

**Lincoln County
Ambulance District**

Annual Financial Statements

For The Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lincoln County Ambulance District
Troy, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Lincoln County Ambulance District, as of and for the year ended December 31, 2017, 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.

Auditors' 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 financial position of the governmental activities and the major fund of the Lincoln County Ambulance District, as of December 31, 2017, 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, budgetary comparison information and Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions on pages 3a-3d and 20-23 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.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA's

Saint Louis, Missouri

May 15, 2018

**LINCOLN COUNTY AMBULANCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

This section of Lincoln County Ambulance District's annual financial report presents management's discussion and analysis of the District's financial activity for the year ended December 31, 2017. In order to have a comprehensive understanding of the management discussion and analysis, we recommend that the attached financial statements, including all notes to the financial statements, be read in their entirety.

Using this Annual Report

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

Overview of the Financial Statements

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

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

Required supplementary information is also included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the *Statement of Net Position* and the *Statements of Activities*. The *Statement of Net Position* presents all of the District's assets and liabilities which measure the District's overall financial health. The increases and decreases in net position can be monitored to determine whether the District's financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the information reported in the government-wide and fund financial statements.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes to the basic financial statements, this financial report also contains certain required supplementary information. Required supplementary information includes a budgetary comparison schedule for the General Fund and a Schedule of Funding Progress.

Financial Analysis of the District as a Whole

Government-Wide Financial Analysis

As mentioned earlier, net assets may serve over time as a useful indicator of a government's financial position. The condensed statement of net position is as follows:

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Assets			
Current and other assets	\$ 5,946,351	\$ 5,431,519	\$ 514,832
Noncurrent assets	<u>2,111,724</u>	<u>1,753,773</u>	<u>357,951</u>
Total assets	<u>8,058,075</u>	<u>7,185,292</u>	<u>872,783</u>
Deferred outflows of resources	<u>653,815</u>	<u>1,290,822</u>	<u>(637,007)</u>
Liabilities			
Current liabilities	316,991	768,113	(451,122)
Long-term liabilities	<u>362,700</u>	<u>500,478</u>	<u>(137,778)</u>
Total liabilities	<u>679,691</u>	<u>1,268,591</u>	<u>(588,900)</u>
Deferred inflows of resources	<u>485,894</u>	<u>218,321</u>	<u>267,573</u>
Net Position			
Net investment in capital assets	1,433,687	1,284,924	148,763
Restricted	-	-	-
Unrestricted	<u>6,112,618</u>	<u>5,704,278</u>	<u>408,340</u>
Total net position	<u>\$ 7,546,305</u>	<u>\$ 6,989,202</u>	<u>\$ 557,103</u>

The District's assets exceeded its liabilities by \$7,546,305 as of December 31, 2017. Of this amount, \$1,433,687 is invested in capital assets, net of related debt; \$6,112,618 is unrestricted and available to provide for current and future obligations of the District.

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

The District's net position increased by \$557,103.

The key elements of this increase are as follows:

	2017	2016	Increase (Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 2,397,757	\$ 2,333,933	\$ 63,824
General revenues:			
Property taxes	898,008	839,279	58,729
Sales taxes	2,654,526	2,596,341	58,185
Investment income	22,984	16,581	6,403
Miscellaneous revenue	42,995	25,641	17,354
Total revenues	<u>6,016,270</u>	<u>5,811,775</u>	<u>204,495</u>
Expenses			
Public safety	5,445,601	5,289,015	156,586
Interest and fiscal charges	13,566	33,757	(20,191)
Total expenses	<u>5,459,167</u>	<u>5,322,772</u>	<u>136,395</u>
Increase/decrease in net position	<u>\$ 557,103</u>	<u>\$ 489,003</u>	<u>\$ 68,100</u>

Program revenue includes activities that have the characteristics of exchange transactions, such as ambulance and EMS services. General revenues include activities that have the characteristics of non-exchange transactions, such as property and sales taxes. Program expenses are those expenses for the purpose of providing emergency medical services and operational activities of the District. Total revenues increased by \$204,495 when comparing 2017 to 2016, due to increases in sales tax revenue and ambulance fees collected.

Fund Analysis

	General Fund Revenues		Increase
	2017	2016	(Decrease)
Property taxes	\$ 888,077	\$ 863,874	\$ 24,203
Sales tax	2,654,526	2,596,341	58,185
Charges for services	2,397,757	2,333,933	63,824
Investment earnings	22,984	16,581	6,403
Miscellaneous income	42,995	25,641	17,354
Total capital assets	<u>\$ 6,006,339</u>	<u>\$ 5,836,370</u>	<u>\$ 169,969</u>

General Fund revenues increased \$169,969 in 2017 from 2016. The increase is attributable to an increase in sales tax and ambulance fees collected.

Budget Analysis

The District adopts an annual budget for the general fund, pursuant to Missouri State Statutes. Annually, as allowed by Missouri State Statutes, the District is permitted to amend the budget to reflect approved changes in spending requirements and unforeseen events that occurred during the most recent year. The District's most significant budget amendment was to account for an increase in salaries, maintenance, and revenues.

Capital Assets

GASB 34 requires the District to include in capital assets all real estate to house ambulance personnel and emergency vehicles, the District's administrative building and all emergency and administrative equipment and vehicles owned by the District. The District has adopted a capitalization policy with specific useful lives by capital asset category. More detailed information on the District's capital assets is presented in note 4 to the financial statements.

	Capital Assets Net Of Depreciation		Increase
	2017	2016	(Decrease)
Land	\$ 281,216	\$ 281,216	\$ -
Buildings and improvements	864,712	893,441	(28,729)
Equipment	375,771	490,825	(115,054)
Vehicles	69,771	88,291	(18,520)
Total capital assets	<u>\$ 1,591,470</u>	<u>\$ 1,753,773</u>	<u>\$ (162,303)</u>

Long-Term Debt

The District has outstanding debt totaling \$157,783. During 2017, the District made principal payments of \$314,065. More detailed information on the District's long-term liabilities is presented in note 7 to the financial statements.

Economic Factors

The District serves over 55,000 residents. While the District includes office buildings, regional and local shopping areas, churches, residential care and light manufacturing facilities, it primarily consists of single and multi-family residential housing. Hence, the District is somewhat insulated from significant changes in the economy.

Contact Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. This financial report hereby demonstrates the District's spirit of full disclosure to provide readers of this report with an overview of the District's financial operations. For questions or requests for additional information, please direct requests to the Chief of the Ambulance District at PO Box 157, Troy, MO 63379.

LINCOLN COUNTY AMBULANCE DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,144,199
Certificates of deposit	1,806,782
Property taxes receivable, net of allowance	888,428
Sales tax receivable	339,128
Accounts receivable, net of allowance	528,135
Prepaid insurance	239,679
Total current assets	5,946,351
Noncurrent assets	
Net pension asset	520,254
Land	281,216
Capital assets, net of depreciation	1,310,254
Total noncurrent assets	2,111,724
TOTAL ASSETS	\$ 8,058,075
 DEFERRED OUTFLOWS	
Pension related deferred outflows	\$ 653,815
 LIABILITIES	
Current liabilities	
Accounts payable	\$ 40,678
Accrued wages, taxes and benefits	219,481
Long-term liabilities, current maturities	56,832
Total current liabilities	316,991
Noncurrent liabilities	
Compensated absences	261,749
Notes payable	100,951
Total noncurrent liabilities	362,700
TOTAL LIABILITIES	\$ 679,691
 DEFERRED INFLOW OF RESOURCES	
Pension related deferred inflows	\$ 485,894
 NET POSITION	
Net investment in capital assets	\$ 1,433,687
Restricted	-
Unrestricted	6,112,618
TOTAL NET POSITION	\$ 7,546,305

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

LINCOLN COUNTY AMBULANCE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Public safety	\$ 5,445,601	\$ 2,397,757	\$ -	\$ -	\$ (3,047,844)
Interest and fiscal charges	13,566	-	-	-	(13,566)
Total governmental activities	<u>\$ 5,459,167</u>	<u>\$ 2,397,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,061,410)</u>

General revenues:

Property taxes	898,008
Sales taxes	2,654,526
Interest and investment earnings	22,984
Miscellaneous	42,995
Total general revenues	<u>3,618,513</u>
Changes in net position	557,103
Net position - beginning	<u>6,989,202</u>
Net position - ending	<u>\$ 7,546,305</u>

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

LINCOLN COUNTY AMBULANCE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

		General Fund
ASSETS		
Cash and cash equivalents	\$	2,144,199
Certificates of deposit		1,806,782
Property taxes receivable, net of allowance		888,428
Sales tax receivable		339,128
Accounts receivable, net of allowance		528,135
Prepaid insurance		239,679
TOTAL ASSETS	\$	5,946,351
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts payable	\$	40,678
Accrued wages, taxes and benefits		236,461
Total liabilities		277,139
Deferred inflows of resources		
Unavailable revenue		132,553
Fund balance		
Nonspendable		239,679
Committed		196,304
Unassigned		5,100,676
Total fund balance		5,536,659
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	5,946,351

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

LINCOLN COUNTY AMBULANCE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total fund balance - governmental funds		\$ 5,553,639
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$4,791,809 and the accumulated depreciation is \$3,200,339.		1,591,470
Property taxes not collected in the current period are not available to pay current expenditures and, therefore, are not reported as revenues in the governmental funds		132,553
Net pension asset is not a current financial resource and therefore not reported in the fund		520,254
Deferred outflows of resources related to pension are not available to pay current expenditures and therefore are deferred in the fund.		653,815
Deferred inflows of resources related to pension are not available to pay current expenditures and therefore are deferred in the fund.		(485,894)
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.		
Compensated absences	(261,749)	
Notes payable	(157,783)	(419,532)
Net position of governmental activities		\$ 7,546,305

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

LINCOLN COUNTY AMBULANCE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund
Revenues	
Property taxes	\$ 888,077
Sales taxes	2,654,526
Ambulance fees, net	2,397,757
Investment income	22,984
Other income	42,995
Total revenues	6,006,339
Expenditures	
Current	
Public safety	5,208,461
Capital outlay	64,908
Debt service	
Principal	314,065
Interest and fiscal charges	30,135
Total expenditures	5,617,569
Net change in fund balance	388,770
Fund balances - beginning	5,164,869
Fund balances - ending	\$ 5,553,639

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

LINCOLN COUNTY AMBULANCE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF
REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - governmental funds \$ 388,770

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	64,908	
Depreciation expense	<u>(227,211)</u>	(162,303)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	9,931
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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.

Net pension obligation	(35,111)	
Compensated absences	25,182	
Interest payable	<u>16,569</u>	6,640

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:

Repayments:

Notes payable	<u>314,065</u>	<u>314,065</u>
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Change in net position of governmental activities	<u><u>\$ 557,103</u></u>
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The notes to the financial statements are an integral part of this statement

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and financial reporting policies of the Lincoln County Ambulance 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 was formed to provide ambulance service throughout Lincoln County. The District's financial statements include all accounts that are controlled by the Board of Directors. 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, sales tax revenue, 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 Governmental Accounting Standards Board (GASB) Statement, *The Financial Reporting Entity*. 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. 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. Ambulance services and training fees are recorded at time of service, net of allowances for uncollectible amounts. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the financial resources measurement focus and the 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 available if they are collected within 120 days after year-end, except for taxes, which the District considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt.

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 fund:

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.

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.

Investments

The District is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper. Investments are carried at cost or amortized cost. Certificates of deposit, held at banks with an original maturity in excess of three months are reported at cost and listed in the financial statements as certificates of deposit.

Receivables

Accounts receivable are shown net of an allowance for uncollectible 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, 2017 was \$618,830.

Use 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.

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 the governmental funds balance sheet and two items that qualify for reporting in the government-wide financial statement. 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.

LINCOLN COUNTY AMBULANCE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 costs 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
Buildings and improvements	15-40
Equipment	3-10
Vehicles	5

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.

Committed - the portion of a Governmental Fund's net assets with self-imposed constraints or limitations that have been placed by the Board. The committed fund balance is made up of Board approved budget deficits in the General fund.

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.

When restricted sources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused time off up to a maximum as described by policy. Accrued personal time off is payable to employees upon termination. In the government-wide financial statements, the District accrues accumulated personal time off when earned by the employee.

The District grants vacation and paid time off to all employees. Vacation and paid time off are earned at various rates, depending on the employee's length of service. Accumulated vacation time is carried over to the next anniversary year and if not used within 90 days, is either paid to the employee immediately or paid to the employee upon termination, provided two weeks notice is given by the employee. Employees are paid 50% of their accrued paid time off upon termination provided they give two weeks notice, or an employee is paid up to four times a year at the employee's request for amounts in excess of six days.

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 is currently one former employee on the plan, and there are no associated costs to the District under this program.

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. At year-end, the carrying amount of the District's demand deposits totaled \$2,144,199 and bank balances totaled \$2,452,501. At year-end, the District also had certificates of deposit with a total carrying amount, which approximates fair value, of \$1,806,782. These are shown as certificates of deposit due to their original maturity dates.

Of the bank balances (including demand deposits and certificates of deposit), \$2,080,825 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$2,178,458 was covered by pledged collateral, which was held in the District's name.

Note 3 - 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 2017 for purposes of local taxation was \$827,816,857.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation is \$0.1067.

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 4 - 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>
Governmental activities:				
Land	\$ 281,216	\$ -	\$ -	\$ 281,216
Total capital assets not being depreciated	<u>281,216</u>	<u>-</u>	<u>-</u>	<u>281,216</u>
<i>Capital assets being depreciated:</i>				
Buildings and other improvements	1,297,764	5,200	-	1,302,964
Equipment	1,564,247	8,474	-	1,572,721
Vehicles	1,583,674	51,234	-	1,634,908
Total capital assets being depreciated	<u>4,445,685</u>	<u>64,908</u>	<u>-</u>	<u>4,510,593</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	404,323	33,929	-	438,252
Equipment	1,073,422	123,528	-	1,196,950
Vehicles	1,495,383	69,754	-	1,565,137
Total accumulated depreciation	<u>2,973,128</u>	<u>227,211</u>	<u>-</u>	<u>3,200,339</u>
Total net capital assets being depreciated	<u>1,472,557</u>	<u>(162,303)</u>	<u>-</u>	<u>1,310,254</u>
Governmental activity capital assets, net	<u>\$ 1,753,773</u>	<u>\$ (162,303)</u>	<u>\$ -</u>	<u>\$ 1,591,470</u>

Depreciation expense of \$227,211 was charged to the function public safety.

Note 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, through its general fund, purchases commercial insurance. Deductibles are generally at \$1,000 or less. Settled claims have not exceeded commercial coverage in any fiscal year.

The District participates in Missouri Fire and Ambulance Districts' Insurance Trust (MoFAD), a public entity risk pool, for its workers compensation insurance. This District's insurance coverage with MoFAD is in the amount of \$1,000,000 per occurrence. The District (along with other districts) pays an annual contribution to MoFAD for its insurance coverage. Should the contributions received not produce sufficient funds to meet obligations, MoFAD is empowered to make special assessments. Members of MoFAD are jointly and severally liable for all claims against MoFAD. Settled claims have not exceeded the District's coverage in any fiscal year. The District's premium payment to MoFAD for 2017 was \$171,954.

LINCOLN COUNTY AMBULANCE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note 6 - QUALIFIED RETIREMENT PLAN

Missouri Local Government Employees Retirement System (LAGERS)

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Lincoln County Ambulance District (the District) defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The 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 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 police and 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 police and fire) and receive a reduced allowance.

	June 30, 2017 Valuation
Benefit multiplier:	1.50%
Final average salary:	3 years
Member contributions:	0%

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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	8
Active employees	37
	52

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 6 - QUALIFIED RETIREMENT PLAN (continued)

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. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rate is 8.1% (General) of annual covered payroll.

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial assumptions. The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increase	3.25% to 6.55% including inflation
Investment rate of return	7.25%

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2017.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 6 - QUALIFIED RETIREMENT PLAN (continued)

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/2016	\$ 8,697,690	\$ 8,278,248	\$ 419,442
Changes for the year:			
Service Cost	203,161	-	203,161
Interest	611,296	-	611,296
Difference between expected and actual experience	9,844	-	9,844
Contributions - employer	-	169,440	(169,440)
Contributions - employee	-	766	(766)
Net investment income	-	1,071,477	(1,071,477)
Change of assumptions	(334,361)	-	(334,361)
Benefit payments, including refunds	(182,343)	(182,343)	-
Administrative expense	-	(4,552)	4,552
Other changes	-	192,505	(192,505)
Net changes	<u>307,597</u>	<u>1,247,293</u>	<u>(939,696)</u>
Balances at 6/30/2017	<u>\$ 9,005,287</u>	<u>\$ 9,525,541</u>	<u>\$ (520,254)</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$ 1,061,232	\$ (520,254)	\$ (1,801,488)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017 the employer recognized pension expense of \$162,829. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

LINCOLN COUNTY AMBULANCE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note 6 - QUALIFIED RETIREMENT PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflow of Resources
Differences in experience	\$ 8,659	\$ (191,768)	\$ (183,109)
Assumption changes	477,371	(294,126)	183,245
Net difference between project and actual earnings on pension plan investments	167,785	-	167,785
Total	<u>\$ 653,815</u>	<u>\$ (485,894)</u>	<u>\$ 167,921</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 115,021
2019	115,022
2020	29,615
2021	(93,389)
2022	(379)
Thereafter	2,031
Total	<u>\$ 167,921</u>

Note 7 - LONG-TERM LIABILITIES

Notes Payable

At December 31, 2017, the District has the following notes payable outstanding:

St. Louis Bank	\$ 157,783
Interest rate - 3.75%	
Matures - March 2020	
Payment - quarterly principal and interest payments of \$20,772	
Total notes payable	<u>\$ 157,783</u>

Payments due on notes payable as of December 31, 2017 are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 56,832	\$ 5,485	\$ 62,317
2019	80,389	2,698	83,087
2020	20,562	210	20,772
	<u>\$ 157,783</u>	<u>\$ 8,393</u>	<u>\$ 166,176</u>

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 7 - LONG-TERM LIABILITIES (continued)

The following is a summary of changes in long-term commitments:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Amount Due Within One Year
Notes payable	\$ 471,848	\$ -	\$ (314,065)	\$ 157,783	\$ 56,832
Compensated absences *	236,567	25,182	-	261,749	-
	<u>\$ 708,415</u>	<u>\$ 25,182</u>	<u>\$ (314,065)</u>	<u>\$ 419,532</u>	<u>\$ 56,832</u>

* Due to limitations, gross amounts for additions and reductions are not readily available. Net changes are shown above.

NOTE 8 - OPERATING LEASES

In a prior year, the District entered into operating lease agreements for solar panels. The lease agreements run from July 2014 through July 2034 and require monthly payments ranging from \$135 to \$175.

In the current year, the District entered into an operating lease agreement for the use of a copier. The lease agreement runs from December 2016 through December 2021 and requires monthly payments of \$199.

Future minimum lease payments under the above leases are as follows:

Year Ending December 31,	Amount
2018	\$ 7,764
2019	7,964
2020	7,964
2021	7,964
2022	5,580
2023 and thereafter	64,170
	<u>\$ 101,406</u>

Lease expenditures for the year ended December 31, 2017 were \$5,516.

Note 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 15, 2018, the date which the financial statements were available for issue, and noted no material reportable events.

**Required Supplementary Information
(Other than Management's Discussion & Analysis)**

LINCOLN COUNTY AMBULANCE DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance to final budget
	Original	Final	Actual	
Revenues				
Property taxes	\$ 848,433	\$ 856,196	\$ 888,077	\$ 31,881
Sales taxes	2,525,000	2,733,948	2,654,526	(79,422)
Ambulance fees (net)	2,150,000	2,401,526	2,397,757	(3,769)
Investment income	13,500	22,984	22,984	-
Other income	32,000	42,995	42,995	-
Total revenues	<u>5,568,933</u>	<u>6,057,649</u>	<u>6,006,339</u>	<u>(51,310)</u>
Expenditures				
Current operating				
Salaries	1,927,412	1,968,514	1,981,480	(12,966)
Salaries - overtime	785,352	878,278	878,278	-
Election expenses	50,000	50,000	11,738	38,262
Payroll taxes	207,526	212,003	212,966	(963)
Office supplies	10,000	11,468	11,754	(286)
Computer services	142,500	142,500	146,145	(3,645)
Dispatching expense	87,000	87,000	87,000	-
Gasoline and oil	75,000	75,000	64,080	10,920
Dues and subscriptions	3,000	3,650	3,650	-
Advertising and public relations	15,000	15,000	8,848	6,152
Insurance - general	238,500	238,500	215,498	23,002
Insurance - employee	990,741	990,741	933,015	57,726
Professional fees	42,000	42,538	42,538	-
Building and maintenance	70,000	70,000	41,118	28,882
Equipment and vehicle maintenance	119,500	161,547	171,144	(9,597)
Doctor fees	21,000	21,000	19,265	1,735
Training and education	45,000	57,596	60,144	(2,548)
Uniforms	40,000	40,000	39,784	216
Supplies	130,000	130,000	86,300	43,700
Utilities	58,500	58,500	47,868	10,632
Pension contribution	227,872	227,872	145,848	82,024
Capital outlay	25,000	52,666	64,908	(12,242)
Debt service				
Principal	258,030	344,199	314,065	30,134
Interest and fiscal charges	-	-	30,135	(30,135)
Total expenditures	<u>5,568,933</u>	<u>5,878,572</u>	<u>5,617,569</u>	<u>261,003</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 179,077</u>	388,770	<u>\$ 209,693</u>
Fund balance, beginning of year			<u>5,164,869</u>	
Fund balance, end of year			<u>\$ 5,553,639</u>	

LINCOLN COUNTY AMBULANCE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

- a. 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 accrual 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. The amended budget for the District is presented in the Budgetary Comparison Schedules - Modified Cash Basis - General Fund
- h. All annual appropriations lapse at year-end.

LINCOLN COUNTY AMBULANCE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

Fiscal year ending June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total pension liability										
Service cost	\$ 203,161	\$ 192,404	\$ 193,609							
Interest on the total pension liability	611,296	549,757	233,724							
Benefit changes	9,844	(53,722)	(211,940)							
Difference between expected and actual results	(334,361)	607,819	-							
Assumption changes	(182,343)	(170,810)	145,411							
Benefit payments and refunds	307,597	1,125,448	360,804							
Net change in total pension liability	8,697,690	7,572,242	7,211,458							
Total pension liability - beginning	9,005,287	8,697,690	7,572,242							
Total pension liability - ending (a)										
Plan Fiduciary Net Position										
Contributions - employer	\$ 169,440	\$ 212,054	\$ 236,807							
Contributions - member	766	-	-							
Pension plan net investment income	1,071,477	(13,397)	(144,424)							
Benefit payments and refunds	(182,343)	(170,810)	145,411							
Other	187,953	(34,160)	157,132							
Net change in plan fiduciary net position	1,247,293	(26,313)	394,926							
Plan fiduciary net position - beginning	8,278,248	8,304,561	7,909,635							
Plan fiduciary net position - ending (b)										
Net pension liability - ending (a) - (b)										
	\$ (520,254)	\$ 419,442	\$ (732,319)							
Net position as a percentage of pension liability	105.78%	95.18%	109.67%							
Covered-employee payroll	\$ 2,428,884	\$ 2,231,567	\$ 2,284,761							
Net pension liability as a percentage of payroll	-21.42%	18.80%	-32.05%							

Notes to schedule:

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

LINCOLN COUNTY AMBULANCE DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 173,832	\$ 222,508	\$ 255,338	\$ 258,180	\$ 274,192	\$ 261,278	\$ 259,386	\$ 232,895	\$ 261,181	\$ 229,230
Contributions in relation to the actuarially determined contribution	173,832	222,508	255,338	258,180	274,192	261,278	238,962	232,895	261,181	229,230
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,424	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,146,079	\$ 2,317,794	\$ 2,220,332	\$ 2,245,040	\$ 2,176,123	\$ 2,107,082	\$ 2,042,407	\$ 2,176,593	\$ 2,352,986	\$ 2,142,332
Contributions as a percentage of covered-employee payroll	8.10%	9.60%	11.50%	11.50%	12.60%	12.40%	11.70%	10.70%	11.10%	10.70%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of February 28, 2017 prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
- Entry age normal
- Amortization method
- Level percent of payroll, closed
- Remaining amortization period
- Multiple bases from 15 to 19 years
- Asset valuation method
- 5 years smoothed market; 20% corridor
- Inflation
- 3.25% wage inflation; 2.5% price inflation
- Salary increases
- 3.25% - 6.55%; including wage inflation
- Investment rate of return
- 7.25%, net of investment and administrative expenses
- Retirement age
- Experience-based table of rates that are specific to the type of eligibility condition.
- Mortality
- 1994 Group Annuity Mortality Table set back 0 years for both males and females.

Other information:

Notes
 There were no benefit changes during the year.