,829,098	16%
Investment income	144,143	62,182	132%
Miscellaneous revenue	7,850	85,571	-91%
Bond proceeds	249,776	122,687	104%
Gain on sale of assets	113,515	84,282	35%
Total revenues	<u>14,952,636</u>	<u>12,508,827</u>	20%
<b>Expenses</b>			
Fire prevention and suppression	9,021,512	7,220,290	25%
Interest and fiscal charges	<u>659,574</u>	<u>253,576</u>	160%
Total expenses	<u>9,681,086</u>	<u>7,473,866</u>	30%
Increase/decrease in net assets	<u>\$ 5,271,550</u>	<u>\$ 5,034,961</u>	5%

## Governmental Activities

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

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

The General Fund reported revenues of \$12,566,541, expenditures of \$7,757,059 and transfers out of \$275,000, resulting in an increase in fund balance of \$4,534,482.

The Debt Service Fund reported revenues of \$1,793,262 and expenditures of \$802,341, resulting in an increase in fund balance of \$990,921.

The Capital Projects Fund reported revenues of \$10,074,262, expenditures of \$12,367,904 and transfers in of \$275,000, resulting in a decrease in fund balance of \$2,018,642.



## General Fund Budgetary Highlights

Over the course of the year, the Board of Directors revised the General Fund budget. For the year ended December 31, 2016, General Fund expenditures were \$508,496 below final appropriations, while actual resources available for appropriation were \$415,166 above the final budgeted amount.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### Capital Assets

At December 31, 2016, the District had \$15,793,669 invested in capital assets, net of depreciation, including buildings, equipment and vehicles. This represents a net increase of \$11,074,596 or 235% above last year. Below is a summary of capital assets net of depreciation:

	<b>Capital Assets Net Of Depreciation</b>	
	<b>2016</b>	<b>2015</b>
Land	\$ 1,767,015	\$ 1,771,646
Construction in progress	6,066,128	805,521
Buildings and improvements	5,045,849	1,231,309
Vehicles	2,075,512	343,011
Equipment	514,812	458,124
Office equipment	113,880	105,735
Furniture and fixtures	210,473	3,727
Total capital assets	<u>\$ 15,793,669</u>	<u>\$ 4,719,073</u>

### Long-Term Debt

At December 31, 2016, the District had \$19,350,000 in long-term debt compared to \$9,975,000 at December 31, 2015. This represents an increase of 94%. All of the debt is related to governmental activities. Below is a summary of long-term debt:

	<b>Long-term debt</b>	
	<b>December 31, 2016</b>	<b>December 31, 2015</b>
General Obligation Bonds - Series 2014	\$ 4,625,000	\$ 4,975,000
General Obligation Bonds - Series 2015	4,975,000	5,000,000
General Obligation Bonds - Series 2016	9,750,000	-
Total long-term debt	<u>\$ 19,350,000</u>	<u>\$ 9,975,000</u>

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

For the year ending December 31, 2017, the general fund budget is fairly consistent with the December 31, 2016 budget. The Capital Projects fund budget will include the spending of the 2014, 2015, 2016 and 2017 bond proceeds.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions concerning this report or need additional information, please contact the District at 209 West Pearce Blvd, Wentzville, Missouri.

WENTZVILLE FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Governmental Activities
<b>Current assets</b>	
Cash and cash equivalents	\$ 11,204,254
Taxes receivable, net of allowance	13,591,407
Accounts receivable	2,492
Prepaid expenses	11,680
Total current assets	24,809,833
<b>Noncurrent assets</b>	
Land	1,767,015
Construction in progress	6,066,128
Capital assets, net of depreciation	7,960,526
Total noncurrent assets	15,793,669
<b>TOTAL ASSETS</b>	<b>\$ 40,603,502</b>
 <b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 1,233,567
Salaries and benefits payable	67,850
Interest payable	94,854
Current portion of long-term liabilities	650,000
Total current liabilities	2,046,271
<b>Noncurrent liabilities</b>	
Bonds payable	18,700,000
Accrued compensated absences	1,051,412
Total noncurrent liabilities	19,751,412
<b>TOTAL LIABILITIES</b>	<b>\$ 21,797,683</b>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 1,115,171
Restricted	4,611,468
Unrestricted	13,079,180
<b>TOTAL NET POSITION</b>	<b>\$ 18,805,819</b>

The notes to the financial statements are an integral part of this statement

WENTZVILLE FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Fire prevention and suppression	\$ 9,021,512	\$ 607,951	\$ -	\$ 163,015	\$ (8,250,546)
Interest and fiscal charges	659,574	-	-	-	(659,574)
<b>Total governmental activities</b>	<b>\$ 9,681,086</b>	<b>\$ 607,951</b>	<b>\$ -</b>	<b>\$ 163,015</b>	<b>(8,910,120)</b>
General revenues:					
Property taxes					13,666,386
Interest and investment earnings					144,143
Miscellaneous					7,850
Bond proceeds					249,776
Gain on sale of assets					113,515
Total general revenues					14,181,670
Changes in net position					5,271,550
Net position - beginning					13,534,269
Net position - ending					<b>\$ 18,805,819</b>

The notes to the financial statements are an integral part of this statement

WENTZVILLE FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,527,471	\$ 5,281	\$ 4,671,502	\$ 11,204,254
Taxes receivable, net of allowance	11,728,720	1,862,687	-	13,591,407
Accounts receivable	2,492	-	-	2,492
Prepaid expenses	11,680	-	-	11,680
Internal balances	409,454	-	10,543	419,997
<b>TOTAL ASSETS</b>	<b>\$ 18,679,817</b>	<b>\$ 1,867,968</b>	<b>\$ 4,682,045</b>	<b>\$ 25,229,830</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 64,533	\$ -	\$ 1,169,034	\$ 1,233,567
Salaries and benefits payable	67,850	-	-	67,850
Internal balances	8,975	411,022	-	419,997
<b>Total liabilities</b>	<b>141,358</b>	<b>411,022</b>	<b>1,169,034</b>	<b>1,721,414</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	525,706	83,489	-	609,195
<b>Fund balance</b>				
Nonspendable	6,294	-	-	6,294
Restricted	-	1,373,457	3,238,011	4,611,468
Assigned	6,424,809	-	-	6,424,809
Unassigned	11,581,650	-	275,000	11,856,650
<b>Total fund balance</b>	<b>18,012,753</b>	<b>1,373,457</b>	<b>3,513,011</b>	<b>22,899,221</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 18,679,817</b>	<b>\$ 1,867,968</b>	<b>\$ 4,682,045</b>	<b>\$ 25,229,830</b>

The notes to the financial statements are an integral part of this statement

WENTZVILLE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2016

Total fund balance - governmental funds		\$ 22,899,221
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$20,405,170 and the accumulated depreciation is \$4,611,501.		15,793,669
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		609,195
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the Statement of Net Position.		
Bonds payable	(19,350,000)	
Interest payable	(94,854)	
Accrued compensated absences	(1,051,412)	(20,496,266)
Net assets of governmental activities		\$ 18,805,819

The notes to the financial statements are an integral part of this statement

WENTZVILLE FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 11,600,326	\$ 1,792,413	\$ -	\$ 13,392,739
Permits and fees	607,951	-	-	607,951
Grant income	163,015	-	-	163,015
Investment income	68,808	849	74,486	144,143
Miscellaneous	126,441	-	-	126,441
Total revenues	<u>12,566,541</u>	<u>1,793,262</u>	<u>74,486</u>	<u>14,434,289</u>
<b>Expenditures</b>				
<b>Current</b>				
Fire prevention and suppression	7,627,464	-	-	7,627,464
Capital outlay	126,000	-	12,197,185	12,323,185
<b>Debt service</b>				
Principal	-	375,000	-	375,000
Interest and fiscal charges	3,595	427,341	-	430,936
Total expenditures	<u>7,757,059</u>	<u>802,341</u>	<u>12,197,185</u>	<u>20,756,585</u>
Revenues over (under) expenditures	<u>4,809,482</u>	<u>990,921</u>	<u>(12,122,699)</u>	<u>(6,322,296)</u>
<b>Other financing sources (uses)</b>				
Transfers	(275,000)	-	275,000	-
Bond issuance costs	-	-	(170,719)	(170,719)
Bond proceeds	-	-	9,999,776	9,999,776
Total other financing sources (uses)	<u>(275,000)</u>	<u>-</u>	<u>10,104,057</u>	<u>9,829,057</u>
Net change in fund balance	4,534,482	990,921	(2,018,642)	3,506,761
Fund balances - beginning of year	<u>13,478,271</u>	<u>382,536</u>	<u>5,531,653</u>	<u>19,392,460</u>
Fund balances - end of year	<u>\$ 18,012,753</u>	<u>\$ 1,373,457</u>	<u>\$ 3,513,011</u>	<u>\$ 22,899,221</u>

The notes to the financial statements are an integral part of this statement

WENTZVILLE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - governmental funds \$ 3,506,761

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	11,940,881	
Depreciation expense	(861,209)	11,079,672

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Deferred revenue	273,647	273,647
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Disposal of capital assets

Disposals	(5,076)	(5,076)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in fund statements.

Compensated absences	(150,535)	
Interest payable	(57,919)	(208,454)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Borrowing:		
Bonds payable	(9,750,000)	
Repayments:		
Bonds payable	375,000	(9,375,000)

Change in net assets of governmental activities \$ 5,271,550

WENTZVILLE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and financial reporting policies of the Wentzville Fire Protection District (the District) conform to U.S. generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

The District provides fire protection and fire prevention services to its residents. It operates as a political subdivision, duly organized under laws of the State of Missouri and is funded by real and personal property tax revenue, licenses, permits, and miscellaneous revenues. An elected board of directors, who regulate all major operations, oversees the District.

The District defines its financial reporting entity in accordance with the provisions of the Governmental Accounting Standards Board (GASB). The statement requirement for inclusion of component units is based primarily upon whether the District's governing body has any significant amount of financial accountability for potential component units. The District is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the potential component unit may provide specific financial benefits to, or impose specific financial burdens on, the District. Currently, the District does not have any component units.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. As a general rule the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the 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 measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and other than pension post employment benefits are recorded only when payment is due.



WENTZVILLE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Fund Accounting

Fund financial statements of the District 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. The government reports the following governmental funds:

General Fund

This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service

This fund is a Special Revenue Fund used to account for the fulfillment of future debt service requirements, including the repurchase of outstanding bonds issued.

Capital Projects

This fund is a Capital Projects Fund, which is used to account for cash received from bond proceeds and expenditures related to construction and other capital improvements.

Cash and Cash Equivalents

The District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Missouri State Statute requires that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Interfund Activities

Interfund transfers represent interfund activities whereby the two parties to the transaction do not receive equivalent cash, goods, or services. Transfers should be reported as other financing sources and use on the Statement of Revenues, Expenditures and Change in Fund Balance. Any resulting balances at the end of the accounting period should be reported as internal balances. All interfund activity has been eliminated from the government-wide financial statements.

Post Employment Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare 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 are currently no former employees on the plan and there are no associated costs to the District under this program.

Allowance for Doubtful Accounts

The District calculates an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance at December 31, 2016 was \$109,045.

WENTZVILLE FIRE PROTECTION DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick time up to a maximum as described by policy. Accrued sick time is payable to employees upon termination. In the government-wide financial statements, the District accrues sick time when earned by the employee. The District grants vacation and personal time to all employees. Unused vacation and personal time lapses at year end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years	Assets	Years
Buildings and improvements	15-30	Office equipment	3-5
Vehicles	7	Furniture and fixtures	7
Equipment	5-10		

Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a Governmental Fund. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the following types of fund balances are presented in the Governmental Funds Balance Sheet:

**Nonspendable** - the portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance reported in the General Fund is for prepaid assets.

WENTZVILLE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Restricted - the portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following account fund balance is restricted by bond funding: Debt Service and Capital Projects.

Assigned - the portion of a Governmental Fund's net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for future appropriations by the Board of Directors. The following account comprises the assigned fund balance: General.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following account comprises the unassigned fund balance: General.

The District uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted. The District utilizes restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Uses of Estimates

The preparation of basic financial statements in conformity with the other comprehensive basis of accounting used by the District requires management to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

**Note 2 - DEPOSITS**

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

Deposits - At year-end, the carrying amount of the District's demand deposits totaled \$11,204,254 and bank balances totaled \$11,267,079.

Custodial Credit Risk - 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 has a deposit policy for custodial credit risk that follows Missouri Statutes for deposits. Of the bank balances, \$4,857,099 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$6,409,980 was covered by pledged collateral, which was held in the District's name.

WENTZVILLE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 3 - CAPITAL ASSETS**

The following is a summary of changes in capital assets - governmental activities:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Land	\$ 1,771,646	\$ -	\$ 4,631	\$ 1,767,015
Construction in progress	805,521	9,265,076	4,004,469	6,066,128
Total capital assets not being depreciated	<u>2,577,167</u>	<u>9,265,076</u>	<u>4,009,100</u>	<u>7,833,143</u>
<i>Capital assets being depreciated:</i>				
Buildings and other improvements	1,599,105	4,004,469	20,492	5,583,082
Vehicles	2,904,854	2,171,715	-	5,076,569
Equipment	1,023,409	228,568	35,421	1,216,556
Office equipment	341,296	52,385	-	393,681
Furniture and fixtures	79,002	223,137	-	302,139
Total capital assets being depreciated	<u>5,947,666</u>	<u>6,680,274</u>	<u>55,913</u>	<u>12,572,027</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	367,796	189,929	20,492	537,233
Vehicles	2,561,843	439,214	-	3,001,057
Equipment	565,285	171,435	34,976	701,744
Office equipment	235,561	44,240	-	279,801
Furniture and fixtures	75,275	16,391	-	91,666
Total accumulated depreciation	<u>3,805,760</u>	<u>861,209</u>	<u>55,468</u>	<u>4,611,501</u>
Total net capital assets being depreciated	<u>2,141,906</u>	<u>5,819,065</u>	<u>445</u>	<u>7,960,526</u>
Governmental activity capital assets, net	<u>\$ 4,719,073</u>	<u>\$ 15,084,141</u>	<u>\$ 4,009,545</u>	<u>\$ 15,793,669</u>

Depreciation expense of \$861,209 was charged to the function fire prevention and suppression.

**Note 4 - PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District.

The assessed valuation of the tangible real, personal taxable and state assessed railroad and utilities property for the calendar year 2016 for purposes of local taxation was \$1,511,571,844.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2016 for purposes of local taxation is \$0.7556 and \$.1200 for the General and Debt Service Fund, respectively.

WENTZVILLE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**Note 5 - INTERFUND RECEIVABLES/PAYABLES**

The composition of interfund balances as of December 31, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 409,454
Capital Projects Fund	General Fund	8,975
Capital Projects Fund	Debt Service Fund	1,568

The interfund balances relate to costs incurred operations. The balances are expected to be repaid within one year.

**Note 6 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of Emergency Services Insurance Program (ESIP), which provides liability insurance coverage under one comprehensive plan for all members. The District pays an annual premium to ESIP for its general liability, public officials' errors and omissions, and automobile liability coverages. ESIP is self-sustaining through member premiums and reinsures with commercial companies for excess insurance. The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Note 7 - PENSION PLAN**

The District has a defined contribution pension plan, which covers all employees who meet the plan's eligibility requirements. An eligible employee becomes a participant in the plan on the first entry date following the later of the first anniversary of his/her employment commencement date and the completion of 1,000 hours of service, providing that the employee has attained age 18. The District is to contribute on behalf of each participant, 100% of such participant's elective deferral under the District sponsored Section 457 plan for each designated matching period within a plan year, not to exceed more than 5% in any given plan year. The District is also to contribute 13% of covered compensation to be allocated among eligible participants. Participants are fully vested upon contribution. District contributions to the plan for the year ended December 31, 2016 totaled \$832,697.

**Note 8 - DEFERRED COMPENSATION PLAN**

Employees of the Wentzville Fire Protection District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Service Code Section 457 (Deferred Compensation Plan With Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or hardship. The plan assets are held in trust by Mass Mutual.