University of Missouri, St. Louis

IRL @ UMSL

UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets

Political Science Department

1-1-2006

Financial Statements, 2005

Fenton Fire Protection District

Follow this and additional works at: https://irl.umsl.edu/cab

Recommended Citation

Fenton Fire Protection District, "Financial Statements, 2005" (2006). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 417.
https://irl.umsl.edu/cab/417

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact marvinh@umsl.edu.

FENTON FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2005

Ahrens & Hoelscher, P.C.

Certified Public Accountants

FENTON FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2005

Ahrens & Hoelscher, P.C.

FENTON FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31,2005

TABLE OF CONTENTS

FENTON FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31,2005

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Information:

-oo0oo-

INDEPENDENT AUDITORS' REPORT

Brian D. Ahrens, CPA
1232 Jungermann Road, Suite A
St. Peters, MO 63376
Office: 636-477-9130
Fax: 636-936-8418

Walter J. Hoelscher, CPA
300 Chesterfield Center, Suite 190
Chesterfield, MO 63017
Office: 636-532-0313
Fax: 636-532-8878

Ahrens & Hoelscher, P.C.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fenton Fire Protection District
Fenton, Missouri

We have audited the accompanying financial statements of the governmental activities, each fund and the aggregate remaining fund information of the FENTON FIRE PROTECTION DISTRICT (the District), 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 an opinion 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 the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. These 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 fund and the aggregate remaining fund information as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated May 22, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental 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 as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Ahrens & Hoelscher P.C.

Ahrens & Hoelscher, P.C.
May 22, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

FENTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

This section of the Fenton Fire Protection District (the District) annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial activity during the fiscal year that ended on December 31, 2005. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and is meant to be read in conjunction with the District's financial statements and the notes to the financial statements, which follow this section.

This financial statement is reported using the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement #34 issued in June of 1999. The District was required to implement this new reporting model beginning with the fiscal year ending December 31, 2004. These standards require that certain comparative information with the previous year be included in this reporting model. Since this is the first year that the District is using this model, the comparative information will be omitted as permitted by this standard.

FINANCIAL HIGHLIGHTS

- The District increased taxes due to the loss of tax revenue from TIF's and tax abatements.

- The District covers an area of land operating as a Tax Increment Financing (TIF) District. The assessed valuation of personal property and real estate within the TIF district was $49 million. This District is unable to include this amount when calculating tax rates and assessing taxes for collection.

- Assets exceeded liabilities (net assets) by $6.7 million as of December 31, 2005. Of this amount, $3.8 million is invested in capital assets (net) and $2.9 million is unrestricted and available to meet current and future obligations of the District.

- The District's total net assets increased by $343,403 as a result of this year's operations.

- The fund balance for the General Fund was $7.1 million. An amount of approximately $1 million of this is reserved for the purchase of pumpers and vehicles in the next several years. The remaining $6 million of fund balance is unreserved and will be used to purchase equipment and to finance future years of operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements,* and *required supplementary information.* This MD&A section is an overview and introduction to the basic financial statements. The District's basis financial statements are made up of three components, which are as follows:

Government-Wide Financial Statements

The government-wide financial statements present the District's financial status in a consolidated form similar to that of corporate financial statements. The government-wide financial statements focus mainly on activities supported by tax revenue and charges for services. This approach is intended to simplify the user's analysis of the cost of District services. The government-wide financial statements contain the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents the entire District's assets and liabilities on one statement. The amount that the assets exceed the liabilities is reported as net assets. The increase and decrease of net assets is a factor in determining the financial position of the District.

The Statement of Activities presents how the District's net assets changed during the fiscal year as a result of the revenues and expenses. The revenues and expenses are reported in this statement as they occur, even if they result in future period cash flows.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. A fund is a grouping of related accounts used to keep track of specific sources of funding and spending for particular purposes. The District is considered a "state and local governmental entity" and uses fund accounting to ensure compliance with statutory requirements. All of the District's funds can be classified as either a *Governmental fund* or a *Fiduciary fund.*

- Governmental funds – Most of the Districts basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. This is reported in the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- Fiduciary funds – The District is the trustee, or fiduciary, for the Fenton Fire Protection District Defined Benefit Plan & Trust. It is also responsible for other assets that, because of the trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes To The Financial Statements

The notes to the financial statements include additional information that is essential in obtaining a better understanding of the data provided in both the government-wide financial statements and the fund financial statements. The notes explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. As noted previously, net assets can be used a factor in analyzing a government's financial position. The condensed statement of net assets is as follows:

	December 31 2005
Assets	
Current and other assets	$ 11,679,254
Capital assets (net)	3,730,858
Total Assets	15,410,112
Liabilities	
Current liabilities	81,683
Long-term liabilities	7,996,393
Total Liabilities	8,078,076
Net Assets	
Investment in capital assets (net)	3,730,858
Unrestricted	3,601,178
Net Assets	7,332,036
Adjustment	641,198
Net Assets (as adjusted)	6,690,838

The total net assets of the District amounted to $6.7 million. As previously noted, of the total, $3.7 million is invested in capital assets (net of accumulated depreciation) and the remaining $3 million is unrestricted and will be used to finance future years of operations.

Change in net assets. This analysis focuses on the changes in net assets of the District's governmental activities. The condensed statement of activities is as follows:

Revenue	
Program revenue:	
Charges for services	$ 724,821
General revenues:	
Taxes	5,849,852
Investment income	150,084
Other income	266,065
Total Revenues	6,990,822
Expenses	
Governmental Activities	6,647,419
Change In Net Assets	343,403
Net Assets-January 1, 2005 (as adjusted)	6,347,435
Net Assets-December 31, 2005	6,690,838

Net assets of the District increased by $343,403. The increase is the result of operating and non-operating revenues exceeding expenses during the year ended December 31, 2005. The District's total revenue was $6.2 million. The majority of the District's revenue comes from property taxes, accounting for approximately 83.7%. Another 10.4% comes from fees charged for services. The other 5.9% is derived from investment earnings and other miscellaneous revenue such as grants.

The total cost of all programs and services was $6.6 million. The District has two major types of expenditures. The first is salaries and personnel costs and the second is equipment purchase and maintenance costs. This year, the salaries and personnel costs have accounted for 90.2% of the total expenditures.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted previously, the District uses fund accounting to ensure compliance with statutory requirements. The focus of the District's governmental funds is to provide information on short-term inflows and outflows, as well as the balance of spendable resources, which is useful in determining the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of $11.1 Million. The combined fund balance is comprised of Reserved and Unreserved amounts. The Reserved fund balance amounted to $1.6 million and is for the purchase of pumpers, vehicles, and equipment. The unreserved amount is available to meet current and future obligations of the District.

General Fund

The following information is some of the highlights of the General Fund activity for the year ending December 31, 2005:

- The General Fund revenues exceeded expenditures by $490,362. The largest expenditure of the General Fund is salaries and personnel cost and amounted to $3,729,281 or 81.4% of the total expenditures. The other large expenditure for this fund is equipment purchase and maintenance costs. This expense amounted to $495,480 or 10.8% of the total expenditures for the General Fund.

- The District received a grant from FEMA, under the Assistance to Firefighters Grant Program, in the amount of $112,000 of which $100,800 was Federal Funds. The remaining $11,200 was considered District Match Funds. The funds were used to purchase 12 lead monitor defibrillators under the Emergency Medical Service part of the program.

- The District also received an in-kind contribution valued at $58,317 from St. Louis County in the form of a truck used to pull the Hazmat Mass Decontamination Unit.

Special Revenue Funds

The District's special revenue funds consist of the Ambulance Fund and the Dispatch Fund. The following is some of the highlights of these two special revenue funds:

- The Ambulance Fund revenue exceeded the expenditures by $360,473 for the year ending December 31, 2005. The salaries and personnel cost were the largest expenditure of the Ambulance Fund, just as it was for the General Fund. The salaries and personnel cost amounted to $2,267,239 for the year ended and accounted for 84.3% of the total expenditures. The next largest expenditure was for equipment purchase and maintenance. This amount was $210,567 and accounted for 7.8% of the total expenditures for the Ambulance Fund.

- The main expenditure of the Dispatch Fund is the cost of emergency dispatching services which represented 89% of the total expenditures for this fund and amounted to $54,862. Professional fees are the only other costs of this fund.

Budget Analysis

The District made reallocations of Operating and Capital Expenditures budget items in both the General Fund and Ambulance Funds to more accurately reflect actual results for the year. The revenue items for taxes and interest were not revised for any funds. The amounts from the original budgets were not changed on the final budgets of the Pension and Dispatch Funds.

Capital Assets

At the end of 2005, the District had invested $3.7 million (net of accumulated depreciation) in a broad range of capital assets, including land and buildings, fire and medical equipment, communications equipment and maintenance equipment, as well as the furniture and fixtures for the engine houses and administration building. The following table represents the District's capital assets and accumulated depreciation on those assets.

	December 31 2005
Capital Assets	
Land	$ 373,855
Building and improvement	3,495,443
Vehicles	1,875,913
Equipment	795,971
Furniture and fixtures	272,074
Total	6,813,256
Less Accumulated Depreciation	(3,082,398)
Net Capital Assets	$ 3,730,858

The net capital assets increased by $148,404 for the year ended December 31, 2005. This decreased resulted from the following factors:

- The amount of capital asset purchases for the year amounted to $493,153.
- The amount of capital asset dispositions or deletions amounted to ($128,949).
- Finally, the depreciation expense for fiscal year 2005 amounted to ($344,429).

ECONOMIC FACTORS

- The Fenton Fire District increased taxes due to Tax Increment Financing (TIF's), additional Chapter 100 tax abatements for the Daimler Chrysler Corporation plant located in Fenton and Chapter 353 tax abatement by Tristar.
- The District has a contractual agreement with the City of Fenton to pay the District $90,000 per year for 10 years in lieu of real estate tax payment for the TIF District. The District collected the fifth of ten payments of $90,000 for the year ending December 31,2005. The TIF's account for a $49 million reduction annually from the assessed valuation.

- Daimler Chrysler Corporation sought and received a $26 million reduction in their assessed valuation from the State of Missouri, $140 million abatement (Chapter 100) from the City of Fenton for the plant to produce stow and go seating. 70% abatement (Chapter 100) for retooling 2 production plants in Fenton was also received by the Daimler Chrysler Corporation. The estimated tax loss for these abatements is $11 million over the next 14 years.

PERSONNEL ISSUES

The Fenton Fire Protection District provides a wide range of services to the people who live, work and/or pass through our District. Currently we serve approximately 35,000 residents with a day time population of 1,000,000. The higher day time population result from the demographic of our service area which is largely commercial/industrial based and includes 2 major interstates.

Our professional staff consists of 64 full time employees: 1 Fire Chief, 4 Deputy Chiefs, 3 Administrative Personnel, 1 Fire Inspector, 12 Captains, 12 Shift Leads and 31 Privates. The District provides emergency services from four (4) fire and emergency medical service stations strategically located throughout our 26 square mile district located in St. Louis County, a suburb of St. Louis. In 2005 the District responded to 3,741 alarms.

Two personnel changes occurred in the year of 2005. In June, one of our privates was called up on active duty with the military for 12 to 18 months. This caused the hiring of one new private. August brought about the retirement of our Office Manager who worked with the District for 26 years. A member of the Administrative Support Staff, who had 6 years of experience with the District, was promoted to this position.

CONTACTING THE DISTRICTS FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fenton Fire Protection District at 845 Gregory Lane, Fenton, MO 63026.

BASIC FINANCIAL STATEMENTS

FENTON FIRE PROTECTION DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS:

Cash and Cash Equivalents		$ 210,120
Investments		7,149,776
Taxes Receivable		4,202,208
Due from other funds		-
Other Assets		57,150
Inventories		60,000
Capital Assets:		
Land	$ 373,855	
Buildings	3,495,442	
Equipment and Other	2,943,959	
Less accumulated depreciation	(3,082,398)	
Total capital assets, net of depreciation		3,730,858
Total Assets		$ 15,410,112

LIABILITIES:

Accounts Payable	31,039
Accrued Wages and Payroll Taxes	50,644
Deferred Revenue	7,162,238
Long-term Liabilities:	
Compensated Absences	834,155
Total Liabilities	8,078,076

NET ASSETS:

Invested in Capital Assets, net of related debt	3,730,858
Unrestricted	3,601,178
Total Net Assets	7,332,036
Less: Prior Period Adjustment (see notes)	(641,198)
Total Net Assets (as adjusted)	$ 6,690,838

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR DECEMBER 31, 2005

	Expenses	Program Revenue- Charges For Services	Net Revenues (Expenses) And Change In Net Assets
FUNCTIONS/PROGRAMS			
Governmental Activities			
Public safety	$ 6,329,032	$ 724,821	$ (5,604,211)
Dispatching services	318,387	-	(318,387)
Total Governmental Activities	$ 6,647,419	$ 724,821	$ (5,922,598)
General Revenues:			
Taxes Levied			5,849,852
Income from Investments			150,084
Miscellaneous			266,065
Total General Revenue			6,266,001
CHANGE IN NET ASSETS			343,403
NET ASSETS-BEGINNING OF YEAR			6,988,633
PRIOR PERIOD ADJUSTMENT (See Notes)			(641,198)
NET ASSETS-BEGINNING OF YEAR (As Adjusted)			6,347,435
NET ASSETS-END OF YEAR			$ 6,690,838

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General Fund	Ambulance Fund	Dispatch Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 75,200	$ 40,380	$ 94,540	$ 210,120
Investments	4,530,344	2,368,980	250,452	7,149,776
Taxes Receivable	2,530,715	1,438,945	232,548	4,202,208
Due from Other Funds	313,993	-	-	313,993
Other Assets	100	-	57,050	57,150
Total Assets	$ 7,450,352	$ 3,848,305	$ 634,590	$ 11,933,247
LIABILITIES AND FUND BALANCES:				
Accounts Payable	$ 25,525	$ 3,653	$ 1,861	$ 31,039
Deferred Revenue	233,450	131,305	19,965	384,720
Accrued Wages & Payroll Taxes	29,389	21,255	-	50,644
Due to Other Funds	-	313,993	-	313,993
Total Liabilities	288,364	470,206	21,826	780,396
FUND BALANCE:				
Reserved	1,155,000	420,000	32,000	1,607,000
Unreserved	6,006,988	2,958,099	580,764	9,545,851
Total Fund Balance	7,161,988	3,378,099	612,764	11,152,851
Total Liabilities and Fund Balance	$ 7,450,352	$ 3,848,305	$ 634,590	$ 11,933,247

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Total fund balances - governmental funds	$ 11,152,851
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of those assets is $6,813,256 and the accumulated depreciation is ($3,082,398).	3,730,858
Tax revenues received in 2005 are intended to fund the 2006 budget. Therefore, 2005 tax revenue reported as received and receivable in the governmental funds is reported as deferred tax revenue in the statement of net assets.	(6,777,518)
Other long term assets (inventory) are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	60,000
Certain long term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(834,155)
Net assets of governmental activities:	$ 7,332,036

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Ambulance Fund	Dispatch Fund	Total
REVENUE				
Tax Levies	$ 4,457,740	$ 2,535,228	$ 409,926	$ 7,402,894
TIF	49,626	27,279	3,447	80,352
Ambulance Billings	-	441,877	-	441,877
Inspections and Permits	282,944	-	-	282,944
Income from Investments	97,532	45,912	6,640	150,084
Grant Proceeds	100,800	-	-	100,800
In-Kind Contribution	58,317	-	-	58,317
Miscellaneous	26,596	-	-	26,596
Total revenue	$ 5,073,555	$ 3,050,296	$ 420,013	$ 8,543,864
EXPENDITURES				
Administrative and General	$ 226,836	$ 129,879	$ 2,500	$ 359,215
Training and Support	27,571	32,260	-	59,831
Maintenance and Support Services	151,218	70,892	-	222,110
Professional Fees	73,831	32,809	-	106,640
Dispatching Fees	-	-	291,474	291,474
Directors' Fees	7,000	7,000	-	14,000
Utilities	23,194	10,069	24,413	57,676
Salaries and Personnel Costs	3,729,281	2,267,239	-	5,996,520
Capital Expenditures	344,262	139,675	9,216	493,153
Total Expenditures	$ 4,583,193	$ 2,689,823	$ 327,603	$ 7,600,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 490,362	$ 360,473	$ 92,410	$ 943,245
FUND BALANCE-Beginning of year	6,671,626	3,017,626	520,354	10,209,606
FUND BALANCE-End of year	$ 7,161,988	$ 3,378,099	$ 612,764	$11,152,851

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2005

Total net change in fund balances - governmental funds	$ 943,245
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($493,153) exceed depreciation expenses ($344,429) for the period.	148,724
Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenue and are deferred in the governmental funds. Deferred tax revenue increased (decreased) by this amount this year.	(1,553,042)
In the statement of activities, certain operating expenses - compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used, (essentially the amounts actually paid). This year, sick leave earned exceeded the amount of sick leave reported last year by $797,476.	797,476
In the statement of activities, certain operating expenses-cost of inventory, are measured by the amounts used during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used, (essentially the amounts actually paid). This year, inventory on hand exceeded the amount actually used by $7,000.	7,000
Change in net assets of governmental activities:	$ 343,403

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005

	Pension Trust Fund
ASSETS:	
Cash and Cash Equivalents	$ 424,267
Investments (at fair market value)	16,644,614
Taxes Receivable	521,562
Total Assets	17,590,443
LIABILITIES:	
Accounts Payable	950
Due to Other Funds	-
Deferred Revenue	53,109
Total Liabilities	54,059
NET ASSETS:	
Held in Trust for Employees Retirement	$ 17,536,384

The accompanying notes are an integral part of the basic financial statements.

FENTON FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	PENSION FUND
ADDITIONS	
Property taxes & TIF	$ 917,591
Investment earnings/appreciation	514,783
Total additions	1,432,374
DEDUCTIONS	
Benefit payments	282,236
Administrative expenses	13,072
Total deductions	295,308
CHANGES IN NET ASSETS	1,137,066
NET ASSETS-BEGINNING OF YEAR	16,399,318
NET ASSETS-END OF YEAR	$ 17,536,384

The accompanying notes are an integral part of the basic financial statemens.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fenton Fire Protection District (the District) provides fire protection, fire prevention, and emergency ambulance service to its residents. The financial statements include all accounts of the District that are controlled by the Board of Directors. The accounting principles of the District conform to generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant accounting policies:

Reporting Entity

The District's financial statements include all funds controlled by the District. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A component unit is an organization that is included in the District's financial statements for which the District is financially accountable, or for which the District is not accountable, but for which the nature and significance or their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

Basis of Presentation

Government-wide Statements: the statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize double-counting of internal activities.

The statement of net assets presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expense and program revenue for the different functions of the District's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenue include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented.

The District reports the following governmental funds:

- *General Fund* – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.
- *Special Revenue Fund / Ambulance Fund* - This fund is a special revenue fund that is used to account for the proceeds of a special tax levy which is restricted for the provision of emergency medical services.
- *Special Revenue Fund/ Dispatching Fund* – This fund receives tax revenue and disburses funds in order to participate with other fire protection districts in a centralized dispatching service for the dispatching of fire and ambulance calls.

The District reports the following fiduciary fund.

- *Pension Trust Fund* – The fund is used to account for assets held by the District in a trustee capacity. The fund is accounted for by using the accrual basis of accounting. The fund accumulates contributions from the District generated from a pension tax levy as well as earnings from the fund's investments. Disbursements are made from the fund for retirement and administrative expense.

Implementation of Governmental Accounting Standards Board Statements

GASB Statements No. 34 and 37

In June 1999 and in June 2001, the GASB issued Statement No. 34, *Basis Financial Statements – and Management's Discussion and analysis – for State and Local Governments,* and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus,* respectively. These statements provide for the most significant change in financial reporting in over twenty years. The District adopted these statements for its fiscal year ended December 31, 2004.

GASB Statement No. 38

In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosure.* This statement modifies, adds and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt service requirements, variable-rate debt, receivable and payable balances, interfund transfers and balances, and short-term debt. The District adopted this statement for its fiscal year ended December 31, 2004.

GASB Interpretation No. 6

In March 2000, GASB issued Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* This interpretation clarifies the application of standards for modified and accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The District adopted this statement for its fiscal year ended December 31, 2004.

Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, property taxes are recognized in the fiscal year for which the taxes are levied.

Government Fund Financial Statements: Basis of accounting refers to when revenues and expenditures or expenses are recognized in accounts and reported in the financial statements. Basis of accounting relates to timing measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after year-end. Property taxes are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matures. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term and acquisitions under capital leases are reported as other financing sources.

All governmental and enterprise funds of the District follow FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinion, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgets and Budgetary Accounting

The district follows these procedures in establishing the budgetary data reflected in the financials statements:

1) Formal budgetary integration is employed as a management control device during the year for the general, ambulance, dispatch, capital projects, debt service and pension trust funds. These budgets are adopted on a cash basis of accounting.
2) The Board of Directors approves the tax rate by ordinance to fund District operations. Once this rate has been established, the Board of Directors approves the total budget appropriation and amendments.
3) Unused appropriations for all pf the above annually budgeted funds lapse at the end of the year.
4) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by the Board of Directors.
5) The District's budgetary process is based upon accounting for certain transactions on a basis other than generally accepted account principles (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the combined statement of revenues, expenditures, and changes in fund balances – budget and actual – all governmental fund types in accordance with the budget basis of accounting. The differences between the budget and GAAP basis of accounting are that revenues are recorded when received in cash (budget) as opposed to when they are measurable and available (GAAP) and expenditures are recorded when paid (budget) as opposed to when the obligation is incurred (GAAP). In addition, tax revenue for budget purposes is reflected based on the prior year levy which is utilized to fund expenditures of the subsequent year.

NOTE 2: PROPERTY TAX- REVENUE RECOGNITION- DELINQUENT TAXES

Property tax attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before December 31. All unpaid taxes levied not collected by January 1 the subsequent year are delinquent. The county collects the property tax and remits it the District. The District includes in revenue collections received from the current period assessment which is designated for use in the subsequent year.

At the fund reporting level, property taxes revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty (60) days after year end. Revenue recognition of delinquent taxes not collected within sixty (60) days of fiscal year end is deferred.

Delinquent Taxes

Delinquent taxes for the year ended December 31, 2005 amounted to $437,829. They are distributed as follows:

General Fund	$ 233,450
Dispatch Fund	19,965
Ambulance Fund	131,305
Pension Trust Fund	53,109
Total	$ 437,829

Tax Rate and Assessed Valuations

The tax rate for the District for 2005 was $.767 for residential, $.979 for agricultural, $.928 for commercial, and $.969 for personal property, all per $100 of assessed valuation. This was allocated to the funds as follows:

TAX RATE (Per $100 of Assessed Valuation)

	2005 Residential	2005 Agricultural	2005 Commercial	2005 Personal Property
General Fund	0.409	0.575	0.500	0.519
Ambulance Fund	0.230	0.269	0.285	0.300
Dispatch Fund	0.035	0.045	0.048	0.050
Pension Fund	0.093	0.090	0.095	0.100
	0.767	0.979	0.928	0.969

ASSESSED VALUATION

Assessed valuations were made on real and personal properties owned by taxpayers on January 1, 2005.

Residential	$ 351,245,580
Commercial	301,910,910
Agricultural	143,370
State	7,759,147
Total Real Estate	661,059,007
Regular	267,289,420
State	1,850,540
Total Personal Property	269,139,960
Total Assessed Valuation	$ 930,198,967

NOTE 3: CAPITAL ASSETS

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are recorded at cost (or estimated historical cost) and are updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold for all stand alone units for both inventory purposes and financial reporting purposes. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed and placed in service.

Improvements are depreciated over the remaining useful lives of the related capital assets. Except for land, all reported capital assets are depreciated using the straight-line method over the estimated useful life of the assets.

The estimated useful lives are as follows:

	Estimated Useful Life	Capitalized Limits
Building and improvements	30 Years	$ 3,000
Vehicles	5 – 15 Years	1,000
Equipment	5 – 15 Years	500
Furniture and fixtures	5 - 10 Years	250

The following is a summary of the activity of capital assets for the year ending December 31, 2005:

Capital Assets Schedule:

	Balance Jan. 1, 2005	Additions & Transfers	Deletions & Transfers	Balance Dec. 31, 2005
Land	$ 373,855	$ -	$ -	$ 373,855
Buildings and impovements	3,361,682	133,761	-	3,495,443
Vehicles	1,798,742	171,670	94,499	1,875,913
Equipment	651,067	175,425	30,521	795,971
Furniture and fitures	263,706	12,297	3,929	272,074
	$ 6,449,052	$ 493,153	$ 128,949	$ 6,813,256

Accumulated Depreciation:

	Jan. 1, 2005	2005 Depreciation	Dec. 31, 2005
Land	$ -	$ -	$ -
Buildings and impovements	1,255,174	114,178	$ 1,369,352
Vehicles	1,162,268	127,694	$ 1,195,463
Equipment	297,454	68,502	$ 335,435
Furniture and fitures	151,702	34,055	$ 182,148
	$ 2,866,598	$ 344,429	$ 3,082,398

NOTE 4: CASH AND CASH INVESTMENTS

The following is a reconciliation of the District's cash and investment balances as of December 31, 2005:

	Government-wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Cash	$ 210,120	$ 979	$ 211,099
Investments	$ 7,149,776	$ 17,067,902	$ 24,217,678
Total	$ 7,359,896	$ 17,068,881	$ 24,428,777

The year end book balance of the District's cash deposits was $211,099, while the bank balance was $307,414. The main reason for the difference is that there was a bond trade on December 30, 2005 for the amounts of $50,000 in the General Fund, $20,000 in Ambulance Fund, $85,000 in Dispatch Fund, and $153,379 in Pension Fund, for a total of $308,379. These trades were done and confirmed on December 30, 2005, however, the bank did not post to the District's accounts until January 2, 2006. The remaining difference between the bank balance and book balance amounts represents outstanding checks and deposits in transit. The bank balance amounts are covered by FDIC insurance of $100,000 and pledged collateral held in the District's name as follows:

Pledged Securities as of December 31, 2005:

	Matures	Amount
Commerce Bank NA:		
FHLB	08/15/06	$ 500,000
US Bank:		
Bank Certificate of Deposit	04/06/06	$ 200,000
Reliance Bank:		
FHLMC	08/05/10	$ 2,000,000
		$ 2,700,000

The investment policy of the District is guided by state statute and, as result, has invested wholly owned corporations of the United States or other short-term obligations of the United States. The District is also authorized to invest in commercial paper and bankers acceptances as allowed by state law. The Pension Fund is authorized to also invest in corporate stocks and bonds as allowed by state law.

The District's investments are divided into categories to indicate the level of credit risk assumed by the District. Category 1 includes investments that are insured or collateralized with securities held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments that are collateralized with securities held by the pledging institution's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments that are collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the District's name. The following is a table showing the investments as of December 31, 2005:

	Category 1	Category 2	Category 3	Fair Value
FDIC insurance (3 Banks @ 100,000)	X			$ 300,000
US Bank-CD	X			200,000
Commerce Bank-US Govt Securities		X		492,800
Reliance Bank-US Govt Securities		X		2,000,000
				$ 2,992,800

NOTE 5: NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in Capital Assets, restricted and unrestricted.

- *Invested Capital Assets* – This category groups all capital assets into one component of net assets. Accumulated depreciation and if any outstanding balances of debt that attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by laws through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the District, not restricted for any project or other purposes.

Net Assets

Prior period adjustment-The Net Assets for the period ending December 31, 2004 was adjusted by $641,198 due to an error in the amount of compensated absences (sick leave accrual) reported in the Statement of Net Assets for that period. The year ending December 31, 2004 was the first year that the District reported its financial statements under GASB 34 as required. Prior to that, the District was not required to report compensated absences as a liability because it did not have any other outstanding long term debt such as bonds. Therefore, it did not have a Long Term Debt Group on its financial statements, which is where the compensated absences would have been recorded. During the audit for year ending December 31, 2005, the amount reported for compensated absences was much greater. Upon investigating that difference, it was revealed that the amount for the year ending December 31, 2004 was calculated incorrectly. To more accurately reflect the Changes in Net Assets for the current year, it was necessary to adjust the Net Assets for the prior period of December 31, 2004.

Fund Balance Reserves

The fund balance reserve amounts on the balance sheet represent amounts to be disbursed within the next 5 years from and for the following:

General Fund: Amounts needed for vehicles and equipment	$1,155,000
Ambulance Fund: Amounts needed for vehicles and equipment	420,000
Dispatch Fund: Amounts needed for equipment purchases	32,000
	$1,607,000

NOTE 6: ACCUMULATED VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS AMOUNTS

Holiday, vacation, and sick pay policy is as follows:

1) There is no holiday pay for shift personnel.
2) Vacation pay:

firemen and paramedics

- after 1 year of service - 3 work days
- after 2 years of service - 5 work days
- after 5 years of service - 7 work days
- after 10 years of service - 10 work days
- after 15 years of service - 13 work days
- after 20 years of service - 16 work days
- Vacation pay cannot be accumulated year to year therefore; there is no accrued leave liability at the end of the year.

office & administrative

- after 1 year of service - 2 weeks
- after 5 years of service - 3 weeks
- after 10 years of service - 4 weeks
- after 15 years of service - 5 weeks
- after 20 years of service - 6 weeks
- after 20 years of service, the employee may bank 2 weeks per year (10 maximum)

3) Sick pay:

Sick pay will be awarded at 5 calendar days per year, for shift personnel, and 10 days for administrative personnel. An additional 1 sick day will be paid as an incentive for both administrative and shift personnel when no sick days are taken during the year. The maximum that can be accumulated is 25 days for shift personnel, and 50 days for administrative personnel. All unused days after maximum accumulation is sold back to district at ½ the rate. All accumulated days are forfeited upon termination or are fully reimbursed at normal retirement.

NOTE 7: RETIREMENT COMMITMENTS

Description of Plan:

(A) Effective Date:

The plan became effective January 1, 1968 and was amended on January 1, 1989, October 23, 1995, and on June 1, 1998. The following is a summary of the major provisions included in the plan through the amendment adopted effective August 1, 1999, upon which this valuation is based.

(B) Plan Membership:

The District provides for all full time employees, including duty staff, clerical, and administrative employees a pension plan. It is accounted for as a Pension Trust Fund. It covers all District employees who meet the eligibility requirements.

The eligibility requirements under the plan are that each employee will be included in the plan on the first January 1 following the attainment of age 20 and the completion of two years of continuous service. Continuous service is defined as an employee's period of employment by the district, which continues chronologically without interruption. The number of active employees as of December 31, 2005 is 64. The number of eligible active employees for 2005 is 59.

ACTIVE EMPLOYEES AS OF JANUARY 1, 2005	64
INCREASE IN ACTIVE GROUP DUE TO NEW EMPLOYEES	1
DECREASE IN ATIVE GROUP DUE TO RETIREMENT	(1)
ACTIVE EMPLOYEES AS OF DECEMBER 31, 2005	64
EMPLOYEES EXCLUDED DUE TO PLAN ELIGIBILITY REQUIREMENTS	(5)
ELIGIBLE ACTIVE EMPLOYEES AS OF DECEMBER 31, 2005	59

OTHER PARTICIPANTS INCLUDED IN VALUATION COST:

Retired employees	14
Disabled employees	2
Beneficiaries	1
Terminated Vested employees	1
	18

(C) Plan Benefits:

A member may retire at normal retirement date the first day of the month coincident with or next following attainment of age 55. The normal retirement benefit is the monthly-accrued benefit as of any date of determination and is calculated by multiplying 3% of average monthly earnings by the number of years of credited service, but not exceeding 30 such years. The average monthly earnings is the average of the highest three consecutive years of monthly base salary which excludes overtime pay, bonuses, and other compensation.

Credited service is the number of full years of continuous service. Early retirement date is the first day of the month coincident with or next following attainment of age 50 or if he has become disabled .Early retirement benefit is the accrued benefit as of the early retirement date using credited service to normal retirement date and average monthly earnings to early retirement date, reduced by one-half of one percent for each month, early retirement date precedes normal retirement date. A deferred retirement benefit is provided as of the deferred retirement date. The deferred retirement amounts to the accrued benefit at the deferred retirement date. An employee also has a fixed vested right to a percentage of his accrued benefit as of date of termination of employment provided, that he has completed 10 years of credited service. The percentage is determined as follows:

50% after 10 years of credited service, increased by 10% per year for the 11th through 15th years

If an employee included within the pension system dies before retirement in the performance of their duties, survived by their widow (er) or children, a service pension death benefit shall be payable:

1) To the widow - 100% of benefit accrued to date of death, reduced by the 100% joint, and survivor factor, payable to the earlier of her death or remarriage.

2) To the children (if no qualified surviving widow) - 100% of benefit accrued to the date of death, payable until the earlier of age 18 or death.

A participant who retires from active employment after July 1, 1999 and reaches Early Retirement Age as an active participant is entitled to an Early Retirement Supplement payable monthly from age 55 until his eligibility age (currently age 65). The supplement is equal to $13.00 times his years of credited service, (but service through February 26, 2006 only) but not more than $ 390.00 per month.

Summary of Actuarial Methods and Assumptions:

a.) The actuarial cost method used for funding is the frozen initial liability method. In the initial valuation, the annual normal cost for each employee is determined as a level percentage of pay from entry age to expected retirement or termination date. The sum of the present values of all normal costs for years before the initial valuation date is the initial unfunded frozen liability. The sum of all individual normal costs is the normal cost for the initial plan year. In subsequent plan years, the frozen initial liability is reduced each year by employer contributions in excess of the normal cost and interest on the frozen initial liability. The normal cost is determined by deducting the plan assets and the remaining frozen initial liability from the present value of projected future benefits to determine the present value of future normal cost, and spreading these costs over future plan years as level percentage of payroll.

b.) When new amendments, assumptions, or funding methods are introduced, the liability created by the events is amortized over a period of years. This frozen liability is reduced each year by employer contributions in excess of the normal cost and interest on the frozen initial liability. The remaining amount is then amortized over the remaining period. Therefore, the amortizations are expected to change from year to year.

c.) The actuarial value of plan assets is based upon a smoothing method, which recognizes 20% of past gains and losses each year. The actuarial value of plan assets is required to be within 20% of the market value.

d.) The assumptions used to anticipate mortality, employee turnover, investment income, expense, and other factors have been based on long-range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain or loss each year. Gains are reflected by decreases in the percentage of eligible payroll required to fund the Plan, and losses by increases in this percentage. If significant long-term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified.

e.) Annuities for retired participants have been purchased from the Travelers. Both the liabilities for these retirees and the retired life reserves held by the Travelers were excluded from the valuation. The following significant assumptions were used in the actuarial valuations as of January 1, 2005, (1) a rate of return on the investment of assets of 8.0% per year before retirement and 7.50% after retirement (2) projected salary increases of 5.5% per year (3) expenses and contingencies are 2.5% load, (4) normal form of retirement annuity is monthly life annuity, (5) non-disabled life mortality 1983 Group Annuity Table (male), for females, ages are set back six years, (6) rates of disablement are 160% of rates from the 1972 Society of Actuaries Reports, (7) allowance is made for turnover among eligible employees, (8) the IRC maximum salary and benefit limitations are assumed to increase 4.0% per annum.

Funding Requirement Determinations and Actual Contributions:

Employer contributions for the year were $811,655. This consists of $811,655 from the Pension Fund.

Amounts actually contributed by employer were in accordance with actuarially computed funding requirement determinations. The recommended contribution for 2005 was $1,259,858.

Total employer normal cost as a percentage of eligible payroll is 19.45%. The unfunded frozen initial liability is $0 as of January 1, 2006. Present value of un-purchased vested benefits is $12,751,644 and present value of non-vested benefits is $1,345,119.

The actuarial value of plan assets is $18,158,960. The plan's net assets at market value available for benefits are $16,644,614. Current contributions expressed as a percentage of payrolls will remain approximately level from year to year.

GASB 27 Development of the Net Pension Obligation (NPO) as of December 31, 2005

1. Net Pension Obligation as January 1, 2005		$ 3,685,054
2. Annual Recommended Contribution for 2005	1,259,898	
3. Interest on Net Pension Obligation	(294,804)	
4. Adjustment to Annual Required Contribution	-	
5. 2005 Annual Pension Cost under GASB 27		965,094
		2,719,960
6. Employer Contributions Made		811,655
7. Interest on Employer Contributions to December 31, 2005		52,660
8. Net Pension Obligation as of end of year		$ 3,584,275

Development of the Annual Pension Cost for 2005

1. Annual Required Contribution for 2005	$ 962,023
2. Interest on Net Pension Obligation	(286,742)
3. Adjustment to Annual Required Contribution	-
4. 2005 Annual Pension Cost under GASB 27	$ 675,281

PENSION INVESTMENT ALLOCATION

All Pension Plan assets are reported at market value and invested in various classes of accounts held by the following companies:

INVESTMENT COMPANY	NAME OF INVESTMENT		AMOUNT	TYPE OF INVESTMENT
Massachusetts Mutual	Babson Core Bond Fund	$	4,275,657	Intermediate Bonds
Life Insurance Company	Babson DBL Value fund		2,677,535	Large Stocks
	Fidelity Blue Chip Growth		220,182	Large Stocks
	Oppenheimer Cap Appr.		200,115	Mid Stocks
	Baron Growth		330,421	Small Stocks
	Babson Small Cap Value		184,569	Small Cap Stocks
	Oppenheimer Small Cap Value		240,802	Small Cap Stocks
		$	8,129,281	
ING	ING VP Intermediate Bond	$	4,292,710	Intermediate Bonds
	Pioneer Equity Income		1,004,702	Large Stocks
	Vanguard VIF Diversified Value		1,000,438	Large Stocks
	ING UBS Large Cap Value		153,198	Large Stocks
	Feidelity VIP Contrafund		247,859	Large Stocks
	Growth Fund of America		351,056	Large Stocks
	ING VP Index Plus Mid Cap		740,378	Mid Stock
	FTVIP Franklin Small Cap Value		183,295	Small Cap Stocks
	ING Baron Small Cap Growth		234,665	Small Cap Stocks
		$	8,208,301	
Commerce Trust Company	Cash & Bond Account	$	307,030	Short Term Bonds
		$	16,644,612	

SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF PLAN ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACTUARIAL ACCRUED LIABILITY *	FUNDED RATIO	COVERED PAYROLL	UAAL RATIO TO COVERED PAYROLL
Jan 1, 2006	$ 18,158,960	$ 18,158,960	-	100.00%	$ 4,579,752	0.00%
Jan 1, 2005	16,635,685	17,055,644	419,959	97.54%	4,514,932	9.30%
Jan 1, 2004	15,563,823	16,138,226	574,403	96.44%	4,008,030	14.33%
Jan 1, 2003	15,246,113	15,835,974	589,861	96.28%	3,450,611	17.09%
Jan 1, 2002	14,266,711	15,020,453	753,742	94.98%	3,450,611	21.84%
Jan 1, 2001	14,293,694	16,354,477	2,060,783	87.40%	3,274,276	62.94%
Jan 1, 2000	13,193,495	15,501,462	2,307,967	85.11%	2,998,451	76.97%
Jan 1, 1999	13,282,646	13,282,646	-	100.00%	2,946,238	0.00%
Jan 1, 1998	12,565,669	12,565,669	-	100.00%	2,657,349	0.00%
Jan 1, 1997	11,453,788	11,453,788	-	100.00%	2,572,407	0.00%
Jan 1, 1996	9,986,797	10,176,399	189,602	98.14%	2,314,215	8.19%
Jan 1, 1995	8,497,312	8,497,312	-	100.00%	2,233,402	0.00%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

ACTUARIAL VALUATION DATE	RECOMMEND * CONTRIBUTIONS	ACTUAL* CONTRIBUTIONS	PERCENTAGE CONTRIBUTED	ANNUAL PENSION COST	PERCENTAGE CONTRIBUTED	NET PENSION OBLIGATION EDY
Jan 1, 2006	$ 962,023	N/A	N/A	$ 675,281	N/A	N/A
Jan 1, 2005	1,259,898	864,315	68.60%	965,094	89.56%	(3,584,275)
Jan 1, 2004	1,128,817	1,166,555	103.34%	858,645	135.86%	(3,685,054)
Jan 1, 2003	960,418	880,993	91.73%	704,376	125.07%	(3,377,144)
Jan 1, 2002	872,769	900,000	103.12%	642,583	140.06%	(3,200,528)
Jan 1, 2001	860,322	800,000	92.99%	646,644	123.72%	(2,877,324)
Jan 1, 2000	722,474	760,000	105.19%	531,132	143.09%	(2,670,979)
Jan 1, 1999	365,186	800,000	219.07%	224,151	356.90%	(2,391,773)
Jan 1, 1998	319,645	750,000	234.64%	226,096	331.72%	(1,762,936)
Jan 1, 1997	279,278	725,000	259.60%	228,888	316.75%	(1,169,356)
Jan 1, 1996	319,750	600,000	187.65%	N/A	N/A	(629,879)
Jan 1, 1995	410,605	500,000	121.77%	N/A	N/A	(286,933)

* Annual Recommended Contributions are reported as of the end of the year and include accrued interest. The Actual Contributions paid during the year do not include accrued interest.

SCHEDULE OF PENSION EXPENSES

Accounting Fee	$ 1,900
Actuarial Fee	12,050
Consulting Fee	20,000
Investment Expense	13,072
Legal Fee	2,000
	$ 49,022

*Audit Fee for the pension fund of $850 was paid from the general fund.

NOTE 9: COMPENSATION OF OFFICERS

The Board Members who held office during the period of examination and the amount of compensation are as follows:

Orville Althoff (Chairman)	4,400
Gary Herwig (Treasurer)	4,800
Dennis Weil (Secretary)	4,800
	$ 14,000

The board of directors is normally comprised of three members. The directors are elected for six-year terms, one every two years. In the event of withdrawal from the board, the remaining directors may appoint a new member to replace the withdrawing director.

NOTE 10: CONTRACTUAL AGREEMENTS

The District has an annual agreement with South County Fire Alarm Association to provide fire alarm dispatching services and emergency dispatching services. Payment for such services is made through the Dispatching Fund and the terms of the contract have been complied with.

The District has a contractual agreement with the City of Fenton to pay the district $90,000 per year for 10 years in lieu of real estate tax for the TIF District. This payment is to be made after interest is paid on the TIF bonds, but before principal payments. For the year ended December 31, 2005, the district collected the fourth payment of $90,000, which is shown in the revenue of the General, Ambulance, Dispatch, and Pension Funds.

NOTE 11: COMPLIANCE

No statutory violations were disclosed during the audit of the financial statements of the District.

NOTE 12: BUDGET CONSIDERATIONS

The District has prepared a ten-year plan that includes long-range capital improvements and staffing recommendations. This plan includes detail schedule for the replacement of major equipment and vehicles such as pumpers, rescue vehicles, ambulances and staff vehicles. The plan also addresses known staffing requirements over the next 10 years.

NOTE 13: DUE TO/FROM OTHER FUNDS

All bills for the Ambulance fund are paid through the General fund and charged to the Ambulance fund as paid. The Ambulance fund reimburses the General fund monthly thus, the balance remaining in the due to/from other funds account is results of bills charged that have not been reimbursed at month end.

NOTE 14: GRANTS

In fiscal year 2002, Congress appropriated a total of $360,000,000 to carry out the activities of the Assistance to Firefighters Grant Program. A decision was made that applicants may apply for grants in one program; however, the program may have multiple categories. The maximum amount an applicant may be awarded is $750,000 in one program during any fiscal year.

At this time, there is no predetermined funding level for the average size of grants FEMA will make. The grants will consist of Federal Funds in the amount of 90% and Applicant funds of 10%. The four programs selected for funding under this grant program are as follows:

1. Fire Operations and Firefighter Safety Program
2. Fire Prevention Program
3. Emergency Medical Service program
4. Firefighters Vehicles Acquisition Program

The District applied for and received a grant in 2005 in the amount of $112,000, of which $100,800 was Federal Funds and $11,200 was Applicant Funds for the Emergency Medical Service Program, to purchase equipment, specifically, 12 lead monitor defibrillators.

NOTE 15: 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 carries workmen's compensation insurance with Missouri Employers Mutual for all bodily injury and disease for the required amount. The District carries commercial insurance for all other risks of loss. All buildings and contents are covered for guaranteed replacement cost.

NOTE 16: MANAGEMENT LETTER

A management letter has been prepared by the independent auditors; a copy was submitted to the State Auditor along with a copy of the audit report. The letter is kept on file at the District.

REQUIRED
SUPPLEMENTARY INFORMATION

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
REVENUE	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Tax revenue & TIF	$ 4,376,000	$ 4,376,000	$ 4,507,366	$ 131,366
Inspections & permits	125,000	125,000	282,944	157,944
Interest	25,000	25,000	97,532	72,532
Miscellaneous	100,000	100,000	84,913	(15,087)
Grant proceeds	-	-	100,800	100,800
Total revenues	$ 4,626,000	$ 4,626,000	$ 5,073,555	$ 447,555
EXPENDITURES				
Building maintenance	$ 15,400	$ 20,600	$ 23,901	$ (3,301)
Capital expenditures	276,000	209,900	344,262	(134,362)
Dues & subscriptions	4,900	6,100	6,057	43
Equip. & vehicle repairs	76,000	79,000	90,814	(11,814)
Gas & oil expense	21,000	26,800	27,076	(276)
General & election expense	36,400	22,100	22,679	(579)
Group medical insurance	405,000	423,300	423,268	32
Insurance	189,000	173,200	173,120	80
Medical examinations	28,000	16,100	16,086	14
Office supplies	7,500	9,200	8,893	307
Payroll processing	4,200	4,600	4,527	73
Payroll taxes	223,400	228,400	228,369	31
Professional fees	89,700	71,700	69,304	2,396
Salaries	2,936,100	3,046,000	3,050,799	(4,799)
Supplies & laundry	10,500	10,000	9,428	572
Training school expense	45,500	27,100	27,571	(471)
Uniforms & allowances	42,000	33,300	33,845	(545)
Utilities	28,000	23,700	23,194	506
Contingency fund	187,400	194,900	-	194,900
Total expenditures	$ 4,626,000	$ 4,626,000	$ 4,583,193	$ 42,807
NET CHANGES IN FUND BALANCE	$ -	$ -	$ 490,362	$ 490,362
FUND BALANCE-Beginning of year			6,671,626	
FUND BALANCE-End of year			$ 7,161,988	

Ahrens & Hoelscher, P.C.

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
REVENUE	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Tax revenue & TIF	$ 2,392,000	$ 2,392,000	$ 2,562,507	$ 170,507
Interest	10,000	10,000	45,912	35,912
Ambulance fees	300,000	300,000	441,877	141,877
Total revenues	$ 2,702,000	$ 2,702,000	$ 3,050,296	$ 348,296
EXPENDITURES				
Building maintenance	$ 6,600	$ 8,900	$ 8,829	$ 71
Capital expenditures	-	-	139,675	(139,675)
Dues & subscriptions	2,100	2,800	2,838	(38)
Equip. & vehicle repairs	42,000	40,400	46,375	(5,975)
Gas & oil expense	9,000	11,500	11,481	19
General & election expense	15,600	20,000	18,900	1,100
Group medical insurance	270,000	270,000	270,000	-
Insurance	96,000	96,000	96,000	-
Medical examinations	12,000	7,200	7,234	(34)
Office supplies	3,100	5,000	4,907	93
Payroll processing	1,800	2,000	1,933	67
Payroll taxes	142,000	142,000	142,000	-
Professional fees	22,300	30,900	30,875	25
Salaries	1,856,500	1,840,000	1,847,987	(7,987)
Supplies & laundry	4,500	4,300	4,207	93
Training school expense	19,500	32,600	32,260	340
Uniforms & allowances	18,000	15,000	14,252	748
Utilities	12,000	10,200	10,070	130
Contingency fund	169,000	163,200	-	163,200
Total expenditures	$ 2,702,000	$ 2,702,000	$ 2,689,823	$ 12,177
NET CHANGES IN FUND BALANCE	$ -	$ -	$ 360,473	$ 360,473
FUND BALANCE-Beginning of year			3,017,626	
FUND BALANCE-End of year			$ 3,378,099	

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-DISPATCH FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
REVENUE	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Tax revenue & TIF	$ 317,000	$ 317,000	$ 413,373	$ 96,373
Interest	2,000	2,000	6,640	4,640
Prior year balance	49,000	49,000	-	(49,000)
Total revenues	$ 368,000	$ 368,000	$ 420,013	$ 52,013
EXPENDITURES				
Telephone	30,000	30,000	24,413	5,587
Administrative expense	3,000	3,000	2,500	500
Dispatching fees	265,000	265,000	236,984	28,016
Communications expense	70,000	70,000	54,490	15,510
Capital expenditures	-	-	9,216	(9,216)
Total expenditures	$ 368,000	$ 368,000	$ 327,603	$ 40,397
NET CHANGES IN FUND BALANCE	$ -	$ -	$ 92,410	$ 92,410
FUND BALANCE-Beginning of year			520,354	
FUND BALANCE-End of year			$ 612,764	

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
REVENUE	**ORIGINAL**	**FINAL**	**ACTUAL**	**(NEGATIVE)**
Tax revenue & TIF	$ 852,000	$ 852,000	$ 917,591	$ 65,591
Interest	1,000	1,000	5,291	4,291
Investment earnings	-	-	509,492	509,492
Prior year balance	-	-	-	-
Total revenues	$ 853,000	$ 853,000	$ 1,432,374	$ 579,374
EXPENDITURES				
Contribution to investments	848,000	848,000	$ -	848,000
Administrative expense	5,000	5,000	13,072	(8,072)
Retiree distributions	-	-	282,236	(282,236)
Total expenditures	$ 853,000	$ 853,000	$ 295,308	$ 557,692
NET CHANGES IN FUND BALANCE	$ -	$ -	$ 1,137,066	$ 1,137,066
FUND BALANCE-Beginning of year			16,399,318	
FUND BALANCE-End of year			$ 17,536,384	

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INSURANCE COVERAGE
DECEMBER 31, 2005

Standard Insurance Company			
Agent-Complete Benefit Strategies			
Life Insurance, Accident & Long-term Disability			
(long-term disbility-60% of covered	$	35,000	life insurance
monthly compensation after 90 days-maximum of $5,000)			
July 1, 2005 to January 31, 2006			
Blue Cross-Blue Shield			
Agent-Arch Brokerage Property & Liability, Inc.			
Basic Benefits for Blue Cross-Blue Shield			
Major Medical Coverage-Alliance Choice-area employers		Unlimited	life time benefit
In network - no deductible			
Office visits $20/$25, E.R. $75			
Out of network - $250 individual and			
$750 family deductibles			
Renewable annually			
(Plan pays 80% of first $10,000 per person and 100% thereafter in each calendar year. When care is received from network providers, this program pays 100%)			
Major Medical Coverage-Alliance Choice-out of area employers		Unlimited	life time benefit
In network - $250 deductible			
Office visits $10, E.R. $75			
Out of network - $250 individual and			
$750 family deductibles			
Renewable annually			
(Plan pays 70% of first $10,000 per person and 90% thereafter in each calendar year. When care is received from network providers, this program pays 100%)			
July 1, 2005 to June 30, 2006			
Essex Benefits			
Agent-Maples & Associates			
Dental Max Program			
Annual benefit	$	1,000	
Individual Deductible		25	
Family Deductible		75	
July 1, 2005 to June 30, 2006			

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INSURANCE COVERAGE
DECEMBER 31, 2005

Fidelity & Deposit Company of Maryland		
Agent-Agents Insurance Company		
Treasurers Bond #9076686-Gary L. Herwig	$ 15,000	
Directors Bond #8390703-Orville Althoff	1,000	
Directors Bond #9076688-Gary L. Herwig	1,000	
Directors Bond #8445823-Dennis Weil	1,000	
Renew according to running dates		
V.F.I.S.		
Agent-Arch Brokerage Property & Liability, Inc.		
Blanket Building & Contents Coverage on the		
Property Coverage Limit-For all buildings at all locations	Guaranteed replacement cost	
Replacement cost basis with		
$1,000 deductible, Contents limit $409,450		
Real & Personal Property Coverage Limit		
Personal Property Coverage-$1,000 deductible	Guaranteed replacement cost	
Real Property Coverage-$1,000 deductible	$ 4,177,269	Limit of Insurance
Flood Coverage	1,000	Deductible
Earthquake Coverage: House 1	92,715	Deductible per occurrence
5% deductible House 2	62,219	Deductible per occurrence
House 3	43,542	Deductible per occurrence
House 4	30,895	Deductible per occurrence
Commercial General: Liability Section		
$1,000 deductible per occurrence		
Limits of Liability:		
General Aggregate	$ 3,000,000	
Product Aggregate	3,000,000	
Occurrence Limit	1,000,000	
Personal Injury	1,000,000	
Fire Damage	1,000,000	
Medical Expense	5,000	
June 15, 2005 to June 15, 2006		
Professional Health Care Liability-Included in the Commercial General Liability section above. All associated limits of liability apply.		
Mobile Property Insurance - all equipment on blanket basis with all risk replacement cost coverage and a $1,000 deductible	Guaranteed replacement cost	

FENTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INSURANCE COVERAGE
DECEMBER 31, 2005

Crime-Employee Dishonesty	$ 50,000	Limit
Commercial Blanket $0.00 deductible		
Commandeered Property and/or impounded property	Agreed Value	
$100 deductible each vehicle		
$500 maximum		
Commercial Auto Policy - Liability Section		
Limits of Liability:		
Combined Single Limit Bodily injury and		
property damage including hired and	$ 1,000,000	
non-owned liability		
Hired and borrowed physical damage	$ 150,000	
Uninsured and Underinsured motorist		
Bodily injury	$ 1,000,000	
Deductible-Comprehensive	500	
Deductible-Collision	500	
June 15, 2005 to June 15, 2006		
Umbrella Policy	$1,000,000	each occurrence
	2,000,000	aggregate
Management Liability	1,000,000	each wrongful act
June 15, 2005 to June 15, 2006	3,000,000	aggregate
	5,000	defense expense for "injunctive relief"
Missouri Employers Mutual		
Agent-Arch Brokerage Property & Liability, Inc.		
Primary insurance is as follows:		
Standard workers' compensation and		
Employers Liability		
Bodily injury by accident	$1,000,000	each accident
Bodily injury by disease	1,000,000	policy limit
Bodily injury by disease	1,000,000	each employee
June 15, 2005 to June 15, 2006		

Brian D. Ahrens, CPA
1232 Jungermann Road, Suite A
St. Peters, MO 63376
Office: 636-477-9130
Fax: 636-936-8418

Walter J. Hoelscher, CPA
300 Chesterfield Center, Suite 190
Chesterfield, MO 63017
Office: 636-532-0313
Fax: 636-532-8878

Ahrens & Hoelscher, P.C.

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

Board of Directors
Fenton Fire Protection District
Fenton, MO

We have audited the accompanying financial statements of the governmental activities, each fund, and the aggregate remaining fund information of the FENTON FIRE PROTECTION DISTRICT as of and for the year ended December 31, 2005, and have issued our report thereon dated May 22, 2006. We have 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the FENTON FIRE PROTECTION DISTRICT'S internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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 operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FENTON FIRE PROTECTION DISTRICT'S 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 or our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial matters that we have reported to management of the FENTON FIRE PROTECTION DISTRICT in a separate letter dated May 22, 2006.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. Though restricted in use, reports issued in connection with an audit of a local government may be a matter of public record.

Ahrens & Hoelscher, P.C.

Ahrens & Hoelscher, PC
May 22, 2006