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Financial Report, 2004

Boles Fire Protection District

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2004

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
FINANCIAL REPORT**

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets - Modified Cash Basis	9
Statement of Activities - Modified Cash Basis	10
Balance Sheet - Modified Cash Basis - Governmental Funds	11
Reconciliation of the Balance Sheet - Modified Cash Basis of Governmental Funds to the Statement of Net Assets - Modified Cash Basis	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis of Governmental Funds to the Statement of Activities - Modified Cash Basis	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - General Fund	24
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual	25
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Modified Cash Basis - Budget and Actual:	
Capital Projects Fund	27
Debt Service Fund	28



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INDEPENDENT AUDITORS' REPORT

May 20, 2005

Board of Directors
**BOLES FIRE PROTECTION DISTRICT OF
FRANKLIN COUNTY, MISSOURI**

We have audited the accompanying financial statements of the governmental activities and major funds of the **BOLES FIRE PROTECTION DISTRICT OF FRANKLIN COUNTY, MISSOURI** (the District) as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 described in Note A-3, the District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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 major funds of the District as of December 31, 2004 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 A-3.

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

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The management's discussion and analysis and required supplemental 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

As management of the Boles Fire Protection District of Franklin County, Missouri (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here along with the District's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

Financial Highlights

- On a government-wide basis the assets of the District exceeded its liabilities for the most recent fiscal year by \$2,978,388. The District has unrestricted net assets of (\$3,268,722) due to unspent bond proceeds.
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$5,596,222.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$949,839 or 112% of total General Fund expenditures.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Note the government-wide financial statements exclude fiduciary fund activities.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include the general government. The District does not have business-type activities.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

The District has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to financial statements.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds. It should be noted that the District does not have any proprietary or fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The District maintains three governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balance for these funds, which are considered to be major funds.

The District adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 11 through 14 of this report.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 22 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 24 and 25 of this report.

Other Supplementary Information

The Capital Projects and Debt Service Fund budget and actual schedules are presented immediately following the required supplementary information. These schedules can be found on pages 27 and 28 of this report.

Government-wide Financial Analysis - Financial Analysis of the District as a Whole

This is the first year that the District has presented its financial statements under the new reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Because this reporting model significantly changes both the recording and presentation of financial data, the District has not restated prior fiscal years for the purpose of providing comparative information of the MD&A. In future years when prior year information is available, a comparative analysis of government-wide data will be included in this report.

A condensed version of the Statement of Net Assets - Modified Cash Basis follows:

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>December 31 2004</u>
ASSETS	
Current and other assets	\$5,608,106
Capital assets	<u>2,236,538</u>
Total Assets	<u>7,844,644</u>
 LIABILITIES	
Other liabilities	11,884
Long-term debt	<u>4,854,372</u>
Total Liabilities	<u>4,866,256</u>
 NET ASSETS	
Invested in capital assets, net of related debt	1,600,727
Restricted for debt service	427,822
Restricted for capital projects	4,218,561
Unrestricted	<u>(3,268,722)</u>
Total Net Assets	<u>\$2,978,388</u>

A condensed version of the Statement of Activities - Modified Cash Basis follows:

	<u>For The Year Ended December 31 2004</u>
REVENUES	
General revenues:	
Taxes	\$1,722,605
Other	<u>66,994</u>
Total Revenues	<u>1,789,599</u>
 EXPENSES	
General government	877,366
Interest on long-term debt	<u>208,168</u>
Total Expenses	<u>1,085,534</u>
CHANGE IN NET ASSETS	704,065
NET ASSETS, JANUARY 1	<u>2,274,323</u>
NET ASSETS, DECEMBER 31	<u>\$2,978,388</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

BUDGETARY HIGHLIGHTS

The District amended the General Fund 2004 budget. The following outlines the significant budget amendments and budget to actual variances:

1. Fiscal year 2004 was a difficult budget year with the addition of a tax increase and related bond issue. With no history of tax revenues, the budget was projected too high.
2. Due to this year being the first year of expansion, including the addition of paid employees, budgeted wages and related personnel expenses were lower than expected.
3. Several repairs and maintenance projects and capital outlay additions were not needed as expected.
4. Volunteer incentives was a new project for fiscal year 2004; therefore, exact costs and participation were unknown and were lower than expected.

CAPITAL ASSETS

The District invested \$2,236,538 in capital assets. The balances, net of accumulated depreciation, were as follows:

	December 31 2004
Land	\$ 18,000
Construction in progress	369,632
Buildings and improvements	517,112
Vehicles	41,337
Fire trucks	1,008,670
Equipment	<u>281,787</u>
Total	<u>\$2,236,538</u>

Additional information on the District's capital assets can be found in Note C to the Financial Statements, starting on page 19 of the report.

LONG-TERM DEBT

The District's long-term debt was \$4,854,372 at December 31, 2004. Of this amount \$139,372 is for a capital lease and \$4,715,000 relates to a general obligation bonds.

The following is a summary of long-term debt:

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>December 31 2004</u>
Capital lease payable	\$ 139,372
General obligations bonds payable	<u>4,715,000</u>
Total	<u>\$4,854,372</u>

Additional information on the District's long-term debt can be found in Note D to the Financial Statements, starting on page 20 of the report.

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's overall financial position in 2004 improved as shown by the net assets increase of \$704,065.

OUTLOOK FOR NEXT YEAR

The District has maintained a policy of requesting approximately the same amount of property taxes as in the previous year. With the tax revenue received, the District plans continued growth with addition of personnel; building a training facility and additional station; replacing a rescue unit, fire truck, and several small utility vehicles; upgrading the communication and medical equipment; and renovating older stations.

SUMMARY

This report is intended to provide our citizens and other interested parties with a general overview of the financial position of the District and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to the District Chief, 636-742-4729, or to our office located at 2731 Highway T, Labadie, MO 63055-0014.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$5,608,106
Capital assets:	
Land and construction in progress	387,632
Other capital assets, net of accumulated depreciation	<u>1,848,906</u>
Total Capital Assets	<u>2,236,538</u>
Total Assets	<u>7,844,644</u>
 LIABILITIES	
Payroll liabilities	11,884
Long-term liabilities:	
Due within one year	199,910
Due in more than one year	<u>4,654,462</u>
Total Liabilities	<u>4,866,256</u>
 NET ASSETS	
Fund balances:	
Invested in capital assets, net of related debt	1,600,727
Restricted for debt service	427,822
Restricted for capital projects	4,218,561
Unrestricted	<u>(3,268,722)</u>
Total Net Assets	<u>\$2,978,388</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

		Program Revenues			Net Revenues (Expenses) And Change In Net Assets
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities					
General government	\$ 877,366	-	-	-	(877,366)
Interest on long-term debt	<u>208,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,168)</u>
Total Govern- mental Activities	<u>\$1,085,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,085,534)</u>
General Revenues					
Property taxes					1,722,605
Investment income					66,879
Miscellaneous					<u>115</u>
Total General Revenues					<u>1,789,599</u>
CHANGE IN NET ASSETS					704,065
NET ASSETS, JANUARY 1					<u>2,274,323</u>
NET ASSETS, DECEMBER 31					<u>\$2,978,388</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ <u>961,723</u>	<u>4,218,561</u>	<u>427,822</u>	<u>5,608,106</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Payroll liabilities	\$ <u>11,884</u>	-	-	<u>11,884</u>
Fund Balances				
Reserved for debt service	-	-	427,822	427,822
Unreserved:				
General Fund	949,839	-	-	949,839
Capital Projects Fund	-	<u>4,218,561</u>	-	<u>4,218,561</u>
Total Fund Balances	<u>949,839</u>	<u>4,218,561</u>	<u>427,822</u>	<u>5,596,222</u>
Total Liabilities And Fund Balances	<u>\$961,723</u>	<u>4,218,561</u>	<u>427,822</u>	<u>5,608,106</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET
ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004**

Total Fund Balances - Governmental Funds	\$5,596,222
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 funds. The cost of the assets is \$4,079,371 and the accumulated depreciation is \$1,842,833.	2,236,538
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Capital lease payable outstanding	(139,372)
Bonds payable outstanding	(4,715,000)
Net Assets Of Governmental Activities	<u>\$2,978,388</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$1,203,425	-	519,180	1,722,605
Investment income	13,141	4,353	49,385	66,879
Miscellaneous	<u>115</u>	<u>-</u>	<u>-</u>	<u>115</u>
Total Revenues	<u>1,216,681</u>	<u>4,353</u>	<u>568,565</u>	<u>1,789,599</u>
EXPENDITURES				
Current general government	663,260	-	-	663,260
Capital outlay	155,318	400,477	-	555,795
Debt service:				
Principal	18,759	-	-	18,759
Interest and fiscal charges	<u>9,709</u>	<u>-</u>	<u>198,459</u>	<u>208,168</u>
Total Expenditures	<u>847,046</u>	<u>400,477</u>	<u>198,459</u>	<u>1,445,982</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>369,635</u>	<u>(396,124)</u>	<u>370,106</u>	<u>343,617</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,353	4,353
Transfers out	<u>-</u>	<u>(4,353)</u>	<u>-</u>	<u>(4,353)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,353)</u>	<u>4,353</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	369,635	(400,477)	374,459	343,617
FUND BALANCES, JANUARY 1	<u>580,204</u>	<u>4,619,038</u>	<u>53,363</u>	<u>5,252,605</u>
FUND BALANCES, DECEMBER 31	<u>\$ 949,839</u>	<u>4,218,561</u>	<u>427,822</u>	<u>5,596,222</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Net Change In Fund Balances - Governmental Funds \$343,617

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$506,764) exceeded depreciation (\$165,075) in the current period.

341,689

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayments:

Capital lease payable

18,759

Change In Net Assets Of Governmental Activities

\$704,065

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI**
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BOLES FIRE PROTECTION DISTRICT OF FRANKLIN COUNTY, MISSOURI (the District) is a political subdivision duly organized under the laws of the State of Missouri to supply protection to persons and property against injuries and damage from fire and to give assistance in the event of an accident or emergency of any kind.

The significant accounting policies applied by the District in the preparation of the accompanying combined financial statements are summarized below:

1. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all component units for which the District may or may not be financially accountable and, as such, be includable within the District's financial statements. In accordance with GASB Statement No. 14, the District (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District does not have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund -- The General Fund is the general operating fund of the District used for the specified purpose of providing protection to persons and property against injuries and damage from fire and assistance in the event of an accident or emergency.

Capital Projects Fund -- The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities and fire and rescue equipment.

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

3. 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.

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus as applied to the modified cash basis of accounting. 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.

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, revenues, and expenditures 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 U.S. generally accepted accounting principles.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI**
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus and Basis of Accounting (Continued)

The accounts of the District are maintained using the modified cash basis of accounting. As a result of the use of 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 the financial statements.

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

4. Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay. The cost of sick pay is recognized when payments are made to employees. Employees are entitled to vacation leave accumulated but not used at termination. The District does not report compensated absences which is consistent with the modified cash basis of accounting

5. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in October of each year based on the assessed value as of the prior January 1 for all real and personal property located within the District. Payment is due upon receipt of billing and becomes delinquent after December 31. Property taxes are billed and collected by Franklin County and remitted by the County to the District. The County's fee is 1.5% of the taxes collected. The tax rate for 2004 was a total of \$.7293 per \$100 of assessed valuation allocated as follows: \$.5911 for the General Fund and \$.1382 for the Debt Service Fund.

6. Capital Assets

Capital assets are stated at historical cost or estimated historical cost if actual cost is unavailable. Assets acquired through contributions are capitalized at their estimated fair market value. The capitalization threshold for assets with an initial individual cost of \$10,000 or more and an estimated useful life of more than one year is used. All capital assets are depreciated except for land and construction work in progress.

The cost of normal maintenance and repairs are charges to operations as incurred.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital Assets (Continued)

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Buildings and improvements	15 - 75
Vehicles	5
Fire trucks	20
Equipment	3 - 20

7. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

9. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

10. Interfund Transfers

Interfund transfers were used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

NOTE B - CASH

The District's bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the District or Trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2004, the District's bank deposits were fully secured.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS**

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	<u>For The Year Ended December 31, 2004</u>			
	<u>Balance December 31 2003</u>	<u>Additions</u>	<u>Deletions And Transfers</u>	<u>Balance December 31 2004</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 18,000	-	-	18,000
Construction in progress	<u>-</u>	<u>369,632</u>	<u>-</u>	<u>369,632</u>
Total Capital Assets Not Being Depreciated	<u>18,000</u>	<u>369,632</u>	<u>-</u>	<u>387,632</u>
Capital assets being depreciated:				
Buildings and improvements	679,051	45,499	-	724,550
Vehicles	71,854	45,930	-	117,784
Fire trucks	1,927,171	-	-	1,927,171
Equipment	<u>876,531</u>	<u>45,703</u>	<u>-</u>	<u>922,234</u>
Total Capital Assets Being Depreciated	<u>3,554,607</u>	<u>137,132</u>	<u>-</u>	<u>3,691,739</u>
Less - Accumulated depreciation for:				
Buildings and improvements	195,922	11,516	-	207,438
Vehicles	69,453	6,994	-	76,447
Fire trucks	824,865	93,636	-	918,501
Equipment	<u>587,518</u>	<u>52,929</u>	<u>-</u>	<u>640,447</u>
Total Accumulated Depreciation	<u>1,677,758</u>	<u>165,075</u>	<u>-</u>	<u>1,842,833</u>
Total Capital Assets Being Depreciated, Net	<u>1,876,849</u>	<u>(27,943)</u>	<u>-</u>	<u>1,848,906</u>
Governmental Activities Capital Assets, Net	<u>\$1,894,849</u>	<u>341,689</u>	<u>-</u>	<u>2,236,538</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>For The Year Ended December 31 2004</u>
Governmental activities:	
General government	<u>\$165,075</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS**

NOTE C - CAPITAL ASSETS (Continued)

The District has signed contractors for the following projects:

	<u>Approximate Amount Still Outstanding</u>
Station 2	\$1,224,206
Station 4	47,097
Equipment	<u>30,977</u>
	<u>\$1,302,280</u>

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

\$4,715,000 General Obligation Bonds series August 1, 2003, due in annual installments through 2023. Interest rates range from 1.4% to 4.75%.

2000 capital lease originally totaling \$187,926 for the acquisition of a fire truck, due in yearly installments through February 2010, interest payable at 6.393%.

Long-term debt activity was as follows:

	For The Year Ended December 31, 2004					
	Balance December 31 2003	Additions	Reductions	Balance December 31 2004		Amounts Due Within One Year
	Governmental activities:					
Capital lease	\$ 158,131	-	18,759	139,372	19,910	
General obligation bonds	<u>4,715,000</u>	<u>-</u>	<u>-</u>	<u>4,715,000</u>	<u>180,000</u>	
	<u>\$4,873,131</u>	<u>-</u>	<u>18,759</u>	<u>4,854,372</u>	<u>199,910</u>	

The asset acquired through capital lease is as follows:

	<u>December 31 2004</u>
Fire truck	\$194,151
Less - Accumulated depreciation	<u>(33,976)</u>
	<u>\$160,175</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS**

NOTE D - LONG-TERM DEBT (Continued)

The annual requirements to amortize the capital leases of the long-term debt outstanding including interest payments are as follows:

For The Years Ended December 31	
2005	\$ 28,468
2006	28,468
2007	28,468
2008	28,468
2009	28,468
2010	<u>28,468</u>
Total minimum lease payments	170,808
Less - Amount representing interest	<u>31,435</u>
Present Value Of Net Minimum Lease Payments	<u>\$139,372</u>

Aggregate maturities required on long-term debt for governmental activities are as follows:

For The Years Ended December 31	General Obligation Bonds		
	Principal	Interest	Total
2005	\$ 180,000	181,906	361,906
2006	185,000	178,888	363,888
2007	185,000	174,956	359,956
2008	190,000	170,217	360,217
2009	200,000	164,652	364,652
2010 - 2014	1,100,000	711,091	1,811,091
2015 - 2019	1,350,000	461,088	1,811,088
2020 - 2023	<u>1,325,000</u>	<u>127,679</u>	<u>1,452,679</u>
	<u>\$4,715,000</u>	<u>2,170,477</u>	<u>6,885,477</u>

NOTE E - PENSION PLAN

The District established an individual retirement account (IRA) for each full-time employee. The District contributed a sum equal to six percent (6%) of the employee's base salary to the IRA, up to a maximum of \$3,000 per year. The employee's can contribute to the account, the balance up to the maximum amount allowed by law. The retirement expense for the year ended December 31, 2004 was \$15,982.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS**

NOTE F - INSURANCE COVERAGE

The following insurance policies of the District with Insurance Company of North America were in force:

<u>Type Of Coverage</u>	<u>Coverage Limit December 31, 2004</u>
Automobile liability	\$1,000,000
Property and liability	3,000,000
Management liability	3,000,000
Excess liability	2,000,000
Employee dishonesty bond	20,000

NOTE G - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCE

The District adopted the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 37 (GASB 37), *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38 (GASB 38), *Certain Financial Statement Note Disclosures*, during the year ended December 31, 2004.

GASB 34 (as amended by GASB 37) establishes standards for external financial reporting for all state and local governmental entities which includes a Management's Discussion and Analysis (MD&A) section. MD&A provides an analytical overview of the District's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results.

GASB 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of GASB 34. While this statement did not affect amounts reported in the financial statements of the district, certain note disclosures have been added and amended.

These statements were retroactively applied to December 31, 2003. Restatement of net assets is as follows:

General Fund	\$ 580,204
Capital Projects Fund	4,619,038
Debt Service Fund	<u>53,363</u>
Total Fund Equity, December 31, 2003	5,252,605
Required GASB No. 34 adjustments:	
Capital assets, net of accumulated depreciation	1,894,849
Long-term and other liabilities	<u>(4,873,131)</u>
Total Net Assets, December 31, 2003	<u>\$2,274,323</u>

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION**

REQUIRED SUPPLEMENTAL INFORMATION SECTION

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>2004</u>			<u>Over</u>	<u>2003</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Budget</u>	
REVENUES					
Property taxes	\$1,374,433	1,374,433	1,203,425	(171,008)	581,890
Intergovernmental	-	-	-	-	43,831
Investment income	20,000	20,000	13,141	(6,859)	8,991
Miscellaneous	-	-	115	115	-
Total Revenues	<u>1,394,433</u>	<u>1,394,433</u>	<u>1,216,681</u>	<u>(177,752)</u>	<u>634,712</u>
EXPENDITURES					
Current general government:					
Wages	345,000	345,000	297,866	(47,134)	56,733
Advertising	2,000	2,000	1,527	(473)	1,408
Fill in	20,000	19,000	7,526	(11,474)	-
Fire prevention and public relations	20,000	20,000	6,363	(13,637)	4,980
Insurance	200,000	180,000	105,987	(74,013)	37,596
Legal and professional fees	20,000	20,000	6,171	(13,829)	6,806
Miscellaneous	15,000	16,000	204	(15,796)	3,402
Operating	50,000	50,000	46,618	(3,382)	40,748
Payroll taxes	28,300	31,300	22,615	(8,685)	4,714
Repairs and maintenance	115,000	135,000	80,779	(54,221)	105,367
Retirement	17,000	19,000	15,982	(3,018)	2,789
Training	35,000	35,000	18,221	(16,779)	23,774
Uniforms	35,000	35,000	11,185	(23,815)	-
Utilities	20,000	22,500	19,680	(2,820)	17,528
Volunteer incentives	160,000	152,500	22,536	(129,964)	-
Total Current General Government	1,082,300	1,082,300	663,260	(419,040)	305,845
Capital outlay	283,665	283,665	155,318	(128,347)	201,332
Debt service:					
Principal	18,759	18,759	18,759	-	17,674
Interest	9,709	9,709	9,709	-	10,794
Total Expenditures	<u>1,394,433</u>	<u>1,394,433</u>	<u>847,046</u>	<u>(547,387)</u>	<u>535,645</u>
REVENUES OVER EXPENDITURES	\$ <u>-</u>	<u>-</u>	369,635	<u>369,635</u>	<u>99,067</u>
FUND BALANCE, JANUARY 1			580,204		
FUND BALANCE, DECEMBER 31			<u>\$949,839</u>		

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

Explanation of Budgetary Process

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

- a. Budgets are adopted on the cash basis.
- b. An annual budget is adopted for the General Fund, Capital Projects Fund, and Debt Service Fund.
- c. A public hearing is held in August to obtain taxpayer comments.
- d. Prior to January 1, the budget is legally adopted.
- e. During the year supplemental appropriations were approved.

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI
OTHER SUPPLEMENTAL INFORMATION**

OTHER SUPPLEMENTAL INFORMATION SECTION

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI**
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>	
	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>	<u>Actual</u>
REVENUES				
Investment income	\$ -	4,353	4,353	16,585
EXPENDITURES				
Capital outlay	4,618,131	400,477	(4,217,654)	9,624
Debt service:				
Issuance cost	-	-	-	86,388
Total Expenditures	<u>4,618,131</u>	<u>400,477</u>	<u>(4,217,654)</u>	<u>95,962</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,618,131)</u>	<u>(396,124)</u>	<u>4,222,007</u>	<u>(79,377)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(4,353)	(4,353)	(16,585)
Bond proceeds	-	-	-	4,715,000
Total Other Financing Sources (Used)	<u>-</u>	<u>(4,353)</u>	<u>(4,353)</u>	<u>4,698,415</u>
NET CHANGE IN FUND BALANCE	<u>(\$4,618,131)</u>	<u>(400,477)</u>	<u>4,217,654</u>	<u>4,619,038</u>
FUND BALANCE, JANUARY 1		<u>4,619,038</u>		
FUND BALANCE, DECEMBER 31		<u>\$4,218,561</u>		

**BOLES FIRE PROTECTION DISTRICT
OF FRANKLIN COUNTY, MISSOURI**
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL -
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>	
	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>	<u>Actual</u>
REVENUES				
Property taxes	\$598,277	519,180	(79,097)	33,696
Investment income	<u>55,264</u>	<u>49,385</u>	<u>(5,879)</u>	<u>3,082</u>
Total Revenues	653,541	568,565	(84,976)	36,778
EXPENDITURES				
Debt service:				
Interest and fiscal charges	<u>198,429</u>	<u>198,459</u>	<u>30</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	455,112	370,106	(85,006)	36,778
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>4,353</u>	<u>4,353</u>	<u>16,585</u>
NET CHANGE IN FUND BALANCE	<u>\$455,112</u>	374,459	<u>(80,653)</u>	<u>53,363</u>
FUND BALANCE, JANUARY 1		<u>53,363</u>		
FUND BALANCE, DECEMBER 31		<u>\$427,822</u>		