

**NIXA FIRE PROTECTION
DISTRICT, NIXA, MISSOURI**

BASIC FINANCIAL STATEMENTS
(MODIFIED CASH BASIS)
AND SUPPLEMENTARY DATA WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Directors
Nixa Fire Protection District
Nixa, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major funds of Nixa Fire Protection District, Nixa, Missouri, 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major funds of the Nixa Fire Protection District, Nixa, Missouri, as of December 31, 2016, the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note A.

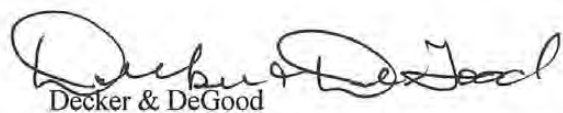
Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nixa Fire Protection District, Nixa, Missouri basic financial statements. The budget to actual supplementary information on page 20, which is the responsibility of management, is presented for purpose of additional analysis and is not required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Decker & DeGood
Springfield, Missouri
May 30, 2017

**NIXA FIRE PROTECTION DISTRICT,
NIXA, MISSOURI**
STATEMENT OF NET POSITION-
(MODIFIED CASH BASIS)
DECEMBER 31, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,041,925
Restricted cash and cash equivalents-capital projects	1,045,932
Construction in progress	63,217
Land	439,189
Other capital assets, net of accumulated depreciation	<u>3,643,828</u>
Total Assets	<u>7,234,091</u>
Liabilities:	
Due within one year	417,245
Due in more than one year-Lease obligations	
Lease obligations	850,219
General Obligation bonds	<u>2,165,000</u>
Total Liabilities	<u>3,432,464</u>
Deferred Inflows of Resources:	
Gain on debt issuance	<u>85,720</u>
Net Position:	
Net investment in capital assets	628,050
Restricted-General Obligation Bonds Debt Service	71,341
Unrestricted	<u>3,016,516</u>
Total Net Position	<u>\$ 3,715,907</u>

See accompanying notes to the basic financial statements.

**NIXA FIRE PROTECTION DISTRICT,
NIXA, MISSOURI**
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Fire protection	\$ 2,508,822	\$ -	\$ -	\$ -	\$ (2,508,822)
Interest expense	106,724	-	-	-	(106,724)
Total governmental activities	<u>2,615,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,615,546)</u>

General Revenues

Taxes:

Property taxes for general purposes	2,754,866
Property taxes for debt service purposes	332,165
Interest on investments	13,369
Miscellaneous	18,500
Sale of assets	5,857
Total general revenues	<u>3,124,757</u>

Change in net position 509,211

Net position beginning 3,206,696

Net position ending \$ 3,715,907

See accompanying notes to the basic financial statements.

**NIXA FIRE PROTECTION DISTRICT,
NIXA, MISSOURI
BALANCE SHEET
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	General Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,970,584	\$ 71,341	\$ 2,041,925
	1,045,932	-	1,045,932
TOTAL ASSETS	<u><u>\$ 3,016,516</u></u>	<u><u>\$ 71,341</u></u>	<u><u>\$ 3,087,857</u></u>
 <u>FUND BALANCES</u>			
Fund Balances -			
Restricted	\$ -	\$ 71,341	\$ 71,341
Unassigned	3,016,516	-	3,016,516
TOTAL FUND BALANCES	<u><u>\$ 3,016,516</u></u>	<u><u>\$ 71,341</u></u>	<u><u>\$ 3,087,857</u></u>

Reconciliation to Statement of Net Position

Total Fund Balances-Total Government Funds	\$ 3,087,857
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	4,146,234
Certain long-term liabilities are not reported in the Governmental Funds.	(3,518,184)
Net position of governmental activities	<u><u>\$ 3,715,907</u></u>

See accompanying notes to the basic financial statements.

**NIXA FIRE PROTECTION DISTRICT,
NIXA, MISSOURI**
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 2,754,866	\$ 332,165	\$ 3,087,031
Miscellaneous	18,500	-	18,500
Interest income	13,369	-	13,369
	<hr/>	<hr/>	<hr/>
Total Revenues	2,786,735	332,165	3,118,900
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Administration	2,309,927	-	2,309,927
Capital outlay	1,260,930	-	1,260,930
Debt service:			
Principal	381,120	175,000	556,120
Interest	33,145	85,824	118,969
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,985,122	260,824	4,245,946
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,198,387)	71,341	(1,127,046)
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	375,000	-	375,000
Sale of assets	5,857	-	5,857
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(817,530)	71,341	(746,189)
FUND BALANCES - BEGINNING	3,834,046	-	3,834,046
	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	\$ 3,016,516	\$ 71,341	\$ 3,087,857
	<hr/>	<hr/>	<hr/>

See accompanying notes to the basis financial statements.

**NIXA FIRE PROTECTION DISTRICT,
NIXA, MISSOURI**
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Net change in fund balances--Local governmental funds \$ (746,189)

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	1,260,930
Depreciation expense	(198,895)

Issuance of debt is recorded as an other financing source in the funds; however, in the statement of activities, it is not reported as revenues as it increases liabilities on the statement of net position.

Principal paid	556,120
Amortization of bond premium cost	12,245
New debt issued	<u>(375,000)</u>

Change in net position of governmental activities	<u><u>\$ 509,211</u></u>
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See accompanying notes to the basic financial statements.

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

The purpose of the Nixa Fire Protection District is to provide for fire suppression, protection, prevention and incidental services. The operation of the Nixa Fire Protection District is funded by a portion of property taxes collected by Christian and Stone County.

The accounting policies of the District conform to the modified cash method basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States as applicable to governments. This basic approach is modified to include capital assets and related depreciation, liabilities for payroll taxes, and bonded debt.

GOVERNMENT-WIDE STATEMENTS AND FUND FINANCIALS

The government-wide financial statements (i.e., the statement of net position (modified cash basis) and the statement of activities (modified cash basis)) report information on all of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus and Basis of Accounting. The government-wide financial statements are reported using the economic resources measurement focus and the modified cash basis method of accounting. Revenues are recorded when collected and deposited and expenses are recorded when a liability is paid, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are collected and deposited to the proper bank account. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met and funds collected and deposited by the District.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis method of accounting. Revenues are recognized as soon as they are collected and deposited to the proper bank account. Expenditures generally are recorded when a liability is paid, as under the cash basis method of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e., matured).

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation-Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses a fund to report results of operation and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The District reports two major funds, the General Fund, which is used to account for all activities and financial resources of the District and the Debt Service Fund which is used to account for propriety taxes receive for retirement of principal and interest of the general obligation bond.

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

Cash and Cash Equivalents

The District maintains separate bank accounts for each fund and/or special requirements such as reserve for debt or construction projects. Cash in excess of current requirements is invested in savings accounts or certificates of deposits. State statutes authorize the District to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets and Depreciation

Capital assets, which include property, equipment, and infrastructure (e.g., parking lots, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The District elected on infrastructure not to go back 20 years and capitalize the cost of parking lots but to begin in 2004 and from that point forward capitalize the cost of infrastructure improvements and additions.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	20-50 years
Equipment	5-15 years
Vehicles	5-20 years

NIXA FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

Fund balances are classified as follows:

Nonspendable-Amounts that cannot be spent either because they are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted-Amounts that can be spent only for specific purposes because of the District Charter, District Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed-Amounts that can be used only for specific purposes determined by a formal action by District Board resolution. This includes the budget reserve account.

Assigned-Amounts that are designated by the Chairman for a specific purpose but are not spendable until a budget ordinance is passed by District Board.

Unassigned- The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

As discussed in Note A, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Board or the Assignment has been changed by the Chairman. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balance are used in that order.

The District has no formal minimum fund balance policies or any formal stabilization arrangements in place.

NIXA FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District 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 applied restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates

The preparation of financial statements in accordance with the modified cash basis method of accounting 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.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for the District was \$ 428,877,913 with the levy set at \$.7339 broken down \$.6549 for General Operating Levy and \$.0790 for Debt Service Levy. Property tax revenues are recognized when they are collected.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Generally, after specified service, employees are entitled to a portion of accrued vacation upon termination. The estimated liability for vested vacation attributable to the District is recorded when paid. The District has not presented an amount for this liability as it does not consider it will have a material impact on the financial statements.

NIXA FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance—budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

Excess of expenditures over appropriations

For the year ended the General Fund was within the authorized budget.

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with an other method of accounting (modified cash basis) for all governmental funds.

Debt restrictions

General obligation debt

Article VI, Sections 26 (b) and (c), Constitution of Missouri, limits the outstanding amount of authorized general obligation debt of a City to 10 percent of the assessed valuation of taxable tangible property as shown by the last completed assessment for state or county purposes. Authorization for debt issuance requires four-sevenths at the general municipal election day, primary or general elections and two-thirds at all other elections, vote of the qualified electors thereof. The computed legal debt margin of the District at December 31, 2016, was:

Constitutional Debt Limit	\$ 42,887,791
Outstanding G.O. Bonds	<u>(2,400,000)</u>
Legal debt margin	<u><u>\$ 40,487,791</u></u>

Other long-term debt

Article VI, Section 26 (a), Constitution of Missouri, limits the outstanding indebtedness of a District without popular vote to an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years. For the year ended December 31, 2016, the District was in compliance with this requirement.

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE B – DEPOSITS AND INVESTMENTS

Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptances and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. In addition, the District can invest in direct debt securities of the United States Government unless such an investment is expressly prohibited by law.

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2016 the District's bank balances were entirely secured or collateralized with securities held by the District or by its agent in the District's name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the District and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the District. The District does have a written investment policy on custodial credit risk which all investments are either insured or registered in the District's name and held by the District's agent.

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE C – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended December 31, 2016 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 439,189	\$ -	\$ -	\$ 439,189
Construction in progress	\$ 730,695	\$ -	\$ 667,478	\$ 63,217
Capital assets being depreciated:				
Buildings	\$ 1,292,962	\$ 1,534,296	\$ -	\$ 2,827,258
Equipment	1,826,499	19,112	59,626	1,785,985
Vehicles	1,943,916	375,000	17,748	2,301,168
Total capital assets being depreciated	5,063,377	1,928,408	77,374	6,914,411
Accumulated depreciation:				
Buildings	463,211	51,293	-	514,504
Equipment	1,751,778	43,747	59,626	1,735,899
Vehicles	934,073	103,855	17,748	1,020,180
Total accumulated depreciation	3,149,062	198,895	77,374	3,270,583
Total capital assets being depreciated, net	\$ 1,914,315			\$ 3,643,828
Governmental activities capital assets, net	\$ 3,084,199			\$ 4,146,234

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D – CAPITALIZED LEASE OBLIGATIONS

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2016.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
2013 Equipment Lease	\$ 141,338	\$ -	\$ 141,338	\$ -	\$ -
2016 Equipment Lease	-	375,000	74,781	300,219	-
2015 GO Bond	2,575,000	-	175,000	2,400,000	235,000
2011 Certificate of Part.	885,000	-	165,000	720,000	170,000
	3,601,338	375,000	556,119	3,420,219	405,000
Bond Premium	110,210	-	12,245	97,965	12,245
	<u>\$ 3,711,548</u>	<u>\$ 375,000</u>	<u>\$ 568,364</u>	<u>\$ 3,518,184</u>	<u>\$ 417,245</u>

Debt outstanding as of December 31, 2016, consisted of the following:

\$1,350,000, September 2, 2011, Certificates of Participation, was for prepayment of the 2003 and 2005 Certificates of Participation. Principal payments are annual and range from \$70,000 to \$190,000 and interest paid semi-annual at a rate of 2.0% to 3.5%. Loan matures June 1, 2020.

\$ 720,000

\$375,000, July 6, 2016, State & Municipal Lease/Purchase for the purchase of a 2015 Spartan Fire apparatus and equipment. Principal and interest payments of \$79,227 are due annually at a rate of 2.188% for 60 months. Loan matures July 17, 2017. Accumulated depreciation to date is \$ 9,375 leaving a net book value of \$ 365,625.

300,219

\$2,575,000, March 24, 2015 General Obligation Improvement Bond for the construction and equipping a new fire station and acquiring and equipping a new ladder truck and other fire fighting equipment. Principal payments are annual and range from \$175,000 to \$305,000 and interest paid annually at a rate of 1.5% to 2.75%. Loan matures September 1, 2025.

2,400,000

\$ 3,420,219

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE D – CAPITALIZED LEASE OBLIGATIONS (Continued)

At December 31, 2016, future minimum lease payments by year and the present value of future minimum capital lease payments were as follows:

<u>Year Ending December 31,</u>	
2017	\$ 190,463
2018	269,516
2019	273,565
2020	272,552
2021	<u>79,228</u>
Total future minimum lease payments	1,085,324
Amount representing interest	<u>(65,105)</u>
Present value of future minimum capital lease payments	<u><u>\$ 1,020,219</u></u>

At December 31, 2016, debt service requirements for general obligation bonds were as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 235,000	\$ 56,288	\$ 291,288
2018	245,000	52,075	297,075
2019	250,000	47,125	297,125
2020	255,000	41,438	296,438
2021	265,000	34,938	299,938
2022-2025	<u>1,150,000</u>	<u>64,626</u>	<u>1,214,626</u>
	<u><u>\$ 2,400,000</u></u>	<u><u>\$ 296,490</u></u>	<u><u>\$ 2,696,490</u></u>

NOTE E – 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 maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the District. For the past three years, the District has had no losses that exceeded commercial insurance coverage.

NIXA FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE F – DEFERRED BENEFIT PENSION PLAN

457 Plan

The District has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by independent plan administrators through administrative service agreements. The plan is available to all District employees meeting certain requirements. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The deferred compensation plan is accounted for in the funds wages are paid from. The plan's assets are presented at fair value and captioned as "investments" with corresponding liabilities captioned "deferred compensation benefits."

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair value of the deferred amount for each participant.

It is the District's opinion that the District has no liability for losses under the plan agreement but does have the duty of due care that would be required of an ordinary prudent investor. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

LAGERS Plan

The Nixa Fire Protection District participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri. The retirement system covers all full-time District employees.

Plan description

The Nixa Fire Protection District's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Nixa Fire Protection District participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE F – DEFERRED BENEFIT PENSION PLAN (Continued)

publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for fire) and receive a reduced allowance.

	<u>2016 Valuation</u>
Benefit Multiplier:	1.75%
Final Average Salary:	5 years
Member Contributions:	0.00%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms

At June 30, 2016, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>33</u>
Total	<u><u>52</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Employers contribution rates are 21.50% for General and 14.5 % Fire of annual covered payroll.

NIXA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE F – DEFERRED BENEFIT PENSION PLAN (Continued)

Contributions required and made for the past ten years are as follows:

<u>Fiscal Year</u>	<u>Actuariallay Determined Contribution</u>	<u>Contribution in Relation</u>	<u>Contribution (Deficiency) Surplus</u>
2007	\$ 103,418	\$ 103,418	\$ -
2008	114,632	114,632	-
2009	122,458	122,457	(1)
2010	148,412	148,411	(1)
2011	146,381	146,381	-
2012	163,894	163,894	-
2013	160,491	160,424	(67)
2014	162,333	162,332	(1)
2015	192,624	192,623	(1)
2016	203,631	203,631	-

NOTE G – SALE OF ASSETS

For the year the Fire District sold miscellaneous equipment and miscellaneous office equipment for a total of \$6,188 and with a net basis of \$331.

NIXA FIRE PROTECTION DISTRICT
NIXA, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
-BUDGET AND ACTUAL-MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Property taxes including penalties and interest	\$ 2,722,220	\$ 3,087,031	\$ 3,087,031	\$ -
Miscellaneous	-	18,500	18,500	-
Interest Income	-	13,369	13,369	-
Total Revenues	2,722,220	3,118,900	3,118,900	-
EXPENDITURES				
Current:				
Wages and benefits	1,815,346	1,743,391	1,743,391	-
Bond handling	2,500	2,671	2,671	-
Office supplies	28,720	27,706	27,706	-
Dues and subscriptions	3,679	3,154	3,154	-
Professional fees	46,150	32,431	32,431	-
Insurance	286,826	277,864	277,864	-
Public relations	9,650	10,549	10,549	-
Repairs and maintenance	16,980	20,757	20,757	-
Fire/EMS supplies and repairs	44,550	54,528	54,528	-
Telecommunications	13,650	11,391	11,391	-
Utilities	31,560	25,058	25,058	-
Training	30,500	17,309	17,309	-
Uniforms	23,000	12,302	12,302	-
Fuel and truck maintenance	102,429	70,816	70,816	-
Capital outlay	-	1,260,930	1,260,930	-
Debt service:				
Principal	527,504	556,120	556,120	-
Interest and fees	67,555	118,969	118,969	-
Total Expenditures	3,050,599	4,245,946	4,245,946	-
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	(328,379)	(1,127,046)	(1,127,046)	-
OTHER SOURCES				
Lease proceeds	328,379	375,000	375,000	-
Sale proceeds	-	5,857	5,857	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (746,189)	(746,189)	\$ -
FUND BALANCES - BEGINNING			3,834,046	
FUND BALANCES - ENDING			<u>\$ 3,087,857</u>	

See accompanying independent accountant's report.