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1-1-2006

## Financial Statements, 2005

Lake St. Louis Fire Protection District

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**From:** polysubfs  
**To:** n:jsmith@lslfire.com  
**Date:** Wed, Jul 12, 2006 3:48 PM  
**Subject:** Re: Fwd: Annual Audit Report

In accordance with 105.145, RSMo, we acknowledge receipt of the financial report for the Lake Saint Louis Fire Protection District of St. Charles County, Missouri for the one year ended December 31, 2005. ✓

Thank you for your cooperation in sending this information.

>>> "Smith, Jeff" <jsmith@lslfire.com> 7/10/2006 2:01 PM >>>  
To whom it may concern:

It has just come to my attention that our auditor did not forward a copy of our completed 2005 annual audit to your office.

Please accept my apologies for the delay.

I have attached a .pdf version of the audit to this email. If this is not acceptable please let me know and I will get a hard copy in the mail to you as soon as possible.

Again my sincerest apologies for the delay.

Sincerely,

Jeff Smith, Chief  
Lake St. Louis Fire Prot. Dist.  
2533 Lake St. Louis Blvd.  
Lake St. Louis, MO 63367  
[jsmith@lslfire.com](mailto:jsmith@lslfire.com)  
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**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2005**

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

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## INDEPENDENT AUDITORS' REPORT


Members of the Board of Directors of  
**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
**OF ST. CHARLES COUNTY, MISSOURI**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Saint Louis Fire Protection District of St. Charles County, Missouri, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Saint Louis Fire Protection District of St. Charles County, Missouri, as of December 31, 2005, and the respective changes in the financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 21 and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
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May 25, 2006

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**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

The discussion and analysis of Lake Saint Louis Fire Protection District of St. Charles County, Missouri's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended December 31, 2005. It should be read in conjunction with the accompanying basic financial statements

**FINANCIAL HIGHLIGHTS**

- In the government-wide financial statements, the District's assets exceed its liabilities at December 31, 2005 by \$2,998,705.
- The District's net assets increased by \$137,381.
- At December 31, 2005, unreserved fund balance for the General Fund was \$1,435,809, which covers 100% of the General Fund appropriation for the 2006 fiscal year.
- For the year ended December 31, 2005, the General Fund reported revenues in excess of expenditures.
- Wages, payroll taxes and employee benefits comprise 55% of General Fund expenditures, approximately 11% less than in 2004.
- There was no debt issued by the District during 2005. Principal payments on outstanding obligations were \$44,523, leaving capital lease obligations payable at December 31, 2005 of \$46,540.
- The District sold and replaced three vehicles in 2005. Sold were a 1996 International Rescue Truck, a 1996 Dodge Pickup and a 2001 Dodge Durango. Purchased were a 2005 Ford F550 chassis with a Knapheide rescue body, a 2005 Ford F250 Pickup and a 2005 Ford Explorer.

**REPORT LAYOUT**

In 2004, the District implemented GASB 34 - *Governmental Accounting Standards Board Statement - Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. The attached financial statements, for the year ended December 31, 2005, are reported using this new reporting model - GASB 34. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statement, notes to the

financial statements, and required supplementary information. The first several statements are highly condensed and present a government-wide view of the District's finances. Within this view, all District operations are categorized and reported as either governmental or business-type activities. Governmental activities include fire protections services, capital outlays and debt service payments. The District currently does not have any business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

### **Basic Financial Statements**

- The Statement of Net Assets focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets and long-term liabilities and are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of District programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The District's major governmental funds are presented in their own column and the remaining funds are combined into a column title "Other Non-major Funds". Budgetary comparisons for the General Fund and major special revenue funds are now presented as required supplementary information. A budgetary comparison is presented for the General Fund and the Pension Fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

### **THE DISTRICT AS A WHOLE**

#### **Government-wide Financial Analysis**

The District's combined net assets were \$2,998,705 as of December 31, 2005. This analysis focuses on the net assets (table 1) and changes in net assets (table 2) of the District's governmental activities. As mentioned earlier, the Lake Saint Louis Fire Protection District of St. Charles County, Missouri has prepared the fiscal year ending December 31, 2005 financial statements in a new format prescribed by the provisions of GASB Statement No. 34.

The District's net assets consist of its investment in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding and unrestricted balances. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**

	Statement Of Net Assets		
	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<b>Assets:</b>			
Current and other assets	\$ 1,723,444	\$ 1,597,185	\$ 126,259
Capital assets	1,411,941	1,439,815	( 27,874)
Total Assets	<u>3,135,385</u>	<u>3,037,000</u>	<u>98,385</u>
<b>Liabilities:</b>			
Current and other liabilities	90,140	84,613	5,527
Long-term liabilities	46,540	91,063	( 44,523)
Total Liabilities	<u>136,680</u>	<u>175,676</u>	<u>( 38,996)</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	1,365,401	1,348,752	16,649
Restricted	149,646	148,175	1,471
Unrestricted	1,483,658	1,364,397	119,261
Total Net Assets	<u>\$ 2,998,705</u>	<u>\$ 2,861,324</u>	<u>\$ 137,381</u>



Governmental activities increased the District's net assets by \$137,381. The key elements of this increase are as follows:

**Table 2**

Statement Of Activities				Increase (Decrease)
		2005	2004	
<b>Revenues:</b>				
Program revenues:				
Charges for service	\$	25,713	\$ 54,837	\$ ( 29,124)
Capital grants and contributions		56,623	30,059	26,564
General revenues:				
Taxes		931,294	892,145	39,149
Interest income		26,464	5,785	20,679
Miscellaneous		4,033	2,036	1,997
Gain on the sale of capital assets		28,069	27,872	197
Total Revenues		<u>1,072,196</u>	<u>1,012,734</u>	<u>59,462</u>
<b>Expenses:</b>				
Public safety		930,645	899,226	31,419
Interest and fiscal charges		4,170	6,121	( 1,951)
Total Expenses		<u>934,815</u>	<u>905,347</u>	<u>29,468</u>
Increase in net assets		137,381	107,387	29,994
Net assets, beginning of year		<u>2,861,324</u>	<u>2,753,937</u>	<u>107,387</u>
Net assets, end of year	\$	<u><u>2,998,705</u></u>	\$ <u><u>2,861,324</u></u>	\$ <u><u>137,381</u></u>

Total revenues increased \$59,462 for two reasons. The District received both federal and state grants during the current year and the prior year, however the amount received in the current year was greater. In addition, the assessed value of real estate in the District increased by \$29,211,181.

Expenses increased \$29,468 from last year. The increase is due to increase in insurance, both health and business. Also there was an increase in the amount of small equipment items purchased by the District during the current year compared to the prior year.

## Governmental Funds

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting.

**Table 3**

	Fiscal Year Ending 2005	Fiscal Year Ending 2004	Increase (Decrease)	Percentage Change
<b>General Fund:</b>				
Taxes	\$ 872,237	\$ 808,586	\$ 63,651	7.9 %
Licenses and permits	25,713	54,837	( 29,124)	(53.1)
Investment income	22,421	4,276	18,145	424.3
Miscellaneous	119,716	66,896	52,820	78.9
Total general revenues	\$ 1,040,087	\$ 934,595	\$ 105,492	11.3

General Fund revenue increased \$105,492 or 11.3% from last fiscal year. Nearly 84% of revenue in the General Fund comes from property taxes. The assessed value of property located in the district increased \$29,211,181. Miscellaneous income increased \$52,820 due to an increase in grants received and the sale of two District vehicles.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2005, the District had \$2,272,682 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. (See Table 4 below) This amount represents a net decrease (including additions and deductions) of \$38,716 or 1.7% over the prior fiscal year.

**Table 4**

	2005	2004	Increase (Decrease)
Land	\$ 116,235	\$ 116,235	\$ -
Buildings	1,157,630	1,157,630	-
Communication equipment	18,294	18,294	-
Fire fighting equipment	178,936	127,689	51,247
Office equipment	31,096	36,074	( 4,978)
Vehicles	770,491	855,476	( 84,985)
Total	\$ 2,272,682	\$ 2,311,398	\$ ( 38,716)

The most significant portion of capital assets is buildings and vehicles. Buildings account for 51% and vehicles account for 34% of total capital assets. Major purchases of the Districted included 3 vehicles and turnout gear. More detailed information on the District's capital assets is presented in note 5 to the financial statements.

## **DEBT**

At year-end, the District had \$46,540 in outstanding debt compared to \$91,063 at the end of the prior fiscal year.

During the fiscal year, the District made principal payments totaling \$44,523. More detailed information on the District's long-term liabilities is presented in note 7 to the financial statements.

## **THE DISTRICT'S FUNDS**

At the close of the District's fiscal year on December 31, 2005, the governmental funds of the District reported a combined fund balance of \$1,590,343. This ending balance includes an increase in fund balance of \$117,194 in the District's General Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District prepares its budget on a modified accrual basis. For 2005, actual revenues were \$1,040,087 as compared to the budget amount of \$1,026,460. For 2005, actual expenditures were \$922,893 compared to the budget amount of \$1,026,460.

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

Over the past four years the District's assessed valuation has grown at an average of 7.25% while the income generated from assessed value has grown at an average of 4.0%. The 4.0% average income growth is a result of the constitutional cap placed on ad valorem taxes as a result of the Hancock amendment. Recent information from the County Assessor's office shows that the assessed value of the District will increase 5.9% in 2006. Information provided by the State Auditor's office estimating revenue growth from the reassessment is not yet available.

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

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Jeffery Smith, Fire Chief  
Lake Saint Louis Fire Protection District  
of St. Charles County, Missouri  
2533 Lake Saint Boulevard  
Lake Saint Louis, MO 63367

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 899,357
Property taxes receivable:	816,649
Prepaid insurance	7,438
Capital assets - net:	
Nondepreciable	116,235
Depreciable	1,295,706
TOTAL ASSETS	<u>3,135,385</u>
 <b>LIABILITIES</b>	
Accounts payable	5,912
Accrued wages	35,169
Pension contribution payable	49,059
Noncurrent liabilities:	
Due in one year	46,540
TOTAL LIABILITIES	<u>136,680</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,365,401
Restricted for:	
Pension benefits	149,646
Unrestricted	1,483,658
TOTAL NET ASSETS	<u>\$ 2,998,705</u>

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

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Public safety	\$ 930,645	\$ 25,713	\$ 56,623	\$ (848,309)
Interest and fiscal charges	4,170	-	-	(4,170)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 934,815</b>	<b>\$ 25,713</b>	<b>\$ 56,623</b>	<b>(852,479)</b>
Taxes				931,294
Interest income				26,464
Other miscellaneous revenue				4,033
Gain on the sale of capital assets				28,069
<b>TOTAL GENERAL REVENUES</b>				<b>989,860</b>
<b>CHANGE IN NET ASSETS</b>				<b>137,381</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>				<b>2,861,324</b>
<b>NET ASSETS - END OF YEAR</b>				<b>\$ 2,998,705</b>

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

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
**OF ST. CHARLES COUNTY, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	General Fund	Pension Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 750,708	\$ 148,649	\$ 899,357
Property taxes receivable	766,593	50,056	816,649
Prepaid insurance	7,438	-	7,438
TOTAL ASSETS	\$ 1,524,739	\$ 198,705	\$ 1,723,444
<b>LIABILITIES</b>			
Account payable	\$ 5,912	\$ -	\$ 5,912
Accrued wages	35,169	-	35,169
Pension contribution payable	-	49,059	49,059
Deferred revenue	40,411	2,550	42,961
TOTAL LIABILITIES	81,492	51,609	133,101
<b>FUND BALANCES:</b>			
Fund balances:			
Reserved for prepaids	7,438	-	7,438
Unreserved:			
General fund	1,435,809	-	1,435,809
Pension fund	-	147,096	147,096
TOTAL FUND BALANCES	1,443,247	147,096	1,590,343
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,524,739	\$ 198,705	\$ 1,723,444

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

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

RECONCILIATION OF THE STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
DECEMBER 31, 2005

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

Total fund balance per balance sheet	\$ 1,590,343
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,411,941
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	42,961
Long-term liabilities which consist of a capital leases payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(46,540)</u>
Net assets of governmental activities	<u>\$ 2,998,705</u>

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

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Pension Fund	Total
<b>REVENUES</b>			
Taxes	\$ 872,237	\$ 56,944	\$ 929,181
Permits and fees	25,713	-	25,713
Investment income	22,421	4,043	26,464
Miscellaneous	119,716	-	119,716
TOTAL REVENUES	1,040,087	60,987	1,101,074
<b>EXPENDITURES</b>			
Public safety:			
Wages	378,630	-	378,630
Employee benefits	132,183	9,420	141,603
Directors fees and board expenses	6,108	-	6,108
Fire prevention	3,609	-	3,609
Insurance	12,149	-	12,149
LOSAP	6,506	-	6,506
Membership dues	6,501	-	6,501
Office expense	4,591	-	4,591
Pension contribution	-	49,058	49,058
Personal equipment	9,649	-	9,649
Professional fees	15,651	1,084	16,735
Repairs and maintenance	52,368	-	52,368
Separation agreement	18,927	-	18,927
Training	16,296	-	16,296
Utilities	26,135	-	26,135
Volunteer expenses	7,653	-	7,653
Capital outlay	177,244	-	177,244
Debt service:			
Principal, interest and fiscal charges	48,693	-	48,693
TOTAL EXPENDITURES	922,893	59,562	982,455
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	117,194	1,425	118,619
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,326,053	145,671	1,471,724
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,443,247	\$ 147,096	\$ 1,590,343

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



**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
**OF ST. CHARLES COUNTY, MISSOURI**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

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

Change in fund balance-total governmental funds	\$ 118,619
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.	142,447
Revenues that do not provide current financial resources are not included in the fund financial statements.	2,113
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(139,330)
The proceeds from the disposal of capital assets is revenue in the governmental funds, which differs from the gain on sale of assets in the statement of activities by the net book value of assets sold.	(30,991)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>44,523</u>
Change in net assets of governmental activities	<u><u>\$ 137,381</u></u>

The accompanying notes are integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Saint Louis Fire Protection District of St. Charles County, Missouri was founded in 1971 and operates under a three person Board of Directors. The District provides fire protection services to the City of Lake Saint Louis in St. Charles County, Missouri.

**A. REPORTING ENTITY**

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

**B. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

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

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

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

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

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

*Statement of Net Assets* - The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The District reports capital assets in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The net assets of the District are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Activities* - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the District has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. The District has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward. The District does not currently have any infrastructure assets.

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

**The General Fund** - The District's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

**The Pension Fund** - The Pension Fund is a special revenue fund, which accounts for property tax revenue collected to make contributions the District's employee retirement plan.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$2,500 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Fire fighting equipment	7 - 10 years
Communication equipment	10 years
Office equipment	5 - 10 years
Vehicles	5 - 10 years

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

E. **ESTIMATES**

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

F. **INTERFUND TRANSACTIONS**

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

G. **COMPENSATED ABSENCES**

The District has adopted a formal personnel policy with policies in effect that relate to vacation and sick pay. District employees are allowed to carry forward a limited number of vacation days past year-end. In the event of termination, an employee is paid for accumulated vacation days. Employees are paid for accumulated sick leave upon resignation of employment up to 25% of unused sick time and upon retirement an employee receives 50% of unused sick leave. At December 31, 2005, employees had accrued vacation of \$12,095 and accumulated sick leave of \$7,019. A liability for accrued vacation and sick leave has been included in accrued wages in the General Fund.

H. **LONG-TERM LIABILITIES**

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

I. **NET ASSETS AND FUND EQUITY**

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

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

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

J. **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.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The District adopts an annual operating budget on a modified accrual basis for the General Fund and the Pension Fund. Annual appropriations lapse at year-end.

3. **CASH AND TEMPORARY INVESTMENTS**

The District's bank deposits are required by state statute to be secured by the deposit of certain securities with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2005, the carrying amount of the District's demand deposits and certificates of deposit totaled \$899,357 with bank balances of \$904,803. The total insured and uninsured balances are as follows:

Total cash held at banks	\$	904,803
Portion insured by FDIC, guaranty bond or collateralized by securities held by pledging financial institution		<u>(904,803)</u>
TOTAL UNINSURED BALANCE	\$	<u><u>-</u></u>

4. **PROPERTY TAX**

The District's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2005, upon which the 2005 levy was based on an assessed value for real, personal and public utility property of \$225,267,219. The District's tax rate was levied per \$100 of assessed value as follows:

General Fund	\$ .3898
Pension Fund	.0255

5. **CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended December 31, 2005 is as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 116,235	\$ -	\$ -	\$ 116,235
Capital assets, being depreciated:				
Buildings	1,157,630	-	-	1,157,630
Communication equipment	18,294	-	-	18,294
Fire fighting equipment	127,689	51,247	-	178,936
Office equipment	36,074	-	( 4,978)	31,096
Vehicles	855,476	96,430	(181,415)	770,491
Total capital assets, being depreciated	<u>2,195,163</u>	<u>147,677</u>	<u>(186,393)</u>	<u>2,156,447</u>
Less accumulated depreciation for:				
Buildings	(312,711)	( 33,307)	-	( 346,018)
Communication equipment	( 12,703)	( 1,829)	-	( 14,532)
Fire fighting equipment	( 70,456)	(14,765)	-	( 85,221)
Office equipment	( 19,338)	( 3,874)	3,022	( 20,190)
Vehicles	(456,375)	( 85,555)	147,150	( 394,780)
Total accumulated depreciation	<u>(871,583)</u>	<u>(139,330)</u>	<u>150,172</u>	<u>( 860,741)</u>
Total capital assets, being depreciated, net	<u>1,323,580</u>	<u>8,347</u>	<u>( 36,221)</u>	<u>1,295,706</u>
Total governmental activities	<u>\$ 1,439,815</u>	<u>\$ 8,347</u>	<u>\$ ( 36,221)</u>	<u>\$ 1,411,941</u>

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

6. **EXPENDITURES IN EXCESS OF BUDGET**

For the year ended December 31, 2005 actual expenditures in the Pension Fund exceeded budgeted expenditures by \$5,205.

7. **LONG-TERM DEBT**

**Capital Lease Obligation** - The District has entered into a lease/purchase of a custom pumper fire truck. The asset has been capitalized at cost of \$185,917, with accumulated amortization of \$74,367 at December 31, 2005. The obligation under the capital lease is as follows:

Leasing 2, Inc.	<u>\$46,540</u>
Interest rate - 4.18%	
Payments - annual payments of \$48,694, which include principal and interest	

Annual lease payments are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2006	\$ 48,694
Less: amounts representing interest	<u>( 2,154)</u>
Present value of minimum lease payments	<u>\$ 46,540</u>

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

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE, END OF YEAR</u>	<u>DUE WITHIN ONE YEAR</u>
Capital lease	\$ 91,063	\$ -	\$ (44,523)	\$ 46,540	\$ 46,540

8. **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 purchases commercial insurance to cover risks related to building and other District property, crimes, business, travel, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

9. **RETIREMENT PLAN**

The District provides pension benefits and life insurance for all of its full-time employees through a Money Purchase Plan and Trust (the Plan), which is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The plan is administered by Union Central Retirement and Investment Services. Employees who were 21 or older were eligible to participate after reaching 1,000 hours of service in a twelve month period. The District makes a discretionary contribution annually, which is allocated to eligible employees based on their salaries. The District's contributions for each employee (and earnings allocated to the employee's account) are fully vested after six years of service. District contributions for, and earnings forfeited by employees who leave employment before six years of service are used to reduce subsequent contributions. The District's contribution for 2005 was \$49,059.



**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE ST. LOUIS FIRE PROTECTION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OPERATING REVENUE</b>				
Taxes	\$ 801,655	\$ 858,000	\$ 872,237	\$ 14,237
Charges for services	32,000	27,400	25,713	(1,687)
Investment income	4,500	21,000	22,421	1,421
Miscellaneous	-	120,060	119,716	(344)
<b>TOTAL REVENUE</b>	<u>838,155</u>	<u>1,026,460</u>	<u>1,040,087</u>	<u>13,627</u>
<b>EXPENDITURES</b>				
Public safety:				
Wages	382,850	387,351	378,630	8,721
Employee benefits	129,300	133,250	132,183	1,067
Directors fees and board expenses	15,600	7,250	6,108	1,142
Fire prevention	7,000	4,550	3,609	941
Insurance	12,350	13,500	12,149	1,351
LOSAP	9,750	6,750	6,506	244
Membership dues	5,830	7,811	6,501	1,310
Office expense	8,200	7,200	4,591	2,609
Personal equipment	17,150	17,550	9,649	7,901
Professional fees	22,650	19,700	15,651	4,049
Repairs and maintenance	44,950	57,250	52,368	4,882
Separation agreement	18,927	18,927	18,927	-
Training	34,250	26,250	16,296	9,954
Utilities	28,880	28,650	26,135	2,515
Volunteer expenses	7,500	11,750	7,653	4,097
Capital outlay	43,168	228,921	177,244	51,677
Debt service:				
Principal, interest and fiscal charges	49,800	49,800	48,693	1,107
<b>TOTAL EXPENDITURES</b>	<u>838,155</u>	<u>1,026,460</u>	<u>922,893</u>	<u>103,567</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>117,194</u>	<u>\$ 117,194</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,326,053</u>	<u>1,326,053</u>	<u>1,326,053</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,326,053</u>	<u>\$ 1,326,053</u>	<u>\$ 1,443,247</u>	

**LAKE ST. LOUIS FIRE PROTECTION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

PENSION FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OPERATING REVENUE</b>				
Taxes	\$ 52,357	\$ 52,357	\$ 56,944	\$ 4,587
Investment income	2,000	2,000	4,043	2,043
TOTAL REVENUE	<u>54,357</u>	<u>54,357</u>	<u>60,987</u>	<u>6,630</u>
<b>EXPENDITURES</b>				
Public safety:				
Employee benefits	7,500	7,500	9,420	(1,920)
Pension contribution	44,857	44,857	49,058	(4,201)
Professional fees	2,000	2,000	1,084	916
TOTAL EXPENDITURES	<u>54,357</u>	<u>54,357</u>	<u>59,562</u>	<u>(5,205)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>1,425</u>	<u>\$ 1,425</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>145,671</u>	<u>145,671</u>	<u>145,671</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 145,671</u>	<u>\$ 145,671</u>	<u>\$ 147,096</u>	

***LAKE ST. LOUIS FIRE PROTECTION DISTRICT***  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2005

**1. BUDGETARY INFORMATION**

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

**LAKE SAINT LOUIS FIRE  
PROTECTION DISTRICT**

**REPORT TO BOARD OF DIRECTORS  
AND MANAGEMENT**

**DECEMBER 31, 2005**

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May 25, 2006

Members of the Board  
Lake Saint Louis Fire Protection District  
2533 Lake St. Louis Boulevard  
Lake Saint Louis, Missouri 63367

We are pleased to discuss the results of our audit of the financial statements of Lake Saint Louis Fire Protection District for the year ended December 31, 2005.

The accompanying report addresses matters with respect to our 2005 audit and other information which we believe will be of assistance and interest to you, as well as specific matters required by professional standards to be reported to you. This report is intended solely for the information and use of the Board of Directors and management.

Very truly yours,

*Botz, Seal & Company*

## INDEX TO REPORT

<b>OVERVIEW OF 2005 AUDIT</b>	1
<b>OTHER MATTERS</b>	2
<b>RECOMMENDATIONS TO MANAGEMENT</b>	3

## OVERVIEW OF 2005 AUDIT

<b>RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)</b>	<ul style="list-style-type: none"><li>* Audit performed in accordance with auditing standards generally accepted in the United States of America.</li><li>* Objective being reasonable - not absolute - assurance about the financial statements being free of material misstatement.</li></ul>
<b>REPORT ON 2005 AUDIT</b>	<ul style="list-style-type: none"><li>* Issued an unmodified opinion dated May 25, 2006.</li></ul>
<b>COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS</b>	<ul style="list-style-type: none"><li>* Obtained no evidence that the District was not in compliance in all material respects, with certain provisions of laws, regulations, contracts and grants that were tested.</li></ul>
<b>INTERNAL CONTROL OVER FINANCIAL REPORTING</b>	<ul style="list-style-type: none"><li>* Reviewed controls to extent necessary to obtain an understanding of the structure in order to render an opinion on financial statements.</li><li>* Recommendations set forth on page 3.</li></ul>
<b>MANAGEMENT COOPERATION</b>	<ul style="list-style-type: none"><li>* Received full cooperation.</li></ul>



## OTHER MATTERS

The Auditing Standards Board of the AICPA requires that we communicate certain matters to the Audit Committee, or its equivalent of an organization. These requirements are set out in Statement on Auditing Standards Nos. 53, 54, 61 and 89 and our comments thereto are presented below.

### **ERRORS**

\* None came to our attention.

### **FRAUD AND OTHER ILLEGAL ACTS**

\* None came to our attention.

### **SIGNIFICANT ACCOUNTING POLICIES**

\* No new policies or changes to existing policies.

### **MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES**

\* Reviewed management's formulation of accounting estimates and concluded they were reasonable.

### **CONSULTATIONS WITH OTHER ACCOUNTANTS**

\* None.

### **UNADJUSTED AUDIT DIFFERENCES**

\* No reportable differences.

## RECOMMENDATIONS TO MANAGEMENT

### OVERALL

- \* Considered internal control over financial reporting to determine auditing procedures.
- \* Audit procedures would not necessarily disclose all matters in internal control over financial reporting that may be material weaknesses.

### CURRENT YEAR

- \* We have no recommendations that warrant management's attention at this time.