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Annual Report, 2005

Big River Ambulance District

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BIG RIVER AMBULANCE DISTRICT

ANNUAL REPORT

YEAR ENDED DECEMBER 31, 2005

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.

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big River Ambulance District
P. O. Box 348
Cedar Hill, MO 63016

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

BIG RIVER AMBULANCE DISTRICT

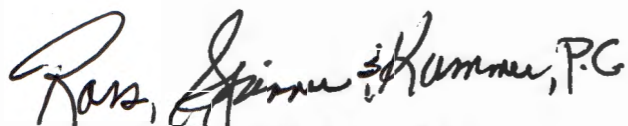
as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Big River Ambulance District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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), Big River Ambulance 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 the major fund of Big River Ambulance District as of December 31, 2005 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 modified cash basis of accounting. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


Certified Public Accountants

February 10, 2006

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.

BIG RIVER AMBULANCE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2005**

The discussion and analysis of the Big River Ambulance District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2005, 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 2005 are as follows:

- The net assets for the Governmental Activities increased by \$395,528.
- Governmental Activities revenues were \$1,754,684.
- Property taxes represented \$1,333,618 of the Governmental Activities revenue total or 76%.
- Expenditures for the Governmental Activities were \$1,359,157.

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.

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 Discussion and Analysis and the General Fund Budgetary Comparison Schedule represent financial information required to be presented by the 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 Big River Ambulance District is fiscally responsible.

The primary government includes the following legal entity:

- The Big River Ambulance 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. Ambulance user fees and property taxes 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 District officials establish certain other funds to help 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 fund - All of the District's basic services are reported in the governmental fund, which focuses on how money flows into and out of this fund and the balance left at year-end that is available for spending. This fund reports the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statement provides 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 balance) 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 fund in a reconciliation at the bottom of the fund financial statements. The District considers the General Fund to be its significant or major governmental fund.

Fiduciary funds - 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.

A FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets - Modified Cash Basis

The District's combined net assets, resulting from modified cash basis transactions, increased from \$415,827 to \$811,355 between fiscal years 2004 and 2005.

	<u>Governmental Activities</u>		<u>Total Percentage</u>
	<u>2005</u>	<u>2004</u>	<u>Change</u>
			<u>2005 - 2004</u>
Current and other assets	\$ 640,710.	\$ 218,774.	193%
Capital assets	<u>213,492.</u>	<u>253,004.</u>	(16%)
Total assets	\$ <u>854,202.</u>	\$ <u>471,778.</u>	81%
Long-term debt outstanding	\$ <u>42,847.</u>	\$ <u>55,951.</u>	(23%)
Total liabilities	\$ <u>42,847.</u>	\$ <u>55,951.</u>	(23%)
Net assets:			
Invested in capital assets, net of related debt	\$ 213,492.	\$ 197,053.	8%
Unrestricted	<u>597,863.</u>	<u>218,774.</u>	173%
Total net assets	\$ <u>811,355.</u>	\$ <u>415,827.</u>	95%

Net assets of the District's governmental activities increased 95% to \$811,355. However, \$213,492 of those net assets are invested in capital assets (buildings, vehicles, equipment and so on). Consequently, unrestricted net assets showed only \$597,863 at the end of the year. Changes between 2004 and 2005 reflect a favorable increase of 173%.

Changes in Net Assets - Modified Cash Basis

For the year ended December 31, 2005, net assets of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2005</u>	<u>2004</u>	<u>2005 - 2004</u>
<u>Revenues -</u>			
Program revenues -			
Charges for services - non-resident	\$ 403,380.	\$ 415,047.	(3%)
General revenues -			
Taxes	1,333,618.	906,949.	47%
Interest revenue	7,915.	6,632.	19%
Miscellaneous revenue	<u>9,771.</u>	<u>12,148.</u>	(20%)
Total revenues	<u>\$ 1,754,684.</u>	<u>\$ 1,340,776.</u>	31%
<u>Expenses -</u>			
Public safety - fire protection	<u>\$ 1,359,157.</u>	<u>\$ 1,338,141.</u>	2%
Total expenses	<u>\$ 1,359,157.</u>	<u>\$ 1,338,141.</u>	2%
Change in net assets	<u>\$ 395,527.</u>	<u>\$ 2,635.</u>	14,911%

Governmental Activities

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. The reason for this kind of format is to highlight 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, and grants and 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, 2005, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$1,359,157. Of these total expenses, taxpayers and other general revenues funded \$955,777, while those directly benefiting from the program funded \$403,380 from charges for services.

Net Cost of Big River Ambulance District's Governmental Activities - Modified Cash Basis

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2005</u>	<u>2004</u>	<u>2005 - 2004</u>	<u>2005</u>	<u>2004</u>	<u>2005 - 2004</u>
Public safety	<u>\$ 1,359,157.</u>	<u>\$ 1,338,141.</u>	2%	<u>\$ 955,777.</u>	<u>\$ 923,094.</u>	4%

A 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 \$1,754,684 and expenditures of \$1,332,749, resulting in an increase in fund balance of \$421,935.

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, 2005, General Fund expenditures were \$37,098 below final appropriations, while actual resources available for appropriation were \$348,591 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Modified Cash Basis

At December 31, 2005, the District had \$213,492 invested in capital assets, net of depreciation, including buildings, equipment and vehicles. This represents a net decrease of \$39,512 or 16% under last year.

PRIMARY GOVERNMENT CAPITAL ASSETS - MODIFIED CASH BASIS (Net of accumulated depreciation)

<u>Governmental Activities</u>	<u>2005</u>	<u>2004</u>
Vehicle	\$ 78,447.	\$ 110,188.
Land	13,000.	13,000.
Buildings and improvements	55,798.	62,041.
Medical equipment	44,000.	43,678.
Office equipment	14,187.	14,135.
Furniture and fixtures	<u>8,060.</u>	<u>9,962.</u>
TOTALS	<u>\$ 213,492.</u>	<u>\$ 253,004.</u>

This year's more significant capital asset additions included:

(3) Avian ventilators	\$ 7,875.
(3) Computers	\$ 3,933.

Long-Term Debt - Modified Cash Basis

At December 31, 2005, the District had \$42,847.14 in long-term debt arising from cash transactions, compared to \$55,950.55 at December 31, 2004. This represents a decrease of 23%. All debt is related to governmental activities.

Primary Government Long-Term Debt - Modified Cash Basis

	<u>Balance at December 31, 2005</u>	<u>Balance at December 31, 2004</u>
Lease Purchase Obligation - Ambulance	\$ 42,847.14	\$ 55,951.
Total	\$ 42,847.14	\$ 55,951.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the year ending December 31, 2006, the budget is fairly consistent with the December 31, 2005 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 financial information, contact Craig Walk, District Administrator, at 6321 Lorens Lane, Cedar Hill, Missouri 63016.

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

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.

BIG RIVER AMBULANCE DISTRICT

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005**

ASSETS

Cash and cash equivalents	\$ 640,709.81
Capital assets:	
Land	13,000.00
Capital assets, net of accumulated depreciation	<u>200,491.96</u>
TOTAL ASSETS	\$ <u>854,201.77</u>

LIABILITIES

Long-term liabilities:	
Due within one year	\$ 13,676.03
Due in more than one year	<u>29,171.11</u>
TOTAL LIABILITIES	\$ <u>42,847.14</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 213,491.96
Unrestricted	<u>597,862.67</u>
TOTAL NET ASSETS	\$ <u>811,354.63</u>

See accompanying notes to the basic financial statements.

BIG RIVER AMBULANCE DISTRICT

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2005**

EXPENSES

Public safety - ambulance service:	
Personal services - wages and fringe benefits	\$ 935,307.88
Materials, supplies and maintenance	110,251.69
Depreciation	54,407.00
Interest	2,445.04
Insurance	188,398.29
Communications - dispatching, telephone and paging	35,581.64
General and administrative	<u>32,765.60</u>
TOTAL PROGRAM EXPENSES	\$ <u>1,359,157.14</u>

PROGRAM REVENUES

Charges for services	\$ <u>403,379.88</u>
NET PROGRAM EXPENSE	\$ <u>955,777.26</u>

GENERAL REVENUES

Property taxes	\$ 1,333,618.44
Interest earned	7,914.52
Miscellaneous revenue	<u>9,771.56</u>
TOTAL GENERAL REVENUES	\$ <u>1,351,304.52</u>
CHANGE IN NET ASSETS	\$ 395,527.26
<u>NET ASSETS - Beginning of year</u>	<u>415,827.37</u>
<u>NET ASSETS - End of year</u>	<u><u>\$ 811,354.63</u></u>

See accompanying notes to the basic financial statements.

BIG RIVER AMBULANCE DISTRICT

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUND
DECEMBER 31, 2005**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>640,709.81</u>
TOTAL ASSETS	\$ <u>640,709.81</u>
<u>LIABILITIES</u>	
	\$ <u>0.00</u>
TOTAL LIABILITIES	\$ <u>0.00</u>
<u>FUND BALANCE</u>	
Unreserved	\$ <u>640,709.81</u>
TOTAL FUND BALANCE	\$ <u>640,709.81</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>640,709.81</u>

RECONCILIATION TO STATEMENT OF NET ASSETS

Fund balance - Total District Funds	\$ 640,709.81
Amounts reported for governmental activities in the Statement of the Net Assets are different because:	
Capital assets used in governmental activities of \$902,963.56, net of accumulated depreciation of \$689,471.60, are not reported in the funds.	213,491.96
Long-term liabilities of \$42,847.14 are not due and payable in the current period and are not reported in the funds.	<u>(42,847.14)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>811,354.63</u>

See accompanying notes to the basic financial statements.

BIG RIVER AMBULANCE DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2005**

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes, penalties and interest	\$ 1,333,618.44
Ambulance fees	403,379.88
Interest earned	7,914.52
Other revenue	<u>9,771.56</u>
TOTAL REVENUES	\$ <u>1,754,684.40</u>
<u>EXPENDITURES</u>	
Current:	
General and administrative	\$ 1,302,305.10
Capital outlay:	
Current expenditures	14,895.10
Debt Service:	
Lease payments	13,103.41
Interest	<u>2,445.04</u>
TOTAL EXPENDITURES	\$ <u>1,332,748.65</u>
<u>NET CHANGE IN FUND BALANCE</u>	\$ 421,935.75
<u>FUND BALANCE - Beginning of year</u>	<u>218,774.06</u>
<u>FUND BALANCE - End of year</u>	<u>\$ 640,709.81</u>

See accompanying notes to the basic financial statements.

BIG RIVER AMBULANCE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2005**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ 421,935.75

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	14,895.10
Depreciation expense	(54,407.00)

Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Assets.

13,103.41

CHANGES IN NET ASSETS OF GOVERNMENTAL FUND \$ 395,527.26

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.

BIG RIVER AMBULANCE DISTRICT

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND - MODIFIED CASH BASIS
DECEMBER 31, 2005**

ASSETS

Investments, at fair value \$ 160,473.17

TOTAL ASSETS \$ 160,473.17

LIABILITIES

\$ 0.00

TOTAL LIABILITIES \$ 0.00

NET ASSETS

Held in trust for pension benefits \$ 160,473.17

TOTAL NET ASSETS \$ 160,473.17

See accompanying notes to the basic financial statements

BIG RIVER AMBULANCE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2005

ADDITIONS

Contributions:		
Employer		\$ 24,375.00
Plan members		<u>0.00</u>
	TOTAL CONTRIBUTIONS	\$ <u>24,375.00</u>
Investments earnings:		
Net (decrease) in fair value of investments		\$ <u>10,540.72</u>
	TOTAL INVESTMENT EARNINGS (LOSSES)	\$ <u>10,540.72</u>
Less investment expense		\$ <u>0.00</u>
	NET INVESTMENT EARNINGS (LOSSES)	\$ <u>10,540.72</u>
	TOTAL ADDITIONS	\$ <u>34,915.72</u>

DEDUCTIONS

Benefits paid		\$ 13,405.83
Refunds of contributions		0.00
Administrative expenses		<u>0.00</u>
	TOTAL DEDUCTIONS	\$ <u>13,405.83</u>

CHANGE IN NET ASSETS

NET ASSETS - Beginning of year

138,963.28

NET ASSETS - End of year

\$ 160,473.17

See accompanying notes to the basic financial statements

NOTES TO FINANCIAL STATEMENTS

BIG RIVER AMBULANCE DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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:	Big River Ambulance 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. The statements represent the District's governmental activities. 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.

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, as applied to the modified cash basis of accounting, 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. Governmental activities utilize an “economic resources” measurement focus in the Statement of Net Assets and in the Statement 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 arising from cash transactions 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:

- | | |
|------------------------------|---------------|
| - Vehicles | 7 years |
| - Buildings and improvements | 10 - 20 years |
| - Medical equipment | 10 years |
| - Office equipment | 5 - 10 years |
| - Furniture and fixtures | 10 years |

Fund Financial Statements

In the fund financial statements, capital assets 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 transaction to be repaid from governmental resources are 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 is 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 either 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."

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 December 15 and payable by December 31. Taxes paid after December 31 are subject to penalties. The Jefferson County Collector bills, collects and remits the taxes to the District. The District records the revenues from property taxes when they are received, as 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 directly derived 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

Ambulance fees

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

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.

G. 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.

H. Post-Employment Health Care Benefits

The District provides health care benefits to eligible former employees and eligible dependents as required by Missouri Statute. The premium is paid in full by the insured to the District. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there are no participants in the program as of December 31, 2005.

2. CASH AND CASH EQUIVALENTS

The District has determined through experience, 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	\$ 100,000.00
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	560,260.23
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>\$ 660,260.23</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, 2005, \$0.00 of the District's bank balance of \$660,260.23 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 fiscal year ended December 31, 2005 was as follows:

<u>Governmental Activities:</u>	<u>Balance Jan. 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2005</u>
Vehicles	\$ 379,699.42	\$ 0.00	\$ 0.00	\$ 379,699.42
Medical equipment	175,379.45	7,875.00	0.00	183,254.45
Office equipment	40,041.27	3,933.10	0.00	43,974.37
Land	13,000.00	0.00	0.00	13,000.00
Buildings and improvements	224,685.13	3,087.00	0.00	227,772.13
Furniture and fixtures	<u>55,263.19</u>	<u>0.00</u>	<u>0.00</u>	<u>55,263.19</u>
Totals at historical cost	<u>\$ 888,068.46</u>	<u>\$ 14,895.10</u>	<u>\$ 0.00</u>	<u>\$ 902,963.56</u>
Less accumulated depreciation:				
Vehicles	\$ 269,511.11	\$ 31,740.90	\$ 0.00	\$ 301,252.01
Medical equipment	131,701.08	7,553.60	0.00	139,254.68
Office equipment	25,906.28	3,881.03	0.00	29,787.31
Buildings and improvements	162,643.64	9,330.56	0.00	171,974.20
Furniture and fixtures	<u>45,302.49</u>	<u>1,900.91</u>	<u>0.00</u>	<u>47,203.40</u>
Total accumulated depreciation	<u>\$ 635,064.60</u>	<u>\$ 54,407.00</u>	<u>\$ 0.00</u>	<u>\$ 689,471.60</u>
Governmental activities capital assets, net	<u>\$ 253,003.86</u>	<u>\$ (39,511.90)</u>	<u>\$ 0.00</u>	<u>\$ 213,491.96</u>

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

Depreciation expense totaled \$54,407.00 for fiscal year end December 31, 2005.

4. LONG-TERM DEBT

Governmental Activities

As of December 31, 2005, the long-term debt, arising from cash transactions, payable from the governmental fund resources, consisted of the following:

- Capitalized lease obligation payable in annual installments of \$15,548.45 with interest at 4.37%, final payment due February 1, 2008. \$ 42,847.14
- TOTAL \$ 42,847.14

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2005:

<u>Type of Debt</u>	<u>Balance Jan. 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2005</u>	<u>Amount Due Within One Year</u>
Capitalized Lease Obligation	\$ 55,950.55	\$ 0.00	\$ 13,103.41	\$ 42,847.14	\$ 13,676.03
	<u>\$ 55,950.55</u>	<u>\$ 0.00</u>	<u>\$ 13,103.41</u>	<u>\$ 42,847.14</u>	<u>\$ 13,676.03</u>

Debt Service Requirements to Maturity

Capitalized Lease Obligation

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of December 31, 2005, are as follows:

2003 Ford Ambulance Chassis with remount, 4.37% interest rate

<u>Year</u>	<u>Lease Payments</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Balance</u>
				\$ 42,847.14
02/01/2006	\$ 15,548.45	\$ 1,872.42	\$ 13,676.03	29,171.11
02/01/2007	15,548.45	1,274.78	14,273.67	14,897.44
02/01/2008	<u>15,548.45</u>	<u>651.01</u>	<u>14,897.44</u>	0.00
Totals	<u>\$ 46,645.35</u>	<u>\$ 3,798.21</u>	<u>\$ 42,847.14</u>	

5. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

The District has a pension plan, which covers all full-time employees who meet the plan's eligibility requirements. Participants vest in the plan in 20% increments and are fully vested after 5 years. District contributions to the plan for the year ended December 31, 2005, totaled \$24,375.00. The District contributes \$1,500/year for each full-time employee and 4% of the Administrator's and Assistant Administrator's base salary.

The fourth quarter 2005 contribution will be made in January 2006.

Deferred Compensation Plan

Employees of the Big River Ambulance 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 Valic Retirement Services. Presently, the District does not contribute to the plan.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

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, health and life	Purchased commercial insurance	None
c. 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. ASSESSED VALUATION AND TAX LEVY

General Fund:

	<u>2005 Tax Levy</u>	<u>2004 Tax Levy</u>
Total assessed valuation	\$ 238,919,098.00	\$ 220,357,468.00
Tax rate	<u>.4172 / 100.00</u>	<u>.4271 / 100.00</u>
Total taxes assessed	\$ 996,770.48	\$ 941,146.75
Less - 1.6% collection fee	<u>15,948.33</u>	<u>15,058.35</u>
	<u>\$ 980,822.15</u>	<u>\$ 926,088.40</u>
Total collections (including delinquent taxes)	<u>\$ 471,506.02</u>	<u>\$ 862,112.42</u>

The receipts of current and delinquent property taxes during the year ended December 31, 2005, aggregated approximately 48.1% of the 2005 tax levy and 93.1% of the 2004 tax levy.

8. DISTRICT OFFICIALS

Director - Chairman

Ed Kemp

Director - Vice Chairman

Carrie Herbig

Director - Secretary

Janet Taylor

Director - Treasurer

Conrad Smith

Director

Mike Cook

Director

Jim Garrison

Administrator

Craig Walk

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 - General Fund
- Notes to RSI - Budgetary Comparison Schedule

BIG RIVER AMBULANCE DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

GENERAL FUND

YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<u>BEGINNING BUDGETARY FUND BALANCE</u>	\$ 218,774.06	\$ 218,774.06	\$ 218,774.06
<u>RESOURCES (inflows):</u>			
Taxes, penalties and interest	925,000.00	955,465.00	\$ 1,333,618.44
Ambulance fees	386,700.00	406,974.00	403,379.88
Interest earned	6,650.00	7,915.00	7,914.52
Other revenue	<u>1,000.00</u>	<u>35,739.00</u>	<u>9,771.56</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 1,538,124.06</u>	<u>\$ 1,624,867.06</u>	<u>\$ 1,973,458.46</u>
<u>CHARGES TO APPROPRIATIONS (outflows):</u>			
Current -			
Professional fees	\$ 4,610.00	\$ 6,855.00	\$ 6,891.43
Legal fees	3,000.00	3,410.00	2,685.00
Fuel & oil	17,000.00	17,514.00	17,513.89
Ambulance repairs and maintenance	32,000.00	38,570.00	22,841.22
Ambulance supplies	24,000.00	22,716.00	31,693.16
Building repair and maintenance	10,000.00	9,437.00	10,683.41
Building supplies	3,000.00	4,305.00	2,202.49
Directors fees	7,200.00	6,200.00	6,200.00
Dispatching	33,269.00	33,269.00	33,269.00
Equipment repair	3,000.00	2,210.00	3,109.05
Insurance	111,100.00	108,052.00	105,699.29
Insurance - Workers compensation	82,700.00	82,700.00	82,699.00
Wages	824,000.00	848,898.00	824,248.17
Oxygen	2,102.00	2,241.00	1,994.85
Public relations, dues and memberships	2,500.00	2,002.00	2,306.03
Office supplies	8,550.00	9,341.00	13,688.80
Kitchen expense	1,700.00	1,522.00	1,522.01
Payroll taxes	65,500.00	62,329.00	64,291.04
Telephone	6,550.00	5,876.00	2,150.33
Collection fees	5,000.00	3,228.00	1,938.69
Miscellaneous expense	3,000.00	5,444.00	4,033.55
Pager fees	720.00	578.00	162.31
Radio repair	1,250.00	1,465.00	2,230.31
Training	7,000.00	6,195.00	6,194.96
Uniforms	6,000.00	5,914.00	5,862.34
Utilities	12,175.00	10,358.00	14,910.90
Pension	23,500.00	24,733.00	24,375.00
Employee physicals	5,500.00	4,815.00	4,136.37
Office equipment repairs	<u>2,400.00</u>	<u>2,912.00</u>	<u>2,772.50</u>
	<u>\$ 1,308,326.00</u>	<u>\$ 1,333,089.00</u>	<u>\$ 1,302,305.10</u>

See accompanying notes to budgetary comparison schedule.

BIG RIVER AMBULANCE DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

GENERAL FUND

YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>CHARGES TO APPROPRIATIONS (outflows) continued:</u>			
Capital outlay -			
Building improvements	\$ 0.00	\$ 3,087.00	\$ 3,087.00
Equipment, furniture & fixtures	2,500.00	10,247.00	3,933.10
Vehicles	<u>0.00</u>	<u>7,875.00</u>	<u>7,875.00</u>
	<u>\$ 2,500.00</u>	<u>\$ 21,209.00</u>	<u>\$ 14,895.10</u>
Debt Service -			
Lease payment	\$ 13,103.00	\$ 13,103.00	\$ 13,103.41
Interest	<u>2,497.00</u>	<u>2,446.00</u>	<u>2,445.04</u>
	<u>\$ 15,600.00</u>	<u>\$ 15,549.00</u>	<u>\$ 15,548.45</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 1,326,426.00</u>	<u>\$ 1,369,847.00</u>	<u>\$ 1,332,748.65</u>
<u>ENDING BUDGETARY FUND BALANCE</u>	<u>\$ 211,698.06</u>	<u>\$ 255,020.06</u>	<u>\$ 640,709.81</u>

See accompanying notes to budgetary comparison schedule.

BIG RIVER AMBULANCE DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2005**

Budgets and Budgetary Practices

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

- a. Prior to August 1, the District Administrator prepares and submits to the Board of Directors 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 is adopted by the Board of Directors.
- d. The budget is 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.
- g. All annual appropriations lapse at fiscal year end.

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.