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1-1-2005

## Financial Statements, 2004

Mid-County Fire Protection District

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**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS, MISSOURI**

**REPORT TO BOARD OF DIRECTORS  
AND MANAGEMENT**

**DECEMBER 31, 2004**

May 18, 2005

Members of the Board  
Mid-County Fire Protection District of St. Louis, Missouri  
1875 Pennsylvania Avenue  
St. Louis, Missouri 63133

We are pleased to discuss the results of our audit of the financial statements of Mid-County Fire Protection District of St. Louis, Missouri for the year ended December 31, 2004.

The accompanying report addresses matters with respect to our 2004 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, Deal & Company*

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## OVERVIEW OF 2004 AUDIT

|  |   |
|--|---|
| <b>RESPONSIBILITY UNDER<br/>GENERALLY ACCEPTED<br/>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>RESPONSIBILITY UNDER<br/>GOVERNMENT AUDITING<br/>STANDARDS</b>                | <ul style="list-style-type: none"> <li>* Audit performed in accordance with the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States.</li> <li>* Objective as part of obtaining reasonable assurance about the financial statements being free of material misstatement being: <ul style="list-style-type: none"> <li>- to test compliance with certain provisions of laws, regulations, contracts and grants</li> <li>- to obtain an understanding of the internal control over financial reporting</li> </ul> </li> </ul> |
| <b>REPORT ON 2004 AUDIT</b>  | <ul style="list-style-type: none"> <li>* Issued an unmodified opinion dated May 18, 2005.</li> </ul>  |
| <b>COMPLIANCE WITH LAWS,<br/>REGULATIONS, CONTRACTS AND<br/>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<br/>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>* Limited internal control over financial reporting due to number of staff.</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

\* Implemented GASB Statement 34 through 38 and GASB Interpretation 6.

\* Established capitalization policy of \$1,000.

### 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

|                     |   |
|---------------------|---|
| <b>OVERALL</b>      | <ul style="list-style-type: none"><li>* Considered internal control over financial reporting to determine auditing procedures.</li><li>* Audit procedures would not necessarily disclose all matters in internal control over financial reporting that may be material weaknesses.</li></ul>  |
| <b>CURRENT YEAR</b> | <ul style="list-style-type: none"><li>* We recommend documentation be placed in an employee's personnel file on an annual basis supporting their salary. The documentation should be approved by the appropriate official. In the case of the Fire Chief, the board should provide the documentation.</li></ul> <p><b>District response:</b> The District understands this recommendation and will consider it for future wage increases.</p> |
| <b>PRIOR YEAR</b>   | <ul style="list-style-type: none"><li>* We recommend the Fire Chief receive the unopened bank statement and review the cancelled checks and other activity before the bank statement is given to the administrative assistant to perform the reconciliation.</li></ul> <p><b>District response:</b> The District feels this recommendation will strengthen internal controls.</p>   |

***MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI***

***FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2004***



**BOTZ, DEAL & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS



**MID-COUNTY FIRE PROTECTION DISTRICT OF  
ST. LOUIS COUNTY, MISSOURI  
ST. LOUIS, MISSOURI**

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## INDEPENDENT AUDITORS' REPORT



Members of the Board of Directors of  
**MID-COUNTY FIRE PROTECTION DISTRICT**  
**OF ST. LOUIS COUNTY, MISSOURI**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-County Fire Protection District of St. Louis County, Missouri, as of and for the year ended December 31, 2004, 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 and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Mid-County Fire Protection District of St. Louis County, Missouri, as of December 31, 2004, and the respective changes in the financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2005, on our consideration of Mid-County Fire Protection District of St. Louis County, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 31, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mid-County Fire Protection District of St. Louis County, Missouri's basic financial statements. The supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Batz, Deal & Company*  
May 18, 2005



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

This section of Mid-County Fire Protection District of St. Louis County, Missouri's (the District) annual financial report presents management's discussion and analysis of the District's financial activity for the year ended December 31, 2004. This is the first year the current accounting model has been used by the District in the annual financial audit report. As such, comparisons between years - 2004 and 2003 - are limited. 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**

In 2004, the District implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. The attached financial statements, for the year ended December 31, 2004, are reported using this new reporting model - GASB 34. 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 and additional supplementary information are also included in addition to the basic financial statements. Because this reporting model significantly changes both the recording and presentation of financial data, the District has not restated the prior years for the purpose of providing comparative information for the Management's Discussion and Analysis. In future years, when prior year information is available, a comparative analysis of government-wide data will be included in this report.

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**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 Assets* and the *Statements of Activities*.

The *Statement of Net Assets* presents all of the District's assets and liabilities which measures the District's overall financial health. The increases and decreases in net assets 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 assets changed during the most recent year. All changes in net assets 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 fire protection, ambulance and EMS services, dispatching services and debt 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 and uses or in essence, 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. Both the Governmental Fund Balance Sheet and the Statement Of Revenues, Expenditures And Changes In Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and/or other funds. The District's Fiduciary Fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the District's own programs. The District's fiduciary fund is the Pension Trust Fund.

**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.

**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 assets as of December 31, 2004 is as follows:

| Net Assets                                      |    | Governmental<br>Activities |
|---|----|----------------------------|
| Assets:   |    |                            |
| Current and other assets                        | \$ | 4,873,326                  |
| Capital assets, net of depreciation             |    | 3,854,230                  |
| Total Assets                                    |    | <u>8,727,556</u>           |
| Liabilities:                                    |    |                            |
| Current and other liabilities                   |    | 315,948                    |
| Non-current liabilities                         |    | 4,797,825                  |
| Total Liabilities                               |    | <u>5,113,773</u>           |
| Net Assets:                                     |    |                            |
| Invested in capital assets, net of related debt |    | 488,190                    |
| Restricted                                      |    | 1,149,804                  |
| Unrestricted                                    |    | 1,975,789                  |
| Total Net Assets                                | \$ | <u><u>3,613,783</u></u>    |



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

The District's assets exceeded liabilities (net assets) by \$3,613,783 as of December 31, 2004. Of this amount, \$488,190 is invested in capital assets, net of related debt; \$1,149,804 million is restricted by the District for a) debt service, b) dispatching, and c) ambulance and EMS services; and \$1,975,789 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 Assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

The District's net assets increased by \$753,481 during the year ended December 31, 2004. This increase is a result of revenues exceeding expenses during the year. The key elements of this increase are presented in the following condensed statement of changes in net assets:

Changes In Net Assets

|                                  | <u>Governmental<br/>Activities</u> |
|----------------------------------|------------------------------------|
| Revenues                         |                                    |
| Program revenues                 |                                    |
| Charges for services             | \$ 5,914                           |
| General revenues                 |                                    |
| Property taxes                   | 3,293,363                          |
| Interest and investment earnings | 28,574                             |
| Miscellaneous income             | 17,919                             |
| Total Revenues                   | <u>3,345,770</u>                   |
| Expenses                         |                                    |
| Public safety                    | 2,420,776                          |
| Interest and fiscal charges      | 171,513                            |
| Total Expenses                   | <u>2,592,289</u>                   |
| Change in net assets             | 753,481                            |
| Net Assets, beginning of year    | 2,860,302                          |
| Net Assets, end of year          | <u>\$ 3,613,783</u>                |

Operating revenue includes activities that have the characteristics of exchange transactions, such as commercial and residential inspections and ambulance billings. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as property taxes. Operating expenses are those expenses for the purpose of providing fire protection, emergency medical services and operational activities of the District. The District's operating expenses are funded primarily through non-operating revenue.

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**Fund Analysis**

*General Fund*

General fund expenses exceeded general fund revenues by \$106,811, prior to consideration of operating transfers. The general fund balance decreased by \$27,858. The decrease in the general fund balance was primarily minimized by the District's conservative approach to budgeting and monthly monitoring of expenses.

*Ambulance Fund and Dispatch Fund*

The combined total of the Ambulance Fund and Dispatch Fund revenues exceeded expenditures by \$84,135, prior to consideration of operating transfers. The combined fund balances increased by \$5,182. The increase was primarily the result of the District's contract for ambulance services. Ambulance services are contracted with Christian Hospital. Dispatch service expenditures provide for the District's communications and dispatching services. These services are contracted with North Central County Fire Alarm System.

*Debt Service Fund*

Debt service fund income exceeded debt service fund expenses by \$349,420. The increase in the debt service fund balance was primarily the result of the timing of tax receipts from St. Louis County and bond payments (principal and interest) to bond holders.

**Budget Analysis**

The District adopts an annual budget for each of its governmental funds, pursuant to Missouri State Statutes.

Annually, as allowed by Missouri State Statutes, the District amends the budgets of each fund to reflect approved changes in spending requirements and unforeseen events that occurred during the most recent year.

The difference between the original budget as adopted by the Board for 2004 and the final amended budget as approved by the Board for 2004, in January 2005, was primarily due to the timing of tax receipt collections from St. Louis County. Timing of tax receipt collections could result from a) the economy, or b) tax collections received by St. Louis County, or c) the processing of tax collections by St. Louis County, or d) all of the above.



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**Capital Assets**

GASB 34 requires the District to include in capital assets all real estate to house firefighters and 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 asset assets is presented in the notes to the financial statements.

|                                | <u>Governmental<br/>Activities</u> |
|--------------------------------|------------------------------------|
| Land                           | \$ 50,000                          |
| Buildings                      | 611,120                            |
| Furniture and equipment        | 193,842                            |
| Vehicles                       | 1,103,111                          |
| Construction in progress       | <u>2,577,341</u>                   |
| Total                          | 4,535,414                          |
| Less: Accumulated depreciation | <u>( 681,184)</u>                  |
| Net Capital Assets             | <u><u>\$ 3,854,230</u></u>         |

**Long-Term**

During the year ended December 31, 2002, the District issued \$4,000,000 in Fire Protection Bonds, with an average interest rate ranging from 3.25% through 5.75%. During the year ended December 31, 2004, the District issued \$1,000,000, with an average interest rate ranging from 3.5% through 4.5%. These bonds were issued for the purpose of constructing, equipping, and maintaining fire stations and purchasing ambulances and fire protection and fire-fighting apparatus and auxiliary equipment. More detailed information on the District's long-term liabilities is presented in the notes to the financial statements.

**Economic Factors**

The District serves over 14,000 residents and has mutual aid agreements with all Fire Protection Districts and Fire Departments in the 'Region C' area of Missouri. The District also participates in the statewide mutual aid program through the State of Missouri's Division of Fire Safety. 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.

***MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI***

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**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 Fire Protection District at 1875 Pennsylvania Avenue, St. Louis County, Missouri 63133.

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004**

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>ASSETS</b>                                      |                                    |
| Cash and investments                               | \$ 1,194,967                       |
| Property taxes receivable                          | 2,343,474                          |
| Temporarily restricted cash and investments        | 1,258,960                          |
| Deposits   | 28,375                             |
| Debt issuance costs                                | 47,550                             |
| Capital assets - net:                              |                                    |
| Nondepreciable                                     | 2,627,341                          |
| Depreciable  | 1,226,889                          |
| TOTAL ASSETS                                       | <u>8,727,556</u>                   |
| <b>LIABILITIES</b>                                 |                                    |
| Accounts payable                                   | 33,551                             |
| Retainage payable                                  | 111,503                            |
| Accrued wages                                      | 90,924                             |
| Accrued interest payable                           | 72,453                             |
| Due to trust fund                                  | 7,517                              |
| Noncurrent liabilities:                            |                                    |
| Due in one year                                    | 232,200                            |
| Due in more than one year                          | 4,565,625                          |
| TOTAL LIABILITIES                                  | <u>5,113,773</u>                   |
| <b>NET ASSETS</b>                                  |                                    |
| Invested in capital assets,<br>net of related debt | 488,190                            |
| Restricted for:                                    |                                    |
| Ambulance services                                 | 62,147                             |
| Dispatching services                               | 31,547                             |
| Debt service                                       | 1,056,110                          |
| Unrestricted                                       | 1,975,789                          |
| TOTAL NET ASSETS                                   | <u>\$ 3,613,783</u>                |

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

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

| Functions/Programs                    | Expenses            | Program         | Net (Expense)        |
|---------------------------------------|---------------------|-----------------|----------------------|
|                                       |                     | Revenue         | Revenue and          |
|                                       |                     |                 | Change in Net Assets |
|                                       |                     | Charges for     | Governmental         |
|                                       |                     | Service         | Activities           |
| <b>Governmental Activities</b>        |                     |                 |                      |
| Public safety                         | \$ 2,420,776        | \$ 5,914        | \$ (2,414,862)       |
| Interest and fiscal charges           | 171,513             | -               | (171,513)            |
| <b>TOTAL GOVERNMENTAL</b>             |                     |                 |                      |
| <b>ACTIVITIES</b>                     | <u>\$ 2,592,289</u> | <u>\$ 5,914</u> | <u>(2,586,375)</u>   |
|                                       |                     |                 |                      |
| Taxes                                 |                     |                 | 3,293,363            |
| Interest income                       |                     |                 | 28,574               |
| Other miscellaneous revenue           |                     |                 | 17,919               |
| <b>TOTAL GENERAL REVENUES</b>         |                     |                 | <u>3,339,856</u>     |
|                                       |                     |                 |                      |
| <b>CHANGE IN NET ASSETS</b>           |                     |                 | 753,481              |
|                                       |                     |                 |                      |
| <b>NET ASSETS - BEGINNING OF YEAR</b> |                     |                 | <u>2,860,302</u>     |
|                                       |                     |                 |                      |
| <b>NET ASSETS - END OF YEAR</b>       |                     |                 | <u>\$ 3,613,783</u>  |

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

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004**

|  | General<br>Fund     | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Other<br>Nonmajor<br>Funds | Total               |
|--|---------------------|-----------------------------|-------------------------|----------------------------|---------------------|
| <b>ASSETS</b>                                  |                     |                             |                         |                            |                     |
| Cash and investments                           | \$ 639,825          | \$ -                        | \$ 489,293              | \$ 65,849                  | \$ 1,194,967        |
| Property taxes receivable:                     | 1,567,735           | -                           | 566,707                 | 209,032                    | 2,343,474           |
| Due from other funds                           | 169,004             | (1,421)                     | 110                     | (175,210)                  | (7,517)             |
| Deposits                                       | -                   | 28,375                      | -                       | -                          | 28,375              |
| Restricted cash and investments                | -                   | 1,258,960                   | -                       | -                          | 1,258,960           |
| <b>TOTAL ASSETS</b>                            | <u>\$ 2,376,564</u> | <u>\$ 1,285,914</u>         | <u>\$ 1,056,110</u>     | <u>\$ 99,671</u>           | <u>\$ 4,818,259</u> |
| <b>LIABILITIES</b>                             |                     |                             |                         |                            |                     |
| Account payable                                | \$ -                | \$ 27,574                   | \$ -                    | \$ 5,977                   | \$ 33,551           |
| Retainage payable                              | -                   | 111,503                     | -                       | -                          | 111,503             |
| Accrued wages                                  | 90,924              | -                           | -                       | -                          | 90,924              |
| Deferred revenue                               | 559,313             | -                           | 202,181                 | 74,577                     | 836,071             |
| <b>TOTAL LIABILITIES</b>                       | <u>650,237</u>      | <u>139,077</u>              | <u>202,181</u>          | <u>80,554</u>              | <u>1,072,049</u>    |
| <b>FUND BALANCES:</b>                          |                     |                             |                         |                            |                     |
| Fund balances:                                 |                     |                             |                         |                            |                     |
| Reserved for capital expenditures              | -                   | 1,146,837                   | -                       | -                          | 1,146,837           |
| Unreserved:                                    |                     |                             |                         |                            |                     |
| General fund                                   | 1,726,327           | -                           | -                       | -                          | 1,726,327           |
| Debt service fund                              | -                   | -                           | 853,929                 | -                          | 853,929             |
| Ambulance fund                                 | -                   | -                           | -                       | -                          | -                   |
| Dispatch fund                                  | -                   | -                           | -                       | 19,117                     | 19,117              |
| <b>TOTAL FUND BALANCES</b>                     | <u>1,726,327</u>    | <u>1,146,837</u>            | <u>853,929</u>          | <u>19,117</u>              | <u>3,746,210</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 2,376,564</u> | <u>\$ 1,285,914</u>         | <u>\$ 1,056,110</u>     | <u>\$ 99,671</u>           | <u>\$ 4,818,259</u> |

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



**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
RECONCILIATION OF THE STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
DECEMBER 31, 2004

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

|   |                            |
|---|----------------------------|
| Total fund balance per balance sheet  | \$ 3,746,210               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 3,854,230                  |
| Bond issuance costs are amortized over the life of the bonds on the statement of net assets.  | 47,550                     |
| Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.  | 836,071                    |
| Interest payable recorded in the statement of net assets does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. | (72,453)                   |
| Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.                          | <u>(4,797,825)</u>         |
| Net assets of governmental activities   | <u><u>\$ 3,613,783</u></u> |

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

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|  | General<br>Fund     | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Other<br>Nonmajor<br>Funds | Total               |
|--|---------------------|-----------------------------|-------------------------|----------------------------|---------------------|
| <b>REVENUES</b>  |                     |                             |                         |                            |                     |
| Taxes  | \$ 1,848,748        | \$ -                        | \$ 629,107              | \$ 246,624                 | \$ 2,724,479        |
| Permits  | 5,914               | -                           | -                       | -                          | 5,914               |
| Investment income  | 3,884               | 22,541                      | 1,741                   | 408                        | 28,574              |
| Miscellaneous  | 17,919              | -                           | -                       | -                          | 17,919              |
| <b>TOTAL REVENUES</b>  | <b>1,876,465</b>    | <b>22,541</b>               | <b>630,848</b>          | <b>247,032</b>             | <b>2,776,886</b>    |
| <b>EXPENDITURES</b>  |                     |                             |                         |                            |                     |
| Public safety:   |                     |                             |                         |                            |                     |
| Wages  | 1,535,753           | -                           | -                       | -                          | 1,535,753           |
| Employee benefits  | 228,199             | -                           | -                       | -                          | 228,199             |
| Advertising  | 3,006               | -                           | -                       | -                          | 3,006               |
| Dispatching  | -                   | -                           | -                       | 47,897                     | 47,897              |
| Election expense   | 6,158               | -                           | -                       | -                          | 6,158               |
| Fuel   | 7,987               | -                           | -                       | -                          | 7,987               |
| Insurance  | 95,849              | -                           | -                       | -                          | 95,849              |
| Miscellaneous  | 2,160               | 21,159                      | 715                     | -                          | 24,034              |
| Office supplies  | 5,551               | -                           | -                       | -                          | 5,551               |
| Professional fees  | 39,085              | 110,367                     | -                       | 115,000                    | 264,452             |
| Repairs and maintenance  | 24,420              | -                           | -                       | -                          | 24,420              |
| Supplies   | 4,742               | -                           | -                       | -                          | 4,742               |
| Training and education   | 6,121               | -                           | -                       | -                          | 6,121               |
| Uniforms   | 4,579               | -                           | -                       | -                          | 4,579               |
| Utilities  | 19,666              | -                           | -                       | -                          | 19,666              |
| Capital outlay   | -                   | 2,464,062                   | -                       | -                          | 2,464,062           |
| Debt service:  |                     |                             |                         |                            |                     |
| Principal, interest and fiscal charges   | -                   | -                           | 280,713                 | -                          | 280,713             |
| <b>TOTAL EXPENDITURES</b>  | <b>1,983,276</b>    | <b>2,595,588</b>            | <b>281,428</b>          | <b>162,897</b>             | <b>5,023,189</b>    |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | <b>(106,811)</b>    | <b>(2,573,047)</b>          | <b>349,420</b>          | <b>84,135</b>              | <b>(2,246,303)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                             |                         |                            |                     |
| Operating transfer in (out)  | 78,953              | -                           | -                       | (78,953)                   | -                   |
| Proceeds from long-term debt   | -                   | 996,421                     | -                       | -                          | 996,421             |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>78,953</b>       | <b>996,421</b>              | <b>-</b>                | <b>(78,953)</b>            | <b>996,421</b>      |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>(27,858)</b>     | <b>(1,576,626)</b>          | <b>349,420</b>          | <b>5,182</b>               | <b>(1,249,882)</b>  |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>   | <b>1,754,185</b>    | <b>2,723,463</b>            | <b>504,509</b>          | <b>13,935</b>              | <b>4,996,092</b>    |
| <b>FUND BALANCES - END OF YEAR</b>   | <b>\$ 1,726,327</b> | <b>\$ 1,146,837</b>         | <b>\$ 853,929</b>       | <b>\$ 19,117</b>           | <b>\$ 3,746,210</b> |

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

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS 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, 2004

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

|   |                   |
|---|-------------------|
| Change in fund balance-total governmental funds   | \$ (1,249,882)    |
| The acquisition of capital assets requires the use of current financial<br>resources but has no effect on net assets.   | 2,476,282         |
| The cost of capital assets is allocated over their estimated useful lives<br>and reported as depreciation expense in the statement of activities.                                       | (158,403)         |
| Revenues that do not provide current financial resources are not<br>included in the fund financial statements.  | 568,884           |
| Proceeds from long-term debt provides current financial resources<br>to governmental funds, but the issuance of debt increases long-term<br>liabilities in the statement of activities. | (1,000,000)       |
| Repayment of bond principal is an expenditure in the governmental<br>funds, but the repayment reduces long-term liabilities in the<br>statement of net assets.                          | 125,000           |
| The increase in compensated absences liability does not require the<br>use of current financial resources but is recorded as an expense in<br>the statement of activities.              | (9,100)           |
| Bond issue costs are recorded as expenditure in the governmental funds, but<br>are amortized over the life of the bonds in the statement of activities.                                 | 16,500            |
| Bond issue costs are amortized over the life of the bonds on the statement<br>of activities.  | (2,700)           |
| Interest payable does not require the use of current financial resources<br>and, therefore, is not reported as an expenditure in governmental funds.                                    | <u>(13,100)</u>   |
| Change in net assets of governmental activities   | <u>\$ 753,481</u> |

The accompanying notes are integral part of these financial statements.



**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2004**

|                                    | <u>Pension<br/>Trust Fund</u> |
|------------------------------------|-------------------------------|
| <b>CURRENT ASSETS</b>              |                               |
| Cash                               | \$ 43,202                     |
| Taxes receivable                   | 116,129                       |
| Investments                        | 1,065,342                     |
| Due to other funds                 | <u>7,517</u>                  |
| TOTAL ASSETS                       | <u>1,232,190</u>              |
| <br><b>CURRENT LIABILITIES</b>     |                               |
| Deferred revenue                   | <u>41,431</u>                 |
| <br><b>NET ASSETS</b>              |                               |
| Held in trust for pension benefits | <u><u>\$ 1,190,759</u></u>    |

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

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**ADDITIONS**

|                   |                |
|-------------------|----------------|
| Property taxes    | \$ 137,014     |
| Investment income | 61,002         |
| TOTAL ADDITIONS   | <u>198,016</u> |

**DEDUCTIONS**

|                         |                |
|-------------------------|----------------|
| Distributions           | 141,953        |
| Administrative expenses | 2,400          |
| TOTAL DEDUCTIONS        | <u>144,353</u> |

|                                   |        |
|-----------------------------------|--------|
| <b>NET INCREASE IN NET ASSETS</b> | 53,663 |
|-----------------------------------|--------|

|                                       |                  |
|---------------------------------------|------------------|
| <b>NET ASSETS - BEGINNING OF YEAR</b> | <u>1,137,096</u> |
|---------------------------------------|------------------|

|                                 |                            |
|---------------------------------|----------------------------|
| <b>NET ASSETS - END OF YEAR</b> | <u><u>\$ 1,190,759</u></u> |
|---------------------------------|----------------------------|

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

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Mid-County Fire Protection District of St. Louis County, Missouri was formed for the purpose of providing fire protection, fire prevention and emergency ambulance service to the citizens of the District.

**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. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

**Governmental Accounting Standards Board Statement No. 34** - For the fiscal year ended December 31, 2004, the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). The statement affects the manner in which the District records transactions and presents financial information.

*Management's Discussion and Analysis* - GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

*Government-Wide Financial Statements* - The reporting model includes financial statements prepared using full accrual accounting for all the District's nonfiduciary 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 statements include the following:

**B. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS - continued**

**Governmental Accounting Standards Board Statement No. 34 - continued**

*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. The District has no business-type activities.

*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.

**Governmental Accounting Standards Board Statement No. 37** - For the fiscal year ended December 31, 2004, the District implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* (GASB 37). This statement amends GASB 34 to either: 1) clarify certain provisions, or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the District considered the effects of this statement when implementing the provisions of GASB 34, as previously described.

**Governmental Accounting Standards Board Statement No. 38** - The District adopted the provisions of GASB No. 38, *Certain Financial Statement Note Disclosures* (GASB 38). This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB 38.

**Governmental Accounting Standards Board Interpretations No. 6** - For the fiscal year ended December 31, 2004, the District implemented GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*. This interpretation clarifies the application standards for modified accrual recognition of certain liabilities and in areas where differences have arisen, or could arise, in interpretation and practice. This interpretation affects the fund level financial statements (governmental funds only, not proprietary or fiduciary funds) required by GASB, but has no direct effect on the government-wide financial statements. Accordingly, the District has not recognized the current portion of certain long-term liabilities and related expenditures in the governmental funds financial statements for amounts not considered to be due and payable as of December 31, 2004. The District also considered the effects of this interpretation when implementing the provisions of GASB 34 as previously described.



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

C. **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.

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. Indirect expenses are allocated based on the annual cost allocation plan. 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 major governmental funds are the General Fund, the Capital Projects Fund and the Debt Service Fund. 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 nonmajor funds are combined in a column in the fund financial statements.

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

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. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

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.

For the governmental funds financial statements, the District considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, interest, 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.

**Capital Projects Fund** - The District uses this fund to account for resources designated for capital projects.

**Debt Service Fund** - The District uses this fund to account for revenues collected for the repayment of long-term debt.

The Ambulance Fund and the Dispatch Fund of the District are considered nonmajor. These are special revenue funds, which account for property tax revenue collected earmarked for specific purposes.

Additionally, the District reports the following fund types:

**Fiduciary Fund** - The District uses this fund to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The Pension Trust Fund accounts for the assets of the District's retirement plan.

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

E. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, furniture and 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 \$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               | 15 - 40 years |
| Furniture and equipment | 5 - 7 years   |
| Vehicles                | 5 - 10 years  |

F. **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.

G. **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. Nonrecurring or non-routine permanent transfers of equity are reported as equity transfers. All other interfund transfers are reported as operating transfers.

H. **COMPENSATED ABSENCES**

The District has adopted a formal personnel policy with policies in effect that relate to vacation and sick pay. District employees are not allowed to carry forward vacation days past year-end. Employees are paid for accumulated sick leave upon retirement at a rate of \$40 per day. Employees are paid for up to 60 days. The maximum any employee can receive is \$2,400. A liability for accrued sick leave has been recorded in the government-wide financial statements.



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

I. **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.

J. **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. The District has not designated any portion of the unreserved fund balance.

K. **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. The Pension Trust Fund is also authorized to invest in corporate stocks and bonds as allowed by state law.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The District adopts an annual operating budget prior to January 1, on a cash basis for all governmental funds.

3. **CASH AND TEMPORARY INVESTMENTS**

The District's bank deposits are required by state law 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, 2004, the carrying amount of the District's bank deposits totaled \$2,497,129 with bank balances of \$2,769,641. The bank balance was covered by federal depository insurance or collateralized by securities held by the pledging financial institution but not in the District's name.



### 3. CASH AND TEMPORARY INVESTMENTS - continued

State statutes authorize Missouri local governments to invest in obligations of the U.S. Treasury, U.S. agencies and various state and local governments. Pension trust fund investments may invest in obligations of the U.S. Treasury, U.S. agencies, common and preferred stock and other securities approved by applicable sections of the Missouri Revised Statutes and Missouri Constitution. At December 31, 2004, the District's only investments were in the Pension Trust Fund and consisted of annuities, mutual funds and guaranteed fixed investment contracts. Investments held by the pension plan are recorded at fair value and are not subject to risk categorization.

### 4. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2004 is as follows:

|   | BALANCE,<br>BEGINNING<br>OF YEAR | TRANSFERS<br>AND<br>ADDITIONS | TRANSFERS<br>AND<br>DELETIONS | BALANCE,<br>END OF YEAR |
|---|----------------------------------|-------------------------------|-------------------------------|-------------------------|
| Governmental activities:                        |                                  |                               |                               |                         |
| Capital assets, not being<br>depreciated:       |                                  |                               |                               |                         |
| Land  | \$ 50,000                        | \$ -                          | \$ -                          | \$ 50,000               |
| Construction in progress                        | 160,873                          | 2,416,468                     | -                             | 2,577,341               |
|   | <u>210,873</u>                   | <u>2,416,468</u>              | <u>-</u>                      | <u>2,627,341</u>        |
| Capital assets, being depreciated:              |                                  |                               |                               |                         |
| Buildings                                       | 611,120                          | -                             | -                             | 611,120                 |
| Furniture and equipment                         | 134,028                          | 59,814                        | -                             | 193,842                 |
| Vehicles  | 1,103,111                        | -                             | -                             | 1,103,111               |
| Total capital assets,<br>being depreciated      | <u>1,848,259</u>                 | <u>59,814</u>                 | <u>-</u>                      | <u>1,908,073</u>        |
| Less accumulated depreciation for:              |                                  |                               |                               |                         |
| Buildings                                       | (275,004)                        | ( 15,278)                     | -                             | (290,282)               |
| Furniture and equipment                         | ( 24,834)                        | ( 25,854)                     | -                             | ( 50,688)               |
| Vehicles  | (222,943)                        | (117,271)                     | -                             | (340,214)               |
| Total accumulated<br>depreciation               | <u>(522,781)</u>                 | <u>(158,403)</u>              | <u>-</u>                      | <u>(681,184)</u>        |
| Total capital assets,<br>being depreciated, net | <u>1,325,478</u>                 | <u>( 98,589)</u>              | <u>-</u>                      | <u>1,226,889</u>        |
| Total governmental<br>activities                | \$ <u>1,536,351</u>              | \$ <u>2,317,879</u>           | \$ <u>-</u>                   | \$ <u>3,854,230</u>     |

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

## 5. 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, 2004, upon which the 2004 levy was based on an assessed value for real, personal and public utility property, was \$118,505,334. The District's tax rate was levied per \$100 of assessed value as follows:

|                   |         |
|-------------------|---------|
| General Fund      | \$1.350 |
| Pension Fund      | .100    |
| Debt Service Fund | .488    |
| Ambulance Fund    | .150    |
| Dispatch Fund     | .030    |

## 6. LONG-TERM DEBT

**Fire Protection Bonds** - The District has been authorized to issue up to \$6,000,000 in bonds. The bonds were issued for the purpose of constructing, purchasing, equipping and maintaining fire stations, and purchasing fire-fighting apparatus and auxiliary equipment for the District. These bonds are being serviced through a separate property tax.

Fire Protection Bonds Series 2002 \$3,625,000  
 Bank of New York  
 Interest rate - 3.25% to 5.75%  
 Matures - February 15, 2022  
 Annual payments range from \$268,369  
 to \$309,213

Fire Protection Bonds Series 2004 1,000,000  
 Bank of New York  
 Interest rate - 3.5% to 4.5%  
 Matures - February 15, 2024  
 Annual payments range from \$23,625  
 to \$536,813

\$4,625,000

|                               | BALANCE,<br>BEGINNING<br>OF YEAR | ADDITIONS           | REDUCTIONS          | BALANCE,<br>END<br>OF YEAR | DUE<br>WITHIN<br>ONE<br>YEAR |
|-------------------------------|----------------------------------|---------------------|---------------------|----------------------------|------------------------------|
| Governmental activities:      |                                  |                     |                     |                            |                              |
| Fire Protection Bonds:        |                                  |                     |                     |                            |                              |
| Series-2002                   | \$ 3,750,000                     | \$ -                | \$ (125,000)        | \$ 3,625,000               | \$ 125,000                   |
| Series-2004                   | -                                | 1,000,000           | -                   | 1,000,000                  | 100,000                      |
| Longevity pay                 | 126,728                          | 5,000               | -                   | 131,728                    | -                            |
| Sick leave                    | 36,997                           | 4,100               | -                   | 41,097                     | 7,200                        |
| Total governmental activities | <u>\$ 3,913,725</u>              | <u>\$ 1,009,100</u> | <u>\$ (125,000)</u> | <u>\$ 4,797,825</u>        | <u>\$ 232,200</u>            |

6. **LONG-TERM DEBT - continued**

Annual debt service payments are as follows:

| YEAR        | Governmental Activities |              | TOTAL        |
|-------------|-------------------------|--------------|--------------|
|             | PRINCIPAL               | INTEREST     |              |
| 2005        | \$ 225,000              | \$ 188,026   | \$ 413,026   |
| 2006        | 125,000                 | 180,806      | 305,806      |
| 2007        | 150,000                 | 176,337      | 326,337      |
| 2008        | 150,000                 | 171,462      | 321,462      |
| 2009        | 150,000                 | 166,512      | 316,512      |
| 2010 - 2014 | 1,175,000               | 733,004      | 1,908,004    |
| 2015 - 2019 | 1,275,000               | 478,967      | 1,753,967    |
| 2020 - 2024 | 1,375,000               | 168,951      | 1,543,951    |
| Total       | \$ 4,625,000            | \$ 2,264,065 | \$ 6,889,065 |

7. **INTERFUND TRANSFERS**

The District made the following transfers between funds during the year ended December 31, 2004:

|                | Operating<br>Transfer In | Operating<br>Transfer Out |
|----------------|--------------------------|---------------------------|
| General Fund   | \$78,953                 | \$ -                      |
| Ambulance Fund | -                        | 90,927                    |
| Dispatch Fund  | 11,974                   | -                         |

The District pays a fee equal to \$.04 of taxes collected for dispatching services. The General Fund pays \$.01 of this fee through an operating transfer to the Dispatch Fund. The District transfers any remaining fund balance at year-end from the Ambulance Fund to the General Fund to cover EMS services provided by the firefighters.

8. **DUE TO/FROM OTHER FUNDS**

Due to/from other funds as of December 31, 2004 were as follows:

|                       | Due from         | Due to           |
|-----------------------|------------------|------------------|
| General Fund          | \$169,004        | \$ -             |
| Capital Projects Fund | -                | 1,421            |
| Debt Service Fund     | 110              | -                |
| Ambulance Fund        | -                | 173,227          |
| Dispatching Fund      | -                | 1,983            |
| Pension Trust Fund    | 7,517            | -                |
|                       | <u>\$176,631</u> | <u>\$176,631</u> |



9. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other districts to form a group of self-insurers for workers' compensation, a public entity risk pool currently operating as a common risk management and insurance program for worker compensation claims. The District pays an annual premium to the pool for its insurance coverage. The agreement for formation of the Missouri Fire and Ambulance Districts' Insurance Trust (MoFAD) provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event.

The pooling agreement allows for the pool to use 5% of assessment to make the pool self-sustaining for supplemental aggregate reinsurance coverage. This coverage will be funded until the cumulative balance reaches \$1,000,000. The Missouri Fire and Ambulance Districts' Insurance Trust has published its own financial report for the year ended December 31, 2004 that can be obtained from MoFAD.

10. **CONTRACTUAL AGREEMENTS**

The District has a contractual agreement with North Central County Fire Alarm System for dispatching services. The agreement requires that the District pay fees equal to the amount which would be collected from a tax levy of four cents per one hundred dollars of assessed valuation of all taxable, tangible property within the District's boundaries.

In 2004, the District signed a contract to remodel the firehouse and administrative offices. The amount of work yet to be completed totaled \$136,148 at December 31, 2004.

11. **EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the year ending December 31, 2004 expenditures exceeded appropriations in the following funds:

| <u>Fund</u>  | <u>Amount</u> |
|--------------|---------------|
| General Fund | \$358         |

12. **LONGEVITY PAY**

The District has adopted a longevity pay program covering virtually all full-time employees. Covered employees who have completed a minimum of 25 years of active service receive, upon attaining age 55, an amount equal to 1% of the base employment received in the calendar year preceding retirement, multiplied by the number of full years of employment with the District, not to exceed \$25,000. Eligible employees receive 2% of their base pay for each year of service after 28 years.

The District accrues for the obligation for longevity pay in the government-wide financial statements over the career of the employee.

## 13. PENSION PLANS

### Defined Benefit Plan

The District has established pension plans covering its employees - a defined benefit plan and a defined contribution plan. The defined benefit plan is a single employer plan, administered by Penuel Group, which covers each employee who has attained age 18. Eligibility to participate commences on the first day of the Plan year following the date the eligibility requirements are met. Normal retirement begins at age 55 with a monthly benefit equal to \$55 multiplied by each year of service (up to a maximum of 20 years). Fifty percent vesting occurs after five years of service, increasing 10% per year thereafter. Employees are 100% vested after ten years of service or upon reaching normal retirement age. Plan participants are eligible for permanent and total disability equal to an actuarial equivalent of the pension benefit. Early retirement provisions require 10 years of service at 50 years of age.

The most recent actuarial valuation completed is dated January 1, 2005 for the Plan year ended December 31, 2004 and includes the following methods and assumptions:

1. Actuarial Funding Method Used - Entry Age Normal - Frozen Initial Liability Method
2. Interest
  - Pre - retirement - 7.0%
  - Post - retirement - 5.6%
3. Morality rates - 1984 Unisex Table
4. Retirement assumed at age 55
5. Normal form of retirement is a life annuity with 10 years certain
6. Asset valuation method - market value
7. Amortization method - level dollar closed

### Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the Plan's funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due and (iii) allow comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the Plan. A separate stand-alone financial statement is not available for this plan.

The pension benefit obligation was determined as part of an actuarial valuation of the Plan as of December 31, 2004.

### 13. PENSION PLANS - continued

#### Funding Status and Progress - continued

At December 31, 2004, the pension benefit obligation in excess of the net plan assets was \$602,052, determined as follows:

|   |                   |
|---|-------------------|
| Pension benefit obligation:                             |                   |
| Retirees and beneficiaries currently receiving benefits | \$ -              |
| Terminated employees not yet receiving benefits         | 249,708           |
| Employer-financed:                                      |                   |
| Vested  | 1,058,925         |
| Nonvested   | <u>32,204</u>     |
| Total Pension Benefit Obligation                        | 1,340,837         |
| Net assets available for benefits, at market            | <u>738,785</u>    |
| Unfunded Pension Benefit Obligation                     | \$ <u>602,052</u> |

#### Annual Pension Cost and Net Pension Obligation

The District's annual pension cost and net pension obligation for the Uniformed Plan are as follows:

##### Year ended December 31

|  |                   |
|--|-------------------|
| Annual required contribution               | \$ 184,100        |
| Adjustment to annual required contribution | (105,467)         |
| Annual pension cost                        | 78,633            |
| Contribution made                          | (126,532)         |
| Decrease in net pension obligation         | ( 47,899)         |
| Net pension obligation - beginning of year | <u>649,951</u>    |
| Net pension obligation - end of year       | \$ <u>602,052</u> |

#### Funding Policy

The District is obligated by state statute to make contributions to the Plans in the amount equal to tax collections on the District's pension tax levy. The District's policy is to fund the defined benefit plan in the amount determined by the District's actuary. Collections in excess of the actuarially determined contribution amount are used to fund the defined contribution plan.

The significant actuarial assumptions used to determine the actuarially determined employer contribution requirements are the same as those used to compute the pension benefit obligation.

Total defined benefit plan pension contributions for fiscal year 2004 totaled \$126,532. The defined benefit plan contribution consisted of normal cost and amortization of the unfunded accrued liability.



### 13. PENSION PLANS - continued

#### Trend Information

Historical trend information about the defined benefit plan is presented herewith as required supplementary information. This information is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefit when due and make comparisons with other public employee retirement systems (PERS).

| <u>Valuation<br/>Date</u> | <u>Actuarial<br/>Value<br/>of Assets</u> | <u>Pension<br/>Benefit<br/>Obligation<br/>(PBO)</u> | <u>Percentage<br/>Funded</u> | <u>Unfunded<br/>Actuarial<br/>Accrued<br/>Liability (UAAL)</u> |
|---------------------------|--|---|------------------------------|--|
| 12/31/02                  | \$526,786                                | \$1,236,158   | 43%                          | \$709,372  |
| 12/31/03                  | 717,432                                  | 1,367,383   | 52                           | 649,951  |
| 12/31/04                  | 738,785                                  | 1,340,837   | 55                           | 602,052  |

Analysis of the dollar amounts of net assets available for benefits, PBO, and net assets under PBO in isolation can be misleading. Expressing net assets available for benefits as a percentage of the PBO provides one indication of the PERS funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the PERS.

#### Defined Contribution Plan

The District provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate after completing one year of service and attaining age 21. The District's contributions for each employee (and interest allocated to the employee's account) are 20% vested after one year of service, increasing 20% per year thereafter. The District's contribution to the Plan for 2004 was \$-0-.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The Plan, available to all government employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participants' rights under the Plan are equal to the fair market value of the deferred account for each participant.

**REQUIRED SUPPLEMENTARY INFORMATION**



**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2004

|  | BUDGET              |                     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|---------------------|---------------------|---------------------|---|
|  | ORIGINAL            | FINAL               |                     |   |
| <b>OPERATING REVENUE</b>   |                     |                     |                     |   |
| Taxes  | \$ 1,862,416        | \$ 1,616,173        | \$ 1,616,173        | \$ -  |
| Licenses and permits   | 7,000               | 5,914               | 5,914               | -   |
| Investment income  | 12,000              | 3,884               | 3,884               | -   |
| Miscellaneous  | 110,000             | 17,919              | 17,919              | -   |
| <b>TOTAL REVENUE</b>   | <u>1,991,416</u>    | <u>1,643,890</u>    | <u>1,643,890</u>    | <u>-</u>  |
| <b>EXPENDITURES</b>  |                     |                     |                     |   |
| Current:   |                     |                     |                     |   |
| Wages  | 1,513,008           | 1,520,604           | 1,520,962           | (358)   |
| Employee benefits  | 200,000             | 228,199             | 228,199             | -   |
| Advertising  | 4,000               | 3,006               | 3,006               | -   |
| Election expense   | 5,000               | 6,158               | 6,158               | -   |
| Fuel   | 5,000               | 7,987               | 7,987               | -   |
| Insurance  | 80,000              | 95,849              | 95,849              | -   |
| Miscellaneous  | 2,000               | 2,160               | 2,160               | -   |
| Office supplies  | 5,000               | 5,551               | 5,551               | -   |
| Professional fees  | 38,000              | 39,085              | 39,085              | -   |
| Repairs and maintenance  | 15,000              | 24,420              | 24,420              | -   |
| Supplies   | 5,000               | 4,742               | 4,742               | -   |
| Training and education   | 10,000              | 6,121               | 6,121               | -   |
| Uniforms   | 5,000               | 4,579               | 4,579               | -   |
| Utilities  | 15,500              | 19,666              | 19,666              | -   |
| <b>TOTAL EXPENDITURES</b>  | <u>1,902,508</u>    | <u>1,968,127</u>    | <u>1,968,485</u>    | <u>(358)</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | 88,908              | (324,237)           | (324,595)           | (358)   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                     |                     |   |
| Operating transfer in (out)  | <u>-</u>            | <u>-</u>            | 78,953              | 78,953  |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | 88,908              | (324,237)           | (245,642)           | <u>\$ 78,595</u>  |
| <b>FUND BALANCE - BEGINNING OF YEAR</b>  | <u>1,754,185</u>    | <u>1,754,185</u>    | <u>1,054,471</u>    |   |
| <b>FUND BALANCE - END OF YEAR</b>  | <u>\$ 1,843,093</u> | <u>\$ 1,429,948</u> | <u>\$ 808,829</u>   |   |
| <b>FUND BALANCE - END OF YEAR - BUDGET BASIS</b>   |                     |                     | \$ 808,829          |   |
| Accrual adjustments:   |                     |                     |                     |   |
| Revenues   |                     |                     | 1,008,422           |   |
| Expenditures   |                     |                     | (90,924)            |   |
| <b>FUND BALANCE - END OF YEAR - GAAP BASIS</b>   |                     |                     | <u>\$ 1,726,327</u> |   |

## **OTHER SUPPLEMENTARY INFORMATION**

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2004**

|  | Special Revenue Funds |                  |                  |
|--|-----------------------|------------------|------------------|
|  | Ambulance<br>Fund     | Dispatch<br>Fund | Total            |
| <b>ASSETS</b>                          |                       |                  |                  |
| Cash and investments                   | \$ 61,181             | \$ 4,668         | \$ 65,849        |
| Property taxes receivable              | 174,193               | 34,839           | 209,032          |
| Due (to) from other funds              | (173,227)             | (1,983)          | (175,210)        |
| TOTAL ASSETS                           | <u>\$ 62,147</u>      | <u>\$ 37,524</u> | <u>\$ 99,671</u> |
| <b>LIABILITIES AND FUND BALANCES</b>   |                       |                  |                  |
| <b>LIABILITIES</b>                     |                       |                  |                  |
| Accounts payable                       | \$ -                  | \$ 5,977         | \$ 5,977         |
| Deferred revenue                       | 62,147                | 12,430           | 74,577           |
| TOTAL LIABILITIES                      | <u>62,147</u>         | <u>18,407</u>    | <u>80,554</u>    |
| <b>FUND BALANCES:</b>                  |                       |                  |                  |
| Unreserved - undesignated              | <u>-</u>              | <u>19,117</u>    | <u>19,117</u>    |
| TOTAL LIABILITIES AND<br>FUND BALANCES | <u>\$ 62,147</u>      | <u>\$ 37,524</u> | <u>\$ 99,671</u> |

**MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|  | <u>Special Revenue Funds</u> |                          |                  |
|--|------------------------------|--------------------------|------------------|
|  | <u>Ambulance<br/>Fund</u>    | <u>Dispatch<br/>Fund</u> | <u>Total</u>     |
| <b>REVENUES</b>  |                              |                          |                  |
| Taxes  | \$ 205,520                   | \$ 41,104                | \$ 246,624       |
| Investment income  | 407                          | 1                        | 408              |
| TOTAL REVENUES   | <u>205,927</u>               | <u>41,105</u>            | <u>247,032</u>   |
| <b>EXPENDITURES</b>  |                              |                          |                  |
| Public safety:   |                              |                          |                  |
| Dispatching  | -                            | 47,897                   | 47,897           |
| Professional fees  | 115,000                      | -                        | 115,000          |
| TOTAL EXPENDITURES   | <u>115,000</u>               | <u>47,897</u>            | <u>162,897</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | 90,927                       | (6,792)                  | 84,135           |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                              |                          |                  |
| Operating transfer in (out)  | <u>(90,927)</u>              | <u>11,974</u>            | <u>(78,953)</u>  |
| <b>EXCESS OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | -                            | 5,182                    | 5,182            |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>   | <u>-</u>                     | <u>13,935</u>            | <u>13,935</u>    |
| <b>FUND BALANCES -<br/>END OF YEAR</b>   | <u>\$ -</u>                  | <u>\$ 19,117</u>         | <u>\$ 19,117</u> |



***MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI***

**SCHEDULE OF PRINCIPAL OFFICE HOLDERS**

**DECEMBER 31, 2004**

| <u>OFFICE HOLDER</u> | <u>OFFICE</u> | <u>ANNUAL<br/>COMPENSATION</u> |
|----------------------|---------------|--------------------------------|
| Jerome Loeffleman    | President     | \$ 10,800                      |
| Henry Perkins        | Secretary     | 5,800                          |
| Theodore A. Kayser   | Treasurer     | 9,600                          |

***MID-COUNTY FIRE PROTECTION DISTRICT OF ST. LOUIS COUNTY, MISSOURI***

**SCHEDULE OF INSURANCE IN FORCE**

**DECEMBER 31, 2004**

| <u>INSURANCE IN FORCE</u>     | <u>INSURANCE COMPANY</u>       | <u>COVERAGE</u>                                      |
|-------------------------------|--------------------------------|--|
| Commercial Umbrella Liability | American Alternative Insurance | \$ 1,000,000    occurrence<br>1,000,000    aggregate |
| Commerical General Liability  | American Alternative Insurance | 1,000,000    occurrence<br>3,000,000    aggregate    |
| Automobile Liability Policy   | American Alternative Insurance | 1,000,000  |
| Employee Dishonesty           | American Alternative Insurance | 600,000  |
| Workers' Compensation         | MoFAD                          | Statutory Limits                                     |

**COMPLIANCE AND INTERNAL CONTROL SECTION**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***



Board of Directors

***MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI***

We have audited the basic financial statements of Mid-County Fire Protection District of St. Louis County, Missouri (the District), as of and for the year ended December 31, 2004, and have issued our report thereon dated May 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mid-County Fire Protection District of St. Louis County, Missouri's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Mid-County Fire Protection District of St. Louis County, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated May 18, 2005.

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botzdeal@botzdeal.com



This report is intended solely for the information of the Board of Directors, management and the State Auditors Office and is not intended to be and should not be used by anyone other than these specified parties.

Batz, Deal & Company

May 18, 2005