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Annual Report, 2006

High Ridge Fire Protection District

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HIGH RIDGE FIRE PROTECTION DISTRICT
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 2006

ROSS, SPINNER & KUMMER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

50 CRESTWOOD EXECUTIVE CENTER • SUITE 400

ST. LOUIS, MISSOURI 63126

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ROSS, SPINNER & KUMMER, P. C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
High Ridge Fire Protection District
2842 High Ridge Blvd.
High Ridge, Missouri 63049

We have audited the accompanying financial statements of the governmental activities, and the major funds of

HIGH RIDGE FIRE PROTECTION DISTRICT

as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of High Ridge Fire Protection District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1(C), High Ridge Fire Protection District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities and each major fund of High Ridge Fire Protection District as of December 31, 2006 and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1(C).

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 the Governmental Accounting Standards Board. 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.

Ross, Ginn & Kummer, P.C.
Certified Public Accountants

February 12, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

An objective and easily readable analysis of the District's financial activities. The Management's Discussion and Analysis presents an analytical overview of both short-term and long-term financial information.

HIGH RIDGE FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2006

The discussion and analysis of the High Ridge Fire Protection District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2006, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2006 are as follows:

- The net assets for the Governmental Activities increased by \$140,056.
- Governmental Activities revenue was \$3,424,262.
- Property taxes for Governmental Activities were \$3,174,822.
- Total expenditures for the Governmental Activities were \$3,284,206.
- The District paid \$190,000 of principal on its outstanding bonds.

USING THIS ANNUAL FINANCIAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements.

Report Components

This annual report consists of four parts as follows:

Government-wide Financial Statements: The Statement of Net Assets and the Statement of Activities provide information about the activities of the District's government-wide (or "as a whole") and present a longer-term view of the District's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the District's government. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant ("major") funds. For *governmental activities*, these statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis and the General Fund Budgetary Comparisor Schedule represent financial information required to be presented by GASB. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The District has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the District's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (*such as accounts receivable and revenue for billed or provided services not yet collected*) and certain liabilities and their related expenses (*such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities*) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the District as a Whole

The District's Reporting Entity Presentation

This annual report includes all activities for which the High Ridge Fire Protection District is fiscally responsible.

The primary government includes the following legal entity:

- High Ridge Fire Protection District

The Government-wide Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the District's net assets and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's real estate tax base.

In the Statement of Net Assets and the Statement of Activities, we have one kind of activity:

Governmental activities - All of the District's basic services are reported here. Property taxes and permit fees finance most of the activities.

Reporting the District's Most Significant Funds

The Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Directors establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - All of the District's basic services are reported in the governmental funds, which focuses on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balances) whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements. The District considers the General Fund, the Special Revenue Fund and the Capital Projects Fund to be its significant or major governmental funds.

Fiduciary fund - The District uses this fund to account for assets that are held in a trustee capacity such as pension plan assets, assets held per trust agreements and similar arrangements

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets - Modified Cash Basis

The District's net assets, resulting from modified cash basis transactions, increased from \$2,327,815 to \$2,467,871 between fiscal years 2006 and 2005.

	Governmental Activities
	<u>December 31, 2006</u>
Current assets	\$ 1,893,065.
Capital assets	<u>4,459,338.</u>
Total assets	\$ <u>6,352,403.</u>
Long-term debt outstanding	\$ 3,797,019.
Other liabilities	<u>87,513.</u>
Total liabilities	\$ <u>3,884,532.</u>
Net assets	
Invested in capital assets, net of related debt	\$ 662,318
Unrestricted	<u>1,805,553.</u>
Total net assets	\$ <u>2,467,871.</u>

Since last year was a short year due to a change in fiscal year ends, a comparison of assets, liabilities and net assets to the prior year is not possible (with the exception of the above comparison of net assets). However, in future years, this section will explain the differences between the components of current and prior year assets, liabilities, and changes in net assets.

Net assets of the District's governmental activities increased 6% to \$2,467,871. However, \$1,805,553 million of those net assets either are restricted as to the purposes they can be used for, or are invested in capital assets (buildings, vehicles, equipment, and so on). Consequently, unrestricted net assets showed \$662,318 at the end of this year.

Changes in Net Assets - Modified Cash Basis

For the year ended December 31, 2006, net assets of the primary government (resulting from modified cash basis transactions) changed as follows:

	Governmental Activities
	<u>December 31, 2006</u>
Revenues -	
Program revenues	
Permits and fees	\$ 105,936.
Operating grants and contributions	68,884.
General revenues	
Property taxes	3,174,822.
Investment earnings	58,167.
Miscellaneous	8,077.
Sale of asset	<u>8,376.</u>
Total revenues	<u>\$ 3,424,262.</u>
Expenses -	
Public safety	<u>\$ 3,284,206.</u>
Total expenses	<u>\$ 3,284,206.</u>
Increase (decrease) in net assets	<u>\$ 140,056.</u>

Governmental Activities

Again, because last year was a short year due to change in fiscal year ends, a comparison to the prior year is not possible. However, in next year's discussion, this section will show a condensed financial comparison of revenues and expense and provide explanations for significant differences.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed first with revenues from that particular program reported below it. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees, grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

For the year ended December 31, 2006, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$3,284,206. Of these total expenses, taxpayers and other general revenues funded \$3,109,386, while those directly benefiting from the program funded \$68,884 from grants and other contributions and \$105,936 from charges for services.

Net Cost of High Ridge Fire Protection District's Governmental Activities - Modified Cash Basis

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>December 31, 2006</u>	<u>December 31, 2006</u>
Public Safety	\$ <u>3,284,206.</u>	\$ <u>3,109,386.</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund reported revenues of \$3,103,554 and expenditures of \$2,792,835, resulting in an increase in fund balance of \$310,719.

General Fund Budgetary Highlights

Over the course of the year, the Board of Directors revised the General Fund budget at various times. The final adjusted budget, however, was consistent with the prior year budget.

For the year ended December 31, 2006, General Fund expenditures were \$56,119 below final appropriations, while actual resources available for appropriation were \$264,600 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Modified Cash Basis

At the end of December 31, 2006, the District had \$4,701,668 invested in capital assets, net of depreciation. This represents a net decrease of \$242,331 or 5% under last year.

Primary Government Capital Assets - Modified Cash Basis
(Net of accumulated depreciation)

<u>Governmental Activities</u>	<u>Year Ended</u> <u>December 31, 2006</u>
Land	\$ 40,607.
Buildings	3,861,246.
Vehicles	287,184.
Equipment	<u>270,301.</u>
TOTALS	\$ <u>4,459,338.</u>

This year's more significant capital asset additions included:

(2) Ford Explorers	\$ 49,630.
Thermal Imaging Camera	\$ 10,700.

Long-Term Debt

At December 31, 2006, the District had \$3,797,019 in long-term debt arising from modified cash basis transactions, compared to \$3,935,000 at December 31, 2005. This represents a decrease of 4%. All of the debt is related to governmental activities.

Primary Government Long-Term Debt - Modified Cash Basis

	<u>Balance at December 31, 2006</u>
Capital lease obligations	\$ 36,227.
General obligation bonds	<u>3,760,792.</u>
Total	<u>\$ 3,797,019.</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming year ending December 31, 2007, the budget is similar to the December 31, 2006 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions concerning this report or need additional information, contact Fire Chief Michael Arnhart at 2842 High Ridge Blvd., High Ridge, Missouri.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
 - Governmental funds
 - Fiduciary fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

HIGH RIDGE FIRE PROTECTION DISTRICT

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

ASSETS

Cash and cash equivalents	\$ 1,893,064.54
Capital assets:	
Land	40,607.00
Other capital assets, net of accumulated depreciation	<u>4,418,730.66</u>
TOTAL ASSETS	\$ <u>6,352,402.20</u>

LIABILITIES

Payroll withholding	\$ 390.00
Electric bond deposits	1,400.00
Due to pension trust	85,721.65
Long-term liabilities:	
Due within one year	191,446.51
Due in more than one year	<u>3,605,572.71</u>
TOTAL LIABILITIES	\$ <u>3,884,530.87</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 662,318.44
Unrestricted	<u>1,805,552.89</u>
TOTAL NET ASSETS	\$ <u>2,467,871.33</u>

See accompanying notes to the basic financial statements.

HIGH RIDGE FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2006**

EXPENSES

Public safety - fire protection:

Personal services - wages, fringe benefits and volunteer expenses	\$ 2,398,693.52
Materials, supplies and maintenance	107,777.67
Depreciation	322,002.52
Interest, fees and bond expenses	182,051.77
Insurance	23,146.00
Communications - dispatching, telephone and paging	100,554.02
General and administrative	<u>149,980.65</u>

TOTAL PROGRAM EXPENSES \$ 3,284,206.15

PROGRAM REVENUES

Charges for services	\$ 105,935.55
Grant revenue	<u>68,884.17</u>

\$ 174,819.72

NET PROGRAM EXPENSE \$ 3,109,386.43

GENERAL REVENUES

Property taxes	\$ 3,174,821.98
Investment earnings	58,167.07
Miscellaneous	8,077.22
Sale of assets	<u>8,376.00</u>

TOTAL GENERAL REVENUES \$ 3,249,442.27

CHANGES IN NET ASSETS \$ 140,055.84

NET ASSETS - Beginning of period 2,327,815.49

NET ASSETS - End of period \$ 2,467,871.33

See accompanying notes to the basic financial statements.

HIGH RIDGE FIRE PROTECTION DISTRICT

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,418,404.58	\$ 62,710.00	\$ 411,949.96	\$ 1,893,064.54
Due from other funds	<u>28,311.30</u>	<u>53,449.98</u>	<u>5,207.20</u>	<u>86,968.48</u>
TOTAL ASSETS	<u>\$ 1,446,715.88</u>	<u>\$ 116,159.98</u>	<u>\$ 417,157.16</u>	<u>\$ 1,980,033.02</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Electric bond deposits and payroll liabilities	\$ 1,790.00	\$	\$	\$ 1,790.00
Due to other funds	<u>139,943.58</u>	<u>0.00</u>	<u>32,746.55</u>	<u>172,690.13</u>
TOTAL LIABILITIES	<u>\$ 141,733.58</u>	<u>\$ 0.00</u>	<u>\$ 32,746.55</u>	<u>\$ 174,480.13</u>
Fund Balance:				
Designated for capital outlay	\$ 55,897.00	\$ 0.00	\$ 0.00	\$ 55,897.00
Fund Balance - unreserved	<u>1,249,085.30</u>	<u>116,159.98</u>	<u>384,410.61</u>	<u>1,749,655.89</u>
TOTAL FUND BALANCES	<u>\$ 1,304,982.30</u>	<u>\$ 116,159.98</u>	<u>\$ 384,410.61</u>	<u>\$ 1,805,552.89</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,446,715.88</u>	<u>\$ 116,159.98</u>	<u>\$ 417,157.16</u>	

RECONCILIATION TO STATEMENT OF NET ASSETS

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

Capital assets used in governmental activities of \$6,910,171.84 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,450,834.18.

4,459,337.66

Long-term liabilities of \$3,797,019.22 are not due and payable in the current period and are not reported in the funds.

(3,797,019.22)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 2,467,871.33

See accompanying notes to the basic financial statements.

HIGH RIDGE FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Taxes, penalties and interest (less fees)	\$ 2,824,119.91	\$ 169,760.42	\$ 180,941.65	\$ 3,174,821.98
Permit and fees	105,935.55			105,935.55
Interest revenue	38,530.88	881.62	18,754.57	58,167.07
Other revenue	8,077.22			8,077.22
Grant revenue	68,884.17			68,884.17
Lease revenue	49,630.00			49,630.00
Sale of assets	8,376.00			8,376.00
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 3,103,553.73	\$ 170,642.04	\$ 199,696.22	\$ 3,473,891.99
<u>EXPENDITURES</u>				
Current:				
General and administration	\$ 2,656,994.98	\$ 123,156.88		\$ 2,780,151.86
Capital outlay:				
Current expenditures	78,049.41	1,622.92		79,672.33
Debt Service:				
Bond/lease payment - Principal	13,402.78		190,000.00	203,402.78
Interest and fees			137,664.11	137,664.11
Bond issue cost	44,387.66			44,387.66
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 2,792,834.83	\$ 124,779.80	\$ 327,664.11	\$ 3,245,278.74
<u>NET CHANGE IN FUND BALANCES</u>				
	\$ 310,718.90	\$ 45,862.24	\$ (127,967.89)	\$ 228,613.25
<u>FUND BALANCES - Beginning of period</u>				
	<hr/>	<hr/>	<hr/>	<hr/>
	994,263.40	70,297.74	512,378.50	1,576,939.64
<u>FUND BALANCES - End of period</u>				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,304,982.30	\$ 116,159.98	\$ 384,410.61	\$ 1,805,552.89

See accompanying notes to the basic financial statements.

HIGH RIDGE FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 228,613.25

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense as to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	79,672.33
Depreciation expense	(322,002.52)

Repayment of debt principal is an expenditure in the general fund, but the repayment reduces long-term liabilities in the statement of net assets.	203,402.78
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Lease revenue is revenue in the general fund, but the proceeds increase long-term liabilities in the statement of net assets.	<u>(49,630.00)</u>
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CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 140,055.84

See accompanying notes to the basic financial statements.

FIDUCIARY FUND AND FINANCIAL STATEMENTS

Required financial statements for fiduciary funds are the statement of fiduciary net assets and the statement of changes in fiduciary net assets. Fiduciary fund financial statements should include information about all fiduciary funds. The statements should provide a separate column for pension (and other employee benefits) trust funds, investment trust funds, private-purpose trusts, and agency funds.

HIGH RIDGE FIRE PROTECTION DISTRICT

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2006**

ASSETS

Cash and cash equivalents	\$	63,978.47
Due from other funds		<u>85,721.65</u>

TOTAL CASH	\$	<u>149,700.12</u>
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Investments, at fair value:

U. S. Government obligations	\$	118,945.79
Corporate bonds		78,194.68
Corporate stocks		4,475,592.15
Other investments		<u>856,289.10</u>

TOTAL INVESTMENTS	\$	<u>5,529,021.72</u>
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TOTAL ASSETS	\$	<u>5,678,721.84</u>
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LIABILITIES

TOTAL LIABILITIES	\$	<u>0.00</u>
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NET ASSETS

Held in trust for pension benefits and other purposes	\$	<u>5,678,721.84</u>
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TOTAL NET ASSETS	\$	<u>5,678,721.84</u>
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See accompanying notes to the basic financial statements.

HIGH RIDGE FIRE PROTECTION DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2006**

ADDITIONS

Contributions:		
Employer		\$ 0.00
Plan members		0.00
Property taxes		<u>272,257.28</u>
	TOTAL CONTRIBUTIONS	\$ <u>272,257.28</u>
Investments earnings:		
Interest		\$ 2,544.34
Net increase (decrease) in fair value of investments		<u>691,241.31</u>
	TOTAL INVESTMENT EARNINGS	\$ 693,785.65
Less investment expense		<u>0.00</u>
	NET INVESTMENT EARNINGS	\$ <u>966,042.93</u>
	TOTAL ADDITIONS	\$ <u>966,042.93</u>

DEDUCTIONS

Benefits		\$ 0.00
Administrative expenses		<u>0.00</u>
	TOTAL DEDUCTIONS	\$ <u>0.00</u>

CHANGE IN NET ASSETS

		\$ 966,042.93
<u>NET ASSETS - Beginning of year</u>		<u>4,712,678.91</u>
<u>NET ASSETS - End of year</u>		<u>\$ 5,678,721.84</u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

HIGH RIDGE FIRE PROTECTION DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1(C), these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Financial Reporting Entity

The District's financial reporting entity is comprised of the following:

Primary Government:	High Ridge Fire Protection District
Component Units:	None

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statement

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.

The funds of the financial report entity are described as follows:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Dispatching Fund is accounted for as a special revenue fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Fiduciary Fund Type

Pension Trust Fund

This fund was established to provide pension benefits for District employees. The principal revenue source for this fund is a tax levy.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item (b) following.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All governmental activities utilize an “economic resources” measurement focus in the Statement of Net Assets and the Statements of Activities. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

“Cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit.

Capital Assets

The District’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings & improvements	10-35 years
- Equipment	5-10 years
- Vehicles	7 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

All long-term debt arising from cash transactions to be repaid from governmental resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid. Employees must use accrued vacation leave. If not used during the year, the vacation time will be lost. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Accumulated sick leave is not paid upon termination of employment.

Equity Classification

Government-Wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the District's policy to first use restricted assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

E. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 15 and payable by December 31. Taxes paid after December 31 are subject to penalties. Jefferson County bills, collects and remits the taxes to the District. The District records the revenues from property taxes when they are received, since the District uses the modified cash basis of accounting.

F. Revenues, Expenditures, and Expenses

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has the following program revenues in each activity:

Public Safety - fire protection Licenses and permits; capital and operating grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

G. Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Operating Revenue and Expenses

Operating revenue and expenses include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

H. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

I. Post - Employment Health Care Benefits

The District provides health care benefits to eligible former employees and eligible dependents as required by Missouri Statute. There is no associated cost to the District under this program, and there was one participant in this program as of December 31, 2006.

2. CASH AND CASH EQUIVALENTS

The District has determined that interest-bearing checking accounts, certificates of deposit, repurchase agreements, United States Government Obligations, bonds, notes or other obligations of the State of Missouri, and any other securities or investments that are lawful for the investment of monies held in such funds or accounts under the law of the State of Missouri are appropriate types of deposits and investments for its needs.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 202,600.00
Collateralized:	
Collateral held by District's agent in the District's name	0.00
Collateral held by pledging bank's trust department in the District's name	1,710,054.65
Collateral held by pledging bank's trust department not in the District's name	0.00
Uninsured and uncollateralized	<u>0.00</u>
Total	<u>\$ 1,912,654.65</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2006, \$0.00 of the District's bank balance of \$1,912,654.65 was exposed to credit risk as follows:

<u>Type of Deposit</u>	<u>Custody Credit Risk Amount</u>
Uninsured and Uncollateralized	\$ 0.00
Uninsured and collateralized by pledging bank's trust department not in the District's name	<u>0.00</u>
Total	<u>\$ 0.00</u>

3. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the year ended December 31, 2006 was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2006</u>
Land	\$ 40,607.00	\$ 0.00	\$ 0.00	\$ 40,607.00
Buildings	4,585,098.57	2,188.41	0.00	4,587,286.98
Vehicles	1,640,471.98	49,630.00	39,298.00	1,650,803.98
Equipment	<u>603,619.96</u>	<u>27,853.92</u>	<u>0.00</u>	<u>631,473.88</u>
Totals at historical cost	<u>\$ 6,869,797.51</u>	<u>\$ 79,672.33</u>	<u>\$ 39,298.00</u>	<u>\$ 6,910,171.84</u>
Less accumulated depreciation:				
Buildings	\$ 590,574.57	\$ 135,466.79	\$ 0.00	\$ 726,041.36
Vehicles	1,276,450.59	126,467.05	39,298.00	1,363,619.64
Equipment	<u>301,104.50</u>	<u>60,068.68</u>	<u>0.00</u>	<u>361,173.18</u>
Total accumulated depreciation	<u>\$ 2,168,129.66</u>	<u>\$ 322,002.52</u>	<u>\$ 39,298.00</u>	<u>\$ 2,450,834.18</u>
Governmental activities capital assets, net	<u>\$ 4,701,667.85</u>	<u>\$ (242,330.19)</u>	<u>\$ 0.00</u>	<u>\$ 4,459,337.66</u>

Depreciation expense was charged to the public safety function in the Statement of Activities.

Depreciation expense totaled \$322,002.52 for the year ended December 31, 2006.

4. LONG-TERM DEBT

Governmental Activities

As of December 31, 2006, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

• Lease obligation payable with interest at 5.40%, final payment due February 17, 2009.	\$ 36,227.22
• General obligation bond issue payable in semi-annual installments, final payment due November 1, 2007.	150,000.00
• General obligation refunding bond issue payable in semi-annual installments, final payment due November 1, 2020.	<u>3,610,792.00</u>
Total	<u>\$ 3,797,019.22</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

<u>Type of Debt</u>	<u>Balance Jan. 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec.31, 2006</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
General Obligation Bond Payable	\$ 3,935,000.00	\$ 0.00	\$ 3,785,000.00	\$ 150,000.00	\$ 150,000.00
General Obligation Refunding Bonds Payable	0.00	3,660,792.00	50,000.00	3,610,792.00	30,000.00
Lease Obligation Payable	0.00	49,630.00	13,402.78	36,227.22	11,446.51
Total Governmental Activities	<u>\$ 3,935,000.00</u>	<u>\$3,710,422.00</u>	<u>\$ 3,848,402.78</u>	<u>\$ 3,797,019.22</u>	<u>\$ 191,446.51</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, except for refundable deposits, as of December 31, 2006, are as follows:

A. Capitalized Lease Obligation

The District has a lease agreement with Ford Motor Credit Company for a 2-2006 Ford Explorer at an interest rate of 5.40%.

<u>Payment Number</u>	<u>Lease Date</u>	<u>Lease Payment</u>	<u>Interest Portion</u>	<u>Principal Portion</u>	<u>Concluding Payment</u>
2	2/17/2007	\$ 13,402.78	\$ 1,956.27	\$ 11,446.51	\$ 24,780.71
3	2/17/2008	13,402.78	1,338.16	12,064.62	12,716.09
4	2/17/2009	13,402.76	686.67	12,716.09	1.00
	TOTALS	<u>\$ 40,208.32</u>	<u>\$ 3,981.10</u>	<u>\$ 36,227.22</u>	

B. General Obligation Bonds

On November 2, 2000, with the approval of the voters, the District issued a \$4,300,000 in general obligation bonds series 2000. The proceeds will be used for acquiring firefighting apparatus and equipment, acquiring real estate, constructing and equipping a new Fire station and other related capital expenditures. The District will buy and collect an annual tax for the purpose of paying the principal of and interest on said bonds as they become due. The following is a summary of debt service requirements to maturity.

On December 5, 2005, the District approved the defeasement of a portion of the General Obligation Bonds - Series 2000 with the General Obligation Refunding Bonds - Series 2005. The economic gain is approximately \$217,982.71.

The payment schedule is as follows:

General Obligation Bonds - Series 2000

Dated - November 1, 2000

Original amount of issue - \$4,300,000.00

Interest payable - Semi-annually May 1 and November 1 of each year.

Bond paying agent - United Missouri Bank

<u>Date of Payment</u>	<u>Total Payments</u>	<u>Principal</u>	<u>Interest</u>	<u>Purchase Price Balance</u>
05/01/2007	\$ 3,450.00	\$	\$ 3,450.00	\$ 150,000.00
11/01/2007	<u>153,450.00</u>	<u>150,000.00</u>	<u>3,450.00</u>	0.00
TOTALS	<u>\$ 156,900.00</u>	<u>\$ 150,000.00</u>	<u>\$ 6,900.00</u>	

General Obligation Refunding Bonds - Series 2005

Dated - December 19, 2005

Original amount of issue - \$3,660,792.00

Interest payable - Semi-annually May 1 and November 1 of each year.

Bond paying agent - United Missouri Bank

<u>Date of Payment</u>	<u>Total Payments</u>	<u>Principal</u>	<u>Interest</u>	<u>Purchase Price Balance</u>
				\$ 3,610,792.00
5/01/2007	\$ 70,931.25	\$	\$ 70,931.25	
11/01/2007	100,931.25	30,000.00	70,931.25	3,580,792.00
5/01/2008	70,443.75		70,443.75	
11/01/2008	265,443.75	195,000.00	70,443.75	3,385,792.00
5/01/2009	67,031.25		67,031.25	
11/01/2009	277,031.25	210,000.00	67,031.25	3,175,792.00
5/01/2010	63,356.25		63,356.25	
11/01/2010	283,356.25	220,000.00	63,356.25	2,955,792.00
5/01/2011	59,506.25		59,506.25	
11/01/2011	299,506.25	240,000.00	59,506.25	2,715,792.00
5/01/2012	55,006.25		55,006.25	
11/01/2012	310,006.25	255,000.00	55,006.25	2,460,792.00
5/01/2013	50,225.00		50,225.00	
11/01/2013	320,225.00	270,000.00	50,225.00	2,190,792.00
5/01/2014	44,825.00		44,825.00	
11/01/2014	334,825.00	290,000.00	44,825.00	1,900,792.00
5/01/2015	37,575.00		37,575.00	
11/01/2015	352,575.00	315,000.00	37,575.00	1,585,792.00
5/01/2016	29,700.00		29,700.00	
11/01/2016	364,700.00	335,000.00	29,700.00	1,250,792.00
5/01/2017	23,000.00		23,000.00	
11/01/2017	383,000.00	360,000.00	23,000.00	890,792.00
5/01/2018	15,800.00		15,800.00	
11/01/2018	400,800.00	385,000.00	15,800.00	505,792.00
5/01/2019	8,100.00		8,100.00	
11/01/2019	413,100.00	405,000.00	8,100.00	100,792.00
11/01/2020	<u>430,000.00</u>	<u>100,792.00</u>	<u>329,208.00</u>	0.00
TOTALS	<u>\$ 5,131,000.00</u>	<u>\$ 3,610,792.00</u>	<u>\$ 1,520,208.00</u>	

5. PENSION AND OTHER BENEFIT PLANS

A. DEFINED BENEFIT PLAN

(a) Plan Description

Substantially all full-time employees are covered by the Retirement Plan for the employees of High Ridge Fire Protection District. The plan administrator is the District's Board Chairman. Employees are eligible on the date hired for participation in the single employer defined benefit pension plan.

As of January 1, 2006 employee membership data related to the pension plan as follows:

Retirees and beneficiaries currently receiving benefits:	0
Active participants:	
Vested	35
Non-vested	0
Terminated participants:	
Vested	<u>0</u>
Total	<u>35</u>

The pension plan provides pension benefits. A member may retire after reaching the age of 55. Benefits vest after 10 years of service. The retirement benefit is \$100. per month for each year of service for vested participants.

The District makes annual contributions to the pension plan. The amount of contribution is actuarially determined by using the aggregate actuarial cost method.

For the year ended December 31, 2006, the District's total payroll for all employees and the District's total covered payroll amounted to \$1,718,875.74. Covered payroll refers to all compensation paid by the District to active employees.

The plan assets are invested in various securities by the Universal Financial Group. There are no investments in, loans to, or leases with parties related to the pension plan. The pension plan issues a stand-alone financial report, which may be obtained by contacting District officials.

(b) Funding and Trend Information

Trend Information

<u>Year</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percent Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percent of Covered Payroll</u>
1993	\$ 837,304.93	\$ 1,028,929.93	82%	\$ 191,625.00	\$ 619,707.00	31%
1994	\$ 1,008,917.78	\$ 1,190,893.60	85%	\$ 181,976.60	\$ 615,775.55	30%
1995	\$ 1,180,869.56	\$ 1,336,195.00	88%	\$ 155,325.44	\$ 620,793.96	25%
1996	\$ 1,360,157.42	\$ 1,584,800.00	86%	\$ 224,642.58	\$ 671,399.58	33%
1997	\$ 1,589,966.00	\$ 1,860,877.00	85%	\$ 270,911.00	\$ 873,632.35	31%
1998	\$ 2,250,950.38	\$ 2,271,667.00	99%	\$ 20,716.62	\$ 1,208,620.94	2%
1999	\$ 2,655,861.00	\$ 2,747,258.00	96%	\$ 91,397.00	\$ 1,375,582.55	6%
2000	\$ 3,074,597.00	\$ 3,439,707.00	89%	\$ 365,110.00	\$ 1,425,989.68	26%
2001	\$ 3,196,067.81	\$ 3,689,198.00	87%	\$ 493,130.19	\$ 1,428,430.76	35%

2002	\$ 3,388,430.39	\$ 4,042,904.00	84%	\$ 654,473.61	\$ 1,514,757.24	43%
2003	\$ 3,587,690.63	\$ 4,539,532.00	79%	\$ 951,841.37	\$ 1,553,832.00	61%
2004	\$ 4,129,625.76	\$ 5,027,866.00	82%	\$ 898,240.24	\$ 1,670,536.47	54%
2005	\$ 4,230,489.12	\$ 5,073,224.00	83%	\$ 842,734.88	\$ 1,718,875.74	49%
2006	\$ 5,185,796.00	not determined		not determined	not determined	

Plan Asset Development

<u>Date</u>	<u>Balance</u>	<u>Contributions</u>	<u>Investment Income</u>	<u>Expense Charges/Benefits</u>	<u>Balance</u>
Jan. 1, 1993	\$ 837,304.93	\$ 118,000.00	\$ 62,460.07	\$ 8,847.22	\$ 1,008,917.78
Jan. 1, 1994	\$ 1,008,917.78	\$ 119,000.00	\$ 64,277.38	\$ 11,325.60	\$ 1,180,869.56
Jan. 1, 1995	\$ 1,180,869.56	\$ 125,000.00	\$ 54,287.86	\$ 0.00	\$ 1,360,157.42
Jan. 1, 1996	\$ 1,360,157.42	\$ 150,000.00	\$ 79,808.58	\$ 0.00	\$ 1,589,966.00
Jan. 1, 1997	\$ 1,589,966.00	\$ 165,000.00	\$ 40,066.01	\$ 30.00	\$ 1,795,002.01
Jan. 1, 1998	\$ 1,795,002.01	\$ 165,000.00	\$ 290,978.37	\$ 30.00	\$ 2,250,950.38
Jan. 1, 1999	\$ 2,250,950.38	\$ 175,054.00	\$ 229,886.62	\$ 30.00	\$ 2,655,861.00
Jan. 1, 2000	\$ 2,655,861.00	\$ 169,500.00	\$ 250,686.00	\$ 1,450.00	\$ 3,074,597.00
Jan. 1, 2001	\$ 3,074,597.00	\$ 140,000.00	\$ (18,529.19)	\$ 0.00	\$ 3,196,067.81
Jan. 1, 2002	\$ 3,196,067.81	\$ 176,634.86	\$ 18,447.72	\$ 2,720.00	\$ 3,388,430.39
Jan. 1, 2003	\$ 3,388,430.39	\$ 162,300.74	\$ (49,728.61)	\$ 486,120.30	\$ 3,014,882.22
Oct. 1, 2003	\$ 3,014,882.22	\$ 195,824.01	\$ 376,984.40	\$ 0.00	\$ 3,587,690.63
Oct. 1, 2004	\$ 3,587,690.63	\$ 233,359.31	\$ 312,625.82	\$ 4,050.00	\$ 4,129,625.76
Oct. 1, 2005	\$ 4,129,625.76	\$ 178,902.00	\$ 488,248.86	\$ 566,287.50	\$ 4,230,489.12
Dec. 31 2006	\$ 4,230,489.12	\$ 204,632.00	\$ 750,674.88	\$ 0.00	\$ 5,185,796.00

Expenses by Type

<u>Year</u>	<u>Administration</u>		<u>Total</u>
	<u>Expense</u>	<u>Benefits</u>	
1993	\$ 8,430.91	\$ 416.31	\$ 8,847.22
1994	\$ 7,976.76	\$ 3,348.84	\$ 11,325.60
1995	\$ 0.00	\$ 0.00	\$ 0.00
1996	\$ 0.00	\$ 0.00	\$ 0.00
1997	\$ 0.00	\$ 0.00	\$ 0.00
1998	\$ 30.00	\$ 0.00	\$ 30.00
1999	\$ 30.00	\$ 0.00	\$ 30.00
2000	\$ 1,450.00	\$ 0.00	\$ 1,450.00
2001	\$ 2,720.00	\$ 0.00	\$ 2,720.00
2002	\$ 6,060.00	\$ 480,060.30	\$ 486,120.30
2003	\$ 0.00	\$ 0.00	\$ 0.00
2004	\$ 4,050.00	\$ 0.00	\$ 4,050.00
2005	\$ 0.00	\$ 566,287.50	\$ 566,287.50
2006	\$ 0.00	\$ 0.00	\$ 0.00

The trend information, asset development and expenses are through 2006.

(c) Actuarial Valuation Assumptions

Interest Rate	7.5% per annum.
Expenses	\$ 0.00
Retirement Age	1st of the month following attainment of age 55.
Salary Increases	Increases of 5.5% per year are assumed.

B. DEFINED CONTRIBUTION PLAN

The District has a pension plan, which covers all employees who meet the plan's eligibility requirements. All employees who are eighteen years of age are eligible to participate in the plan. Participants are fully vested after 10 years. District contributions to the plan for the year ended December 31, 2006, totaled \$50,000.00. The market value is \$407,201.87.

C. DEFERRED COMPENSATION PLAN

Employees of the High Ridge Fire Protection District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The plan assets are held in trust by Public Employees Benefit Service Corporation and Nationwide Retirement Solutions.

6. 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 is a member of the Missouri Association of Fire and Ambulance Districts (MOFAD) which provides uniform workers' compensation insurance coverage under a comprehensive plan for all members. The District pays an annual premium to MOFAD for its workers' compensation insurance coverage. MOFAD is self-sustaining through member premiums and reinsures with commercial companies for excess insurance. The District has purchased a commercial insurance policy for all other types of loss.

The District manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors, and omissions	Purchased commercial insurance	None
b. Workers' compensation	Purchase MOFAD insurance	None
c. Health and life	Purchased commercial insurance	None
d. Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. COMPENSATED ABSENCES

The District's policy is as follows:

SICK LEAVE: 24-hour employees (6) days per year. 40-hour employees, 14 days.
Office personnel, 6 days (no accumulation of sick leave permitted.)

VACATION: 24-hour employees after one-year employment would be entitled to:
3 days paid vacation
2 - 5 years = 7 days paid vacation
6 - 15 years = 10 days paid vacation
15 years & over = 14 days paid vacation

8-hour day employee: (Excluding office personnel):
1 year = (1) - 40 hour week paid vacation
2 - 5 years = 2 weeks paid vacation
6 - 15 years = 4 weeks + 2 days paid vacation
15 years & over = 5 weeks + 2 days paid vacation

Office Personnel:
1 year = 1 week (5 days)
2 years & over = 2 weeks (10 days)
(no accumulation of vacation pay is permitted)

LONGEVITY PAY: One dollar (\$1.00) will be paid for each week the individual is a full time employee. Longevity pay will be paid during the month of December of each year.

8. ASSESSED VALUATION AND TAX LEVY

	<u>2 0 0 6</u>	<u>2 0 0 5</u>
Aggregate Assessed Valuation	\$ <u>3,51,985,190.00</u>	\$ <u>340,937,699.00</u>
	<u>Tax Levy Per \$100.00</u> <u>of Assessed Valuation</u>	<u>Tax Levy Per \$100.00</u> <u>of Assessed Valuation</u>
General Fund	\$.7928	\$.7928
Pension	.0765	.0765
Dispatch	.0477	.0477
Dispatch	<u>.0048</u>	<u>.0855</u>
	<u>\$.9218</u>	<u>\$ 1.0025</u>
Total taxes assessed	\$ <u>3,244,599.48</u>	\$ <u>3,417,900.43</u>
Tax collections (including delinquent taxes)	\$ <u>1,408,925.15</u>	\$ <u>2,038,154.11</u>

The receipts of current and delinquent property taxes during the year ended December 31, 2006, aggregated approximately 43.4 % of the 2006 assessed taxes and 59.6% of 2005 assessed taxes.

9. DISTRICT OFFICIALS

2 0 0 6

Board Chairman and Director

Jack Karg

Director/Treasurer

James Daniels

Director/Secretary

Jack Ramsey

Fire Chief

Michael Arnhart

Fire Marshal

John Plowman

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Modified Cash Basis - General Fund
- Budgetary Comparison Schedule - Modified Cash Basis - Special Revenue Fund
- Budgetary Comparison Schedule - Modified Cash Basis - Debt Service Fund
- Notes to RSI - Budgetary Comparison Schedule

HIGH RIDGE FIRE PROTECTION DISTRICT

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>	
	<u>Original and Final</u>	<u>Actual Amounts</u>
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 994,263.40	\$ 994,263.40
<u>RESOURCES (inflows):</u>		
Taxes, penalties and interest	2,720,954.00	2,824,119.91
Permits and fees	100,000.00	105,935.55
Interest revenue	18,000.00	38,530.88
Other revenue	0.00	8,077.22
Grant revenue	0.00	68,884.17
Lease revenue	0.00	49,630.00
Sale of assets	0.00	8,376.00
	<u>0.00</u>	<u>8,376.00</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$ 3,833,217.40	 \$ 4,097,817.13
<u>CHARGES TO APPROPRIATIONS (outflows):</u>		
Current:		
Accounting	\$ 7,000.00	\$ 6,380.00
Legal	7,000.00	7,938.05
Gas and oil	45,000.00	29,649.43
Truck repairs	40,000.00	32,010.05
Building and garage maintenance	24,500.00	12,121.13
Directors fees	8,400.00	9,100.00
Election expense	6,500.00	28,858.68
Membership dues and fees	5,000.00	3,025.68
Employee benefits	511,522.00	401,418.63
Fire Marshal expenses	0.00	1,768.03
Insurance	32,000.00	23,146.00
Salary	1,797,080.64	1,828,680.25
Utilities	50,000.00	35,053.33
Supplies	8,000.00	4,320.98
Miscellaneous	3,000.00	7,690.38
Office expense	24,000.00	21,280.35
Payroll taxes	131,451.36	149,175.03
Telephone	2,000.00	1,160.07
Training and schools	15,000.00	18,496.85
Uniforms and accessories	15,000.00	13,661.90
Volunteer fees and expenses	15,000.00	10,319.61
Firefighting equipment expense	8,000.00	11,740.55
	<u>8,000.00</u>	<u>11,740.55</u>
	\$ 2,755,454.00	\$ 2,656,994.98

See accompanying notes to the Budgetary Comparison Schedule.

HIGH RIDGE FIRE PROTECTION DISTRICT

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>	
	<u>Original and Final</u>	<u>Actual Amounts</u>
Capital outlay:		
Firefighting equipment	\$ 24,000.00	\$ 26,231.00
Shop equipment	3,000.00	0.00
Vehicles	64,000.00	49,630.00
Dive equipment	2,500.00	0.00
Basement remodel	<u>0.00</u>	<u>2,188.41</u>
	<u>\$ 93,500.00</u>	<u>\$ 78,049.41</u>
Debt Services:		
Lease payments - Principal	\$ 0.00	\$ 13,402.78
Interest and fees	0.00	0.00
Bond issue cost	<u>0.00</u>	<u>44,387.66</u>
	<u>\$ 0.00</u>	<u>\$ 57,790.44</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 2,848,954.00</u>	<u>\$ 2,792,834.83</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 984,263.40</u>	<u>\$ 1,304,982.30</u>

See accompanying notes to the Budgetary Comparison Schedules.

HIGH RIDGE FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND - DISPATCHING FUND
YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>	
	<u>Original and Final</u>	<u>Actual Amounts</u>
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 70,297.74	\$ 70,297.74
<u>RESOURCES (inflows):</u>		
Taxes, penalties and interest	0.00	169,760.42
Interest revenue	<u>0.00</u>	<u>881.62</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 70,297.74</u>	<u>\$ 240,939.78</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>		
Current:		
Dispatching	\$ 72,000.00	\$ 68,820.00
Supplies and equipment	3,038.65	433.65
Telephone and pagers	44,400.00	30,573.95
Office expense	0.00	4,820.20
Communication repair and supply	22,500.00	17,935.53
Training, school and `seminars	<u>0.00</u>	<u>573.55</u>
	<u>\$ 141,938.65</u>	<u>\$ 123,156.88</u>
Capital outlay:		
Equipment	<u>\$ 20,000.00</u>	<u>\$ 1,622.92</u>
	<u>\$ 20,000.00</u>	<u>\$ 1,622.92</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 161,938.65</u>	<u>\$ 124,779.80</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ (91,640.91)</u>	<u>\$ 116,159.98</u>

See accompanying notes to the Budgetary Comparison Schedules.

HIGH RIDGE FIRE PROTECTION DISTRICT

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>	
	<u>Original and Final</u>	<u>Actual Amounts</u>
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 512,378.50	\$ 512,378.50
<u>RESOURCES - (inflows):</u>		
Taxes, penalties and interest	0.00	180,941.65
Interest revenue	<u>0.00</u>	<u>18,754.57</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ <u>512,378.50</u>	\$ <u>712,074.72</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>		
Debt Services:		
Bond payments - principal	\$ 140,000.00	\$ 190,000.00
Interest and fees	<u>200,921.26</u>	<u>137,664.11</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>340,921.26</u>	\$ <u>327,664.11</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	\$ <u>171,457.24</u>	\$ <u>384,410.61</u>

See accompanying notes to the Budgetary Comparison Schedules.

HIGH RIDGE FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE DECEMBER 31, 2006

Budgets and Budgetary Practices

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

- a. Prior to January 1, the Board of Directors prepares a proposed operating budget for the upcoming year. The operating budget includes proposed expenditures and the means of financing them.
- b. Open meetings of the Board of Directors are held to obtain taxpayer comments.
- c. Prior to December 31, the budget for the upcoming year is adopted by the Board of Directors.
- d. Budgets are adopted on a basis consistent with the modified cash basis of accounting.
- e. Any revisions that alter the total expenditures must be approved by the Board of Directors.
- f. Prior to year-end, the Board of Directors adopts an amended budget approving any additional expenditures, if necessary.
- g. All annual appropriations lapse at fiscal year-end.

All transfers of appropriations between departments and supplemental appropriations require approval by the Board of Directors.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.