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1-1-2006

## Financial Statements, 2005

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, 2005**

May 17, 2006

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, 2005.

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

Very truly yours,

*Gotz, Deal & Company*

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**OVERVIEW OF 2005 AUDIT**

<p><b>RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)</b></p>	<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>
<p><b>RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS</b></p>	<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>
<p><b>REPORT ON 2005 AUDIT</b></p>	<ul style="list-style-type: none"> <li>* Issued an unmodified opinion dated May 17, 2006.</li> </ul>
<p><b>COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS</b></p>	<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>
<p><b>INTERNAL CONTROL OVER FINANCIAL REPORTING</b></p>	<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>
<p><b>MANAGEMENT COOPERATION</b></p>	<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 hereto are presented below.

<b>ERRORS</b>	* None came to our attention.
<b>FRAUD AND OTHER ILLEGAL ACTS</b>	* None came to our attention.
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	* No changes to current policies.
<b>MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES</b>	* Reviewed management's formulation of accounting estimates and concluded they were reasonable.
<b>CONSULTATIONS WITH OTHER ACCOUNTANTS</b>	* None.
<b>UNADJUSTED AUDIT DIFFERENCES</b>	* 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>* The administrative assistant is an authorized check signor. Since this position has access to the accounting system and prepares checks, we recommend the administrative assistant not be authorized to sign checks.</li></ul> <p><b>District response:</b> The District agrees with this recommendation.</p>
<b>PRIOR YEAR - STILL APPLICABLE</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>

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

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



**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, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2005, and the respective changes in the financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2006, 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 31 through 32, 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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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.

*Bots, Deal & Company*

May 17, 2006



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005. In order to have a comprehensive understanding of the Management Discussion and Analysis, we recommend that the attached financial statements, including all notes to the financial statements, be read in their entirety.

**Using this Annual Report**

The District's financial statements are prepared using the reporting model prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. 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.

**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.

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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, or near-term inflows and outflows of expendable resources, as well as the balances of expendable resources available at the end of the year. Such information may be useful in evaluating a District's near-term financing requirements.

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

**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.



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**Notes to the Basic Financial Statements**

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

**Required and Other Supplementary Information**

In addition to the basic financial statements and accompanying notes to the basic financial statements, this financial report also contains certain required supplementary information. Required Supplementary Information includes a Budgetary Comparison Schedule for the General Fund.

**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, is as follows:

	Statement of Net Assets		
	2005	2004	Increase (Decrease)
<b>Assets:</b>			
Current and other assets	\$ 4,106,512	\$ 4,873,326	\$ ( 766,814)
Capital assets, net of depreciation	3,995,085	3,854,230	140,855
<b>Total Assets</b>	<b>8,101,597</b>	<b>8,727,556</b>	<b>( 625,959)</b>
<b>Liabilities:</b>			
Current and other liabilities	200,635	315,948	(115,313)
Non-current liabilities	4,567,503	4,797,825	(230,322)
<b>Total Liabilities</b>	<b>4,768,138</b>	<b>5,113,773</b>	<b>(345,635)</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	343,192	488,190	(144,998)
Restricted	897,202	1,149,804	(252,602)
Unrestricted	2,093,065	1,975,792	117,273
<b>Total Net Assets</b>	<b>\$ 3,333,459</b>	<b>\$ 3,613,786</b>	<b>\$ (280,327)</b>

The District's assets exceeded liabilities (net assets) by \$3,333,459 as of December 31, 2005. Of this amount, \$343,192 is invested in capital assets, net of related debt; \$897,202 is restricted by the District for a) debt service, b) dispatching, and c) ambulance and EMS services; and \$2,093,065 is unrestricted and available to provide for current and future obligations of the District.

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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 decreased by \$280,327 during the year ended December 31, 2005. 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 activities:

Statement of Activities			
	2005	2004	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 10,133	\$ 5,914	\$ 4,219
General revenues			
Property taxes	2,060,730	2,705,548	( 644,818)
Interest and investment earnings	30,916	28,574	2,342
Gain on disposal of capital assets	34,824	-	34,824
Miscellaneous income	17,736	17,919	( 183)
Total Revenues	2,154,339	2,757,955	( 603,616)
Expenses			
Public safety	2,246,883	2,420,776	( 173,893)
Interest and fiscal charges	187,783	171,513	16,270
Total Expenses	2,434,666	2,592,289	( 157,623)
Change in net assets	( 280,327)	165,666	( 445,993)
Net Assets, beginning of year	3,613,786	3,448,120	165,666
Net Assets, end of year	\$ 3,333,459	\$ 3,613,786	\$ ( 280,327)

Program revenue includes activities that have the characteristics of exchange transactions, such as commercial and residential inspections. General revenues include activities that have the characteristics of non-exchange transactions, such as property taxes. Program expenses are those expenses for the purpose of providing fire protection, emergency medical services and operational activities of the District. Property tax revenue for governmental activities decreased \$644,818 in 2005 when compared to 2004. This is primarily the result of debt service tax decreasing by \$0.296 per \$100 of assessed valuation from 2004. The tax rate assessed for pension increased by \$0.15 per \$100 of assessed valuation; however, fiduciary activities are not included in the government-wide statements because these funds are not available for the District to spend.



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**Fund Analysis**

	General Fund Revenues		
	2005	2004	Increase (Decrease)
Taxes	\$ 1,567,006	\$ 1,848,748	\$ ( 281,742)
Permits	10,133	5,914	4,219
Investment income	5,334	3,884	1,450
Miscellaneous	102,725	17,919	84,806
	\$ 1,685,198	\$ 1,876,465	\$ ( 191,267)

*General Fund*

General Fund revenues decreased \$191,267 in 2005 from 2004. This decrease was mostly attributable to the timing of tax receipts. General fund expenditures exceeded general fund revenues by \$161,992, prior to consideration of operating transfers. The general fund balance decreased by \$120,126. The decrease in the general fund balance was minimized by the District's conservative approach to budgeting and monthly monitoring of expenses. In addition, the District was able to decrease the amount expended on personnel related costs by \$211,059.

*Ambulance Fund and Dispatch Fund*

The combined total of the Ambulance Fund and Dispatch Fund revenues exceeded expenditures by \$23,374, prior to consideration of operating transfers. The combined fund balances decreased by \$18,492 after consideration of transfer. 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 expenditures exceeded debt service fund revenues by \$141,386. Debt Service Fund revenues decreased \$358,262 in 2005 from 2004. This was the result of the aforementioned reduction in the debt service tax levy of \$0.296 per \$100 of assessed valuation.

**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.



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

The difference between the original budget as adopted by the Board for 2005 and the final amended budget as approved by the Board for 2005, in January 2006, 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.

**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 note 4 to the financial statements.

	2005	2004	Increase (Decrease)
Land	\$ 50,000	\$ 50,000	\$ -
Buildings	3,230,580	611,120	2,619,460
Furniture and equipment	257,313	193,842	63,471
Vehicles	875,900	1,103,111	(227,211)
Construction in progress	-	2,577,341	(2,577,341)
Total	4,413,793	4,535,414	(121,621)
Less: Accumulated depreciation	( 418,708)	( 681,184)	262,476
Net Capital Assets	<u>\$ 3,995,085</u>	<u>\$ 3,854,230</u>	<u>\$ 140,855</u>

**Long-Term Debt**

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. During the year ended December 31, 2005, the District made principal payments totaling \$225,000. Outstanding bonds payable at year-end are \$4,400,000. More detailed information on the District's long-term liabilities is presented in note 6 to the financial statements.

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**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.

**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, 2005

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,816,530
Property taxes receivable	1,468,650
Restricted cash and investments	748,107
Deposits	28,375
Debt issuance costs	44,850
Capital assets - net:	
Nondepreciable	50,000
Depreciable	3,945,085
TOTAL ASSETS	<u>8,101,597</u>
<b>LIABILITIES</b>	
Accounts payable	37,982
Accrued wages	24,316
Accrued interest payable	68,564
Due to trust fund	69,773
Noncurrent liabilities:	
Due in one year	125,000
Due in more than one year	4,442,503
TOTAL LIABILITIES	<u>4,768,138</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	343,192
Restricted for:	
Ambulance services	74,262
Dispatching services	15,327
Debt service	807,613
Unrestricted	2,093,065
TOTAL NET ASSETS	<u><u>\$ 3,333,459</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 ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

<b>Functions/Programs</b>	Expenses	Program Revenue	Net (Expense) Revenue and Change in Net Assets
<b>Governmental Activities</b>		Charges for Service	Governmental Activities
Public safety	\$ 2,246,883	\$ 10,133	\$ (2,236,750)
Interest and fiscal charges	187,783	-	(187,783)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,434,666</b>	<b>\$ 10,133</b>	<b>(2,424,533)</b>
Taxes			2,060,730
Interest income			30,916
Gain on the disposal of capital assets			34,824
Other miscellaneous revenue			17,736
<b>TOTAL GENERAL REVENUES</b>			<b>2,144,206</b>
<b>CHANGE IN NET ASSETS</b>			<b>(280,327)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>			<b>3,613,786</b>
<b>NET ASSETS - END OF YEAR</b>			<b>\$ 3,333,459</b>

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, 2005

	General Fund	Capital Projects Fund	Debt Service Fund	Other Nonmajor Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 1,159,677	\$ -	\$ 593,674	\$ 63,179	\$ 1,816,530
Property taxes receivable:	1,149,932	-	165,474	153,244	1,468,650
Due (to) from other funds	(10,542)	125	48,465	(107,821)	(69,773)
Deposits	-	28,375	-	-	28,375
Restricted cash and investments	-	748,107	-	-	748,107
<b>TOTAL ASSETS</b>	<b>\$ 2,299,067</b>	<b>\$ 776,607</b>	<b>\$ 807,613</b>	<b>\$ 108,602</b>	<b>\$ 3,991,889</b>
<b>LIABILITIES</b>					
Account payable	\$ -	\$ 18,969	\$ -	\$ 19,013	\$ 37,982
Accrued wages	24,316	-	-	-	24,316
Deferred revenue	668,548	-	95,070	88,964	852,582
<b>TOTAL LIABILITIES</b>	<b>692,864</b>	<b>18,969</b>	<b>95,070</b>	<b>107,977</b>	<b>914,880</b>
<b>FUND BALANCES:</b>					
Fund balances:					
Reserved for:					
Capital expenditures	-	757,638	-	-	757,638
Unreserved:					
Undesignated	1,106,203	-	712,543	625	1,819,371
Designated for:					
Future operations	500,000	-	-	-	500,000
<b>TOTAL FUND BALANCES</b>	<b>1,606,203</b>	<b>757,638</b>	<b>712,543</b>	<b>625</b>	<b>3,077,009</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,299,067</b>	<b>\$ 776,607</b>	<b>\$ 807,613</b>	<b>\$ 108,602</b>	<b>\$ 3,991,889</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 NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
DECEMBER 31, 2005

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

Total fund balance per balance sheet	\$ 3,077,009
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,995,085
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	44,850
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	852,582
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.	(68,564)
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>(4,567,503)</u>
Net assets of governmental activities	<u><u>\$ 3,333,459</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Nonmajor Funds	Total
<b>REVENUES</b>					
Taxes	\$ 1,567,006	\$ -	\$ 267,863	\$ 209,350	\$ 2,044,219
Permits	10,133	-	-	-	10,133
Investment income	5,334	20,398	4,723	461	30,916
Miscellaneous	102,725	-	-	11	102,736
<b>TOTAL REVENUES</b>	<u>1,685,198</u>	<u>20,398</u>	<u>272,586</u>	<u>209,822</u>	<u>2,188,004</u>
<b>EXPENDITURES</b>					
Public safety:					
Wages	1,355,212	-	-	-	1,355,212
Employee benefits	258,717	-	-	-	258,717
Advertising	1,671	-	-	-	1,671
Dispatching	-	-	-	71,448	71,448
Election expense	3,515	-	-	-	3,515
Fuel	11,010	-	-	-	11,010
Insurance	106,923	-	-	-	106,923
Miscellaneous	2,494	(70)	-	-	2,424
Office supplies	4,910	-	-	-	4,910
Professional fees	40,398	14,039	-	115,000	169,437
Repairs and maintenance	18,929	-	-	-	18,929
Supplies	3,315	-	-	-	3,315
Training and education	7,179	-	-	-	7,179
Uniforms	1,726	-	-	-	1,726
Utilities	31,191	-	-	-	31,191
Capital outlay	-	395,629	-	-	395,629
Debt service:					
Principal, interest and fiscal charges	-	-	413,972	-	413,972
<b>TOTAL EXPENDITURES</b>	<u>1,847,190</u>	<u>409,598</u>	<u>413,972</u>	<u>186,448</u>	<u>2,857,208</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(161,992)	(389,200)	(141,386)	23,374	(669,204)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in (out)	41,866	-	-	(41,866)	-
<b>CHANGE IN FUND BALANCE</b>	(120,126)	(389,200)	(141,386)	(18,492)	(669,204)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,726,329</u>	<u>1,146,838</u>	<u>853,929</u>	<u>19,117</u>	<u>3,746,213</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,606,203</u>	<u>\$ 757,638</u>	<u>\$ 712,543</u>	<u>\$ 625</u>	<u>\$ 3,077,009</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 REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

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

Change in fund balance-total governmental funds	\$ (669,204)
The acquisition of capital assets requires the use of current financial resources but has no effect on net assets.	395,872
The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.	(204,841)
Revenues that do not provide current financial resources are not included in the fund financial statements.	16,511
The net effect of other miscellaneous transactions involving capital assets (i.e., sales) increases net assets	(50,176)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	225,000
The increase in compensated absences liability does not require the use of current financial resources but is recorded as an expense in the statement of activities.	5,322
Bond issue costs are amortized over the life of the bonds on the statement of activities.	(2,700)
Interest payable does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>3,889</u>
Change in net assets of governmental activities	<u><u>\$ (280,327)</u></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, 2005

	<u>Pension Trust Fund</u>
<b>CURRENT ASSETS</b>	
Cash	\$ 105,138
Taxes receivable	215,460
Investments	1,178,356
Participant loans	5,782
Due from other funds	69,773
<b>TOTAL ASSETS</b>	<u>1,574,509</u>
<b>CURRENT LIABILITIES</b>	
Deferred revenue	<u>123,788</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 1,450,721</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, 2005

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Property taxes	\$ 272,961
Investment income	55,370
TOTAL ADDITIONS	<u>328,331</u>
 <b>DEDUCTIONS</b>	
Distributions	56,526
Administrative expenses	11,843
TOTAL DEDUCTIONS	<u>68,369</u>
 <b>CHANGE IN NET ASSETS</b>	 259,962
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 <u>1,190,759</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 1,450,721</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, 2005

**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. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

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

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

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

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

B. **BASIC FINANCIAL STATEMENTS** - 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.

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

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The 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.

C. **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.



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

C. **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**

D. **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

E. **ESTIMATES**

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

F. **INTERFUND TRANSACTIONS**

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

G. **COMPENSATED ABSENCES**

The District has adopted a formal personnel policy with policies in effect that relate to vacation and sick pay. District employees are 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**

H. **LONG-TERM LIABILITIES**

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

I. **NET ASSETS AND FUND EQUITY**

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

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

J. **INVESTMENTS**

The District is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper. Investments are carried at cost or amortized cost. The Pension Trust Fund is also authorized to invest in corporate stocks and bonds as allowed by state law.

K. **CONCENTRATION OF LABOR**

Approximately 95% of the labor force was subject to a collective bargaining agreement expiring December 31, 2007.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

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



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, 2005, the carrying amount of the District's bank deposits totaled \$2,564,637 in the governmental funds and \$105,138 in the fiduciary funds with bank balances of \$2,689,120. 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.

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, 2005, 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.

As of December 31, 2005, the District has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Guaranteed fixed investment contracts	\$ 716,172
Equity security funds	462,184
Total	\$ <u>1,178,356</u>



4. **CAPITAL ASSETS**

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

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	2,577,341	332,401	(2,909,742)	-
Total capital assets, not being depreciated	<u>2,627,341</u>	<u>332,401</u>	<u>(2,909,742)</u>	<u>50,000</u>
Capital assets, being depreciated:				
Buildings	611,120	-	2,619,460	3,230,580
Furniture and equipment	193,842	63,471	-	257,313
Vehicles	1,103,111	-	( 227,211)	875,900
Total capital assets, being depreciated	<u>1,908,073</u>	<u>63,471</u>	<u>2,392,249</u>	<u>4,363,793</u>
Less accumulated depreciation for:				
Buildings	(290,282)	( 60,734)	290,282	( 60,734)
Furniture and equipment	( 50,688)	( 49,557)	-	( 100,245)
Vehicles	(340,214)	( 94,550)	177,035	( 257,729)
Total accumulated depreciation	<u>(681,184)</u>	<u>( 204,841)</u>	<u>467,317</u>	<u>( 418,708)</u>
Total capital assets, being depreciated, net	<u>1,226,889</u>	<u>( 141,370)</u>	<u>2,859,566</u>	<u>3,945,085</u>
Total governmental activities	<u>\$ 3,854,230</u>	<u>\$ 191,031</u>	<u>\$ ( 50,176)</u>	<u>\$ 3,995,085</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, 2005, upon which the 2005 levy was based on an assessed value for real, personal and public utility property, was \$130,398,804. The District's tax rate was levied per \$100 of assessed value as follows:

	<u>Commercial</u>	<u>Personal Property</u>	<u>Residential</u>
General Fund	\$ 1.3304	\$ 1.3500	\$ 1.2507
Pension Fund	.2500	.2500	.2500
Debt Service Fund	.1920	.1920	.1920
Ambulance Fund	.1480	.1500	.1390
Dispatch Fund	.0300	.0300	.0280

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	\$3,500,000
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	900,000
Bank of New York	
Interest rate - 3.5% to 4.5%	
Matures - February 15, 2024	
Annual payments range from \$23,625 to \$536,813	
TOTAL	<u>\$4,400,000</u>

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

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Governmental activities:					
Fire Protection Bonds:					
Series-2002	\$ 3,625,000	\$ -	\$ (125,000)	\$ 3,500,000	\$ 125,000
Series-2004	1,000,000	-	(100,000)	900,000	-
Longevity pay	131,728	384	-	132,112	-
Sick leave	41,097	3,894	( 9,600)	35,391	-
Total governmental activities	<u>\$ 4,797,825</u>	<u>\$ 4,278</u>	<u>\$ (234,600)</u>	<u>\$ 4,567,503</u>	<u>\$ 125,000</u>

Annual debt service payments are as follows:

YEAR	Governmental Activities		TOTAL
	PRINCIPAL	INTEREST	
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	175,000	160,893	335,893
2011 - 2015	1,200,000	687,998	1,887,998
2016 - 2020	1,350,000	420,918	1,770,918
2021 - 2024	1,100,000	111,113	1,211,113
Total	<u>\$ 4,400,000</u>	<u>\$ 2,076,039</u>	<u>\$ 6,476,039</u>

7. **INTERFUND TRANSFERS**

The District made the following transfers between funds during the year ended December 31, 2005:

	Operating Transfer In	Operating Transfer Out
General Fund	\$ 41,866	\$ -
Ambulance Fund	-	59,728
Dispatch Fund	17,862	-
TOTAL	<u>\$ 59,728</u>	<u>\$ 59,728</u>

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 makes a transfer 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, 2005 were as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 10,542
Capital Projects Fund	125	-
Debt Service Fund	48,465	-
Ambulance Fund	-	116,479
Dispatching Fund	8,658	-
Pension Trust Fund	<u>69,773</u>	<u>-</u>
	<u>\$127,021</u>	<u>\$127,021</u>

All payments and receipts are initially recorded in the General Fund. The District then transfers funds to the various funds. Due to/from results from the timing of these transfers.

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, 2005 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.



## 11. 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.

## 12. 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, 2006 for the Plan year ended December 31, 2005 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.

12. **PENSION PLANS** - continued

**Funding Status and Progress** - continued

The pension benefit obligation was determined as part of an actuarial valuation of the Plan as of December 31, 2005.

At December 31, 2005, the pension benefit obligation in excess of the net plan assets was \$632,704, determined as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits	\$ -
Terminated employees not yet receiving benefits	282,742
Employer-financed:	
Vested	1,232,773
Nonvested	<u>14,132</u>
Total Pension Benefit Obligation	<u>1,529,647</u>
Net assets available for benefits, at market	<u>896,943</u>
Unfunded Pension Benefit Obligation	<u>\$ 632,704</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	\$ 188,448
Adjustment to annual required contribution	( 35,046)
Annual pension cost	153,402
Contribution made	(122,750)
Increase in net pension obligation	30,652
Net pension obligation - beginning of year	<u>602,052</u>
Net pension obligation - end of year	<u>\$ 632,704</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 2005 totaled \$122,750. The defined benefit plan contribution consisted of normal cost and amortization of the unfunded accrued liability.



12. 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).

Valuation Date	Actuarial Value Of Assets	Pension Benefit Obligation (PBO)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)
12/31/03	\$717,432	\$1,367,383	52 %	\$649,951
12/31/04	738,785	1,340,837	55	602,052
12/31/05	896,943	1,529,647	59	632,704

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.

For The Years Ended December 31,	Annual Pension Cost (APC)	Contribution Made	Percentage Of APC Contributed	Net Pension Obligation
2005	\$153,402	\$122,750	80 %	\$632,704
2004	78,633	126,532	161	602,052
2003	72,579	132,000	182	649,951

**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 2005 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, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OPERATING REVENUE</b>				
Taxes	\$ 1,806,545	\$ 2,094,044	\$ 2,094,044	\$ -
Licenses and permits	7,000	10,133	10,133	-
Investment income	7,000	5,334	5,334	-
Miscellaneous	26,366	102,725	102,725	-
TOTAL REVENUE	<u>1,846,911</u>	<u>2,212,236</u>	<u>2,212,236</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Wages	1,451,914	1,421,820	1,421,820	-
Employee benefits	238,400	258,717	258,717	-
Advertising	4,000	1,671	1,671	-
Election expense	5,000	3,515	3,515	-
Fuel	8,000	11,010	11,010	-
Insurance	108,000	106,923	106,923	-
Miscellaneous	2,000	2,494	2,494	-
Office supplies	5,000	4,910	4,910	-
Professional fees	38,000	40,398	40,398	-
Repairs and maintenance	15,000	18,929	18,929	-
Supplies	5,000	3,315	3,315	-
Training and education	10,000	7,179	7,179	-
Uniforms	5,000	1,726	1,726	-
Utilities	25,000	31,191	31,191	-
TOTAL EXPENDITURES	<u>1,920,314</u>	<u>1,913,798</u>	<u>1,913,798</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(73,403)	298,438	298,438	-
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	86,477	-	41,866	41,866
<b>CHANGE IN FUND BALANCE</b>	13,074	298,438	340,304	<u>\$ 41,866</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>808,831</u>	<u>808,831</u>	<u>808,831</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 821,905</u>	<u>\$ 1,107,269</u>	<u>\$ 1,149,135</u>	
<b>FUND BALANCE - END OF YEAR - BUDGET BASIS</b>			\$ 1,149,135	
Accrual adjustments:				
Revenues			481,384	
Expenditures			(24,316)	
<b>FUND BALANCE - END OF YEAR - GAAP BASIS</b>			<u>\$ 1,606,203</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OPERATING REVENUE</b>				
Taxes	\$ 441,442	\$ 561,985	\$ 561,985	\$ -
Investment income	1,250	4,723	4,723	-
<b>TOTAL REVENUE</b>	<u>442,692</u>	<u>566,708</u>	<u>566,708</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal, interest and fiscal charges	399,288	413,972	413,972	-
<b>CHANGE IN FUND BALANCE</b>	43,404	152,736	152,736	<u>\$ -</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>489,403</u>	<u>489,403</u>	<u>489,403</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 532,807</u>	<u>\$ 642,139</u>	<u>\$ 642,139</u>	
<b>FUND BALANCE - END OF YEAR - BUDGET BASIS</b>			\$ 642,139	
Accrual adjustments:				
Revenues			70,404	
Expenditures			-	
<b>FUND BALANCE - END OF YEAR - GAAP BASIS</b>			<u>\$ 712,543</u>	

***MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI***  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2005

**1. BUDGETARY INFORMATION**

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

**ADDITIONAL SUPPLEMENTARY INFORMATION**



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<u>Special Revenue Funds</u>		
	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 62,980	\$ 199	\$ 63,179
Property taxes receivable	127,761	25,483	153,244
Due (to) from other funds	(116,479)	8,658	(107,821)
TOTAL ASSETS	<u>\$ 74,262</u>	<u>\$ 34,340</u>	<u>\$ 108,602</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 19,013	\$ 19,013
Deferred revenue	74,262	14,702	88,964
TOTAL LIABILITIES	<u>74,262</u>	<u>33,715</u>	<u>107,977</u>
 <b>FUND BALANCES:</b>			
Unreserved - undesignated	<u>-</u>	<u>625</u>	<u>625</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 74,262</u>	<u>\$ 34,340</u>	<u>\$ 108,602</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, 2005

	<u>Special Revenue Funds</u>		
	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 174,270	\$ 35,080	\$ 209,350
Investment income	458	3	461
Miscellaneous	-	11	11
<b>TOTAL REVENUES</b>	<u>174,728</u>	<u>35,094</u>	<u>209,822</u>
<b>EXPENDITURES</b>			
Public safety:			
Dispatching	-	71,448	71,448
Professional fees	115,000	-	115,000
<b>TOTAL EXPENDITURES</b>	<u>115,000</u>	<u>71,448</u>	<u>186,448</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	59,728	(36,354)	23,374
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in (out)	<u>(59,728)</u>	<u>17,862</u>	<u>(41,866)</u>
<b>CHANGE IN FUND BALANCES</b>	-	(18,492)	(18,492)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>19,117</u>	<u>19,117</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 625</u>	<u>\$ 625</u>

**MID-COUNTY FIRE PROTECTION DISTRICT**  
**OF ST. LOUIS COUNTY, MISSOURI**  
 BUDGETARY COMPARISON SCHEDULE  
 AMBULANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 200,727	\$ 232,817	\$ 232,817	\$ -
Investment income	750	458	458	-
<b>TOTAL REVENUES</b>	<u>201,477</u>	<u>233,275</u>	<u>233,275</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Professional fees	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	86,477	118,275	118,275	-
<b>OTHER FINANCING USES</b>				
Operating transfer out	<u>(86,477)</u>	<u>-</u>	<u>(59,728)</u>	<u>(59,728)</u>
<b>CHANGE IN FUND BALANCE</b>	-	118,275	58,547	<u>\$ (59,728)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(112,046)</u>	<u>(112,046)</u>	<u>(112,046)</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (112,046)</u>	<u>\$ 6,229</u>	<u>\$ (53,499)</u>	
<b>FUND BALANCE - END OF YEAR - BUDGET BASIS</b>			\$ (53,499)	
Accrual adjustments:				
Revenues			53,499	
Expenditures			<u>-</u>	
<b>FUND BALANCE - END OF YEAR - GAAP BASIS</b>			<u>\$ -</u>	

**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
BUDGETARY COMPARISON SCHEDULE  
DISPATCH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 40,145	\$ 46,708	\$ 46,708	\$ -
Investment income	5	3	3	-
Miscellaneous	-	10	11	1
TOTAL REVENUES	<u>40,150</u>	<u>46,721</u>	<u>46,722</u>	<u>1</u>
<b>EXPENDITURES</b>				
Current:				
Dispatching	<u>53,224</u>	<u>58,412</u>	<u>58,412</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(13,074)	(11,691)	(11,690)	1
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	<u>-</u>	<u>-</u>	<u>17,862</u>	<u>17,862</u>
<b>CHANGE IN FUND BALANCE</b>	(13,074)	(11,691)	6,172	<u>\$ 17,863</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,685</u>	<u>2,685</u>	<u>2,685</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (10,389)</u>	<u>\$ (9,006)</u>	<u>\$ 8,857</u>	
<b>FUND BALANCE - END OF YEAR - BUDGET BASIS</b>			\$ 8,857	
Accrual adjustments:				
Revenues			10,781	
Expenditures			<u>(19,013)</u>	
<b>FUND BALANCE - END OF YEAR - GAAP BASIS</b>			<u>\$ 625</u>	



**MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI**  
SCHEDULE OF PRINCIPAL OFFICE HOLDERS  
DECEMBER 31, 2005

<u>OFFICE HOLDER</u>	<u>OFFICE</u>	<u>ANNUAL COMPENSATION</u>
Jerome Loeffleman	President	\$ 10,800
Henry Perkins	Secretary	9,400
Theodore A. Kayser	Treasurer	9,467
Vernon Harlan	Treasurer	589

***MID-COUNTY FIRE PROTECTION DISTRICT  
OF ST. LOUIS COUNTY, MISSOURI***  
 SCHEDULE OF INSURANCE IN FORCE  
 DECEMBER 31, 2005

<u>INSURANCE IN FORCE</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Commercial Umbrella Liability	American Alternative Insurance	\$ 1,000,000 occurrence 2,000,000 aggregate
Commercial General Liability	American Alternative Insurance	1,000,000 occurrence 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, 2005, and have issued our report thereon dated May 17, 2006. 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 17, 2006.

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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.

Boty, Deal & Company

May 17, 2006