

***LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI***

***FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2009***

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

**CONTENTS**

	PAGE
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	2
<b>GENERAL PURPOSE FINANCIAL STATEMENTS:</b>	
Statement Of Net Assets	8
Statement Of Activities	9
Balance Sheet - Governmental Funds	10
Reconciliation Of The Statement Of Net Assets Of Governmental Funds To The Balance Sheet	11
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	12
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	13
Notes To Financial Statements	14
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule - General Fund	21
Budgetary Comparison Schedule - Pension Fund	22
Note To Required Supplementary Information	23

INDEPENDENT AUDITORS' REPORT



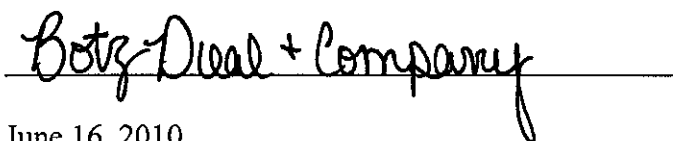
Members of the Board of Directors of  
**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
**OF ST. CHARLES COUNTY, MISSOURI**

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Lake Saint Louis Fire Protection District of St. Charles County, Missouri, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Lake Saint Louis Fire Protection District of St. Charles County, Missouri, as of December 31, 2009, and the respective changes in the financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 21 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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.

  
A handwritten signature in cursive script that reads 'Botz Deal + Company' is written over a horizontal line.

June 16, 2010

TWO WESTBURY DRIVE  
ST. CHARLES, MO 63301  
(636) 946-2800  
FAX (636) 946-2975  
botzdeal@botzdeal.com

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2009**

The discussion and analysis of Lake Saint Louis Fire Protection District of St. Charles County, Missouri's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended December 31, 2009. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- In the government-wide financial statements, the District's assets exceed its liabilities at December 31, 2009 by \$2,736,405.
- The District's net assets decreased by \$114,190.
- At December 31, 2009, unreserved fund balance for the General Fund was \$1,549,862, which covers 100% of the General Fund appropriation for the 2009 fiscal year.
- For the year ended December 31, 2009, the General Fund reported expenditures in excess of revenues in the amount of \$7,877.
- Wages, payroll taxes and employee benefits comprise 75% of General Fund expenditures, approximately 6% more than in 2008.

**REPORT LAYOUT**

The District's financial statements are prepared using the reporting model prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. The District's basic financial statements are designed to emulate corporate representation models whereby all District activities are consolidated. This approach is intended to summarize and simplify the analysis of the costs associated with various emergency services provided by the District for the benefit of its residents. Within this view, all District operations are categorized and reported as either governmental or business-type activities. Governmental activities include fire protections services, capital outlays and debt service payments. The District currently does not have any business-type activities.

## **Basic Financial Statements**

- The Statement of Net Assets focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets and long-term liabilities and are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of District programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The District's major governmental funds are presented in their own column and the remaining funds are combined into a column title "Other Non-major Funds". Budgetary comparisons for the General Fund and major special revenue funds are now presented as required supplementary information. A budgetary comparison is presented for the General Fund and the Pension Fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

## **THE DISTRICT AS A WHOLE**

### **Government-wide Financial Analysis**

The District's combined net assets were \$2,736,405 as of December 31, 2009. This analysis focuses on the net assets (table 1) and changes in net assets (table 2) of the District's governmental activities. As mentioned earlier, the Lake Saint Louis Fire Protection District of St. Charles County, Missouri has prepared the fiscal year ending December 31, 2009 financial statements in a format prescribed by the provisions of GASB Statement No. 34.

The District's net assets consist of its investment in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding and unrestricted balances. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1 - Statement Of Net Assets**

	2009	2008	Increase (Decrease)
<b>Assets:</b>			
Current and other assets	\$ 1,900,942	\$ 1,882,982	\$ 17,960
Capital assets	965,648	1,075,732	(110,084)
Total Assets	<u>2,866,590</u>	<u>2,958,714</u>	<u>(92,124)</u>
<b>Liabilities:</b>			
Current and other liabilities	100,313	82,767	17,546
Long-term liabilities	29,872	25,352	4,520
Total Liabilities	<u>130,185</u>	<u>108,119</u>	<u>22,066</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	965,648	1,075,732	(110,084)
Restricted	145,052	153,008	(7,956)
Unrestricted	1,625,705	1,621,855	3,850
Total Net Assets	<u>\$ 2,736,405</u>	<u>\$ 2,850,595</u>	<u>\$ (114,190)</u>

Governmental activities decreased the District's net assets by \$114,190. The key elements of this decrease are as follows:

**Table 2 - Statement Of Activities**

	2009	2008	Increase (Decrease)
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for service	\$ 32,739	\$ 41,652	\$ (8,913)
Capital grants and contributions	-	27,550	(27,550)
<b>General revenues:</b>			
Taxes	1,402,324	1,436,507	(34,183)
Interest income	22,692	28,374	(5,682)
Miscellaneous	33,221	433	32,788
Gain (loss) on the disposal of capital assets	12,543	(3,036)	15,579
Total Revenues	<u>1,503,519</u>	<u>1,531,480</u>	<u>(27,961)</u>
<b>Expenses:</b>			
Public safety	1,617,709	1,474,725	142,984
Increase/(decrease) in net assets	(114,190)	56,755	(170,945)
Net assets, beginning of year	2,850,595	2,793,840	56,755
Net assets, end of year	<u>\$ 2,736,405</u>	<u>\$ 2,850,595</u>	<u>\$ (114,190)</u>

In 2009 total revenues decreased \$27,961 from the previous year. This decrease can be attributed to a decrease in the assessed valuation of \$7,114,745, which resulted in less property tax revenues, along with a decrease in grants received. These decreases were partially offset by the increase in miscellaneous income which were the result of insurance proceeds.

Expenses increased \$142,984 in 2009 over those of 2008. The single biggest increase was in total wages which is attributed to hiring additional full-time firefighters following the passage of a \$0.17 tax increase in April 2008. Although the additional taxes were not received until 2009, the Board utilized reserves to fund two positions during 2008.

**Governmental Funds**

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting.

**Table 3**

	2009	2008	Increase (Decrease)	Percentage Change
<b>Governmental Funds:</b>				
Taxes	\$ 1,385,087	\$ 1,421,005	\$ (35,918)	(2.5) %
Licenses and permits	32,739	41,652	( 8,913)	(21.4)
Interest income	22,692	28,374	( 5,682)	(20.0)
Miscellaneous	46,946	27,983	18,963	67.8
Total Governmental Revenues	\$ <u>1,487,464</u>	\$ <u>1,519,014</u>	\$ <u>(31,550)</u>	2.0

Revenue in the governmental funds decreased \$31,550 or 2% from last fiscal year. Nearly 93% of revenue in the governmental funds comes from property taxes. The assessed value of property located in the district decreased \$7,114,745 or 2.7% with no change in the general revenue tax rate.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year 2009, the District had \$2,304,521 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. (See Table 4 below) This amount represents a decrease of \$17,728 or 0.7% from the prior fiscal year.

**Table 4**

	<u>2009</u>		<u>2008</u>		<u>Increase (Decrease)</u>
Land	\$ 116,235	\$	116,235	\$	-
Buildings	1,156,802		1,156,802		-
Communication equipment	21,907		21,907		-
Fire fighting equipment	176,933		176,933		-
Office equipment	33,571		33,571		-
Vehicles	799,073		816,801		(17,728)
Total	<u>\$ 2,304,521</u>	\$	<u>2,322,249</u>	\$	<u>(17,728)</u>

The most significant portion of capital assets is buildings and vehicles. Buildings account for 50% and vehicles account for 35% of total capital assets. More detailed information on the District's capital assets is presented in note 5 to the financial statements.

#### **THE DISTRICT'S FUNDS**

At the close of the District's fiscal year on December 31, 2009, the governmental funds of the District reported a combined fund balance of \$1,711,874. This ending balance includes an decrease in fund balance of \$7,877 in the District's General Fund.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District prepares its budget on a modified accrual basis. For 2009, actual revenues were \$1,422,344 as compared to the budget amount of \$1,498,959. For 2009, actual expenditures were \$1,430,221 compared to the budget amount of \$1,438,830.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In the 2009 budget cycle, the District's assessed value grew by less than half of one percent; however, the income generated grew by roughly \$441,000. This increase was the result of a \$0.17 tax levy. The District originally planned to hire as many as 5 additional full-time firefighters with the additional funds; however, a Senate bill which was approved following the tax levy increase but prior to the actually levying of the 2008 tax reduced the district's tax rate ceiling and therefore caused the District to lose roughly \$64,000 in anticipated revenue. Therefore, only 3 of the 5 additional full-time employees have been hired and the decision has been made to not hire any additional employees until the current economic conditions improve.

## **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 about this report or need additional financial information, contact:

Jeffery Smith, Fire Chief  
Lake Saint Louis Fire Protection District  
of St. Charles County, Missouri  
2533 Lake Saint Boulevard  
Lake Saint Louis, MO 63367

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 500,341
Property taxes receivable	1,379,728
Prepaid insurance	20,873
Capital assets - net:	
Nondepreciable	116,235
Depreciable	849,413
TOTAL ASSETS	<u>2,866,590</u>
 <b>LIABILITIES</b>	
Accounts payable	11,600
Accrued wages	25,265
Pension contribution payable	63,448
Noncurrent liabilities:	
Due in one year	14,936
Due in more than one year	14,936
TOTAL LIABILITIES	<u>130,185</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	965,648
Restricted for:	
Pension benefits	145,052
Unrestricted	1,625,705
TOTAL NET ASSETS	<u>\$ 2,736,405</u>

The accompanying notes are an integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
**OF ST. CHARLES COUNTY, MISSOURI**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue and Change in Net Assets
<b>Governmental Activities</b>		Charges for Service	Governmental Activities
Public safety	\$ 1,617,709	\$ 32,739	\$ (1,584,970)
Taxes			1,402,324
Interest income			22,692
Gain on disposal of capital asset			12,543
Other miscellaneous revenue			33,221
TOTAL GENERAL REVENUES			1,470,780
CHANGE IN NET ASSETS			(114,190)
NET ASSETS - BEGINNING OF YEAR			2,850,595
NET ASSETS - END OF YEAR			\$ 2,736,405

The accompanying notes are an integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
**OF ST. CHARLES COUNTY, MISSOURI**  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 DECEMBER 31, 2009

	<u>General Fund</u>	<u>Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 354,705	\$ 145,636	\$ 500,341
Property taxes receivable	1,316,864	62,864	1,379,728
Prepaid insurance	20,873	-	20,873
<b>TOTAL ASSETS</b>	<u>\$ 1,692,442</u>	<u>\$ 208,500</u>	<u>\$ 1,900,942</u>
<b>LIABILITIES</b>			
Account payable	\$ 11,600	\$ -	\$ 11,600
Accrued wages	25,265	-	25,265
Pension contribution payable	-	63,448	63,448
Deferred revenue	84,842	3,913	88,755
<b>TOTAL LIABILITIES</b>	<u>121,707</u>	<u>67,361</u>	<u>189,068</u>
<b>FUND BALANCES:</b>			
Fund balances:			
Reserved for prepaid insurance	20,873	-	20,873
Unreserved:			
General fund	1,549,862	-	1,549,862
Pension fund	-	141,139	141,139
<b>TOTAL FUND BALANCES</b>	<u>1,570,735</u>	<u>141,139</u>	<u>1,711,874</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,692,442</u>	<u>\$ 208,500</u>	<u>\$ 1,900,942</u>

The accompanying notes are an integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

RECONCILIATION OF THE STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
DECEMBER 31, 2009

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

Total fund balance per balance sheet	\$ 1,711,874
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	965,648
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	88,755
Long-term liabilities not due and payable in the current period and therefore, are not reported in the funds.	<u>(29,872)</u>
Net assets of governmental activities	<u>\$ 2,736,405</u>

The accompanying notes are an integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Pension Fund	Total
<b>REVENUES</b>			
Taxes	\$ 1,322,111	\$ 62,976	\$ 1,385,087
Permits and fees	32,739	-	32,739
Interest income	20,548	2,144	22,692
Miscellaneous	46,946	-	46,946
<b>TOTAL REVENUES</b>	1,422,344	65,120	1,487,464
<b>EXPENDITURES</b>			
Public safety:			
Wages	845,326	-	845,326
Employee benefits	223,964	-	223,964
Directors fees and board expenses	4,625	-	4,625
Fire prevention	4,746	-	4,746
Insurance	19,330	-	19,330
LOSAP	4,742	-	4,742
Membership dues	9,603	-	9,603
Office expense	6,032	-	6,032
Pension contribution	-	72,861	72,861
Personal equipment	6,344	-	6,344
Professional fees	26,252	1,205	27,457
Repairs and maintenance	114,233	-	114,233
Training	31,334	-	31,334
Utilities	29,798	-	29,798
Volunteer expenses	26,445	-	26,445
Capital outlay	77,447	-	77,447
<b>TOTAL EXPENDITURES</b>	1,430,221	74,066	1,504,287
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	(7,877)	(8,946)	(16,823)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,578,612	150,085	1,728,697
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,570,735	\$ 141,139	\$ 1,711,874

The accompanying notes are an integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

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

Change in fund balance-total governmental funds	\$ (16,823)
Revenues that do not provide current financial resources are not included in the fund financial statements.	17,237
The net effect of other miscellaneous transactions involving capital assets (ie. sales, trade-ins or other disposals) that decrease net assets.	(1,182)
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(108,902)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds.	<u>(4,520)</u>
Change in net assets of governmental activities	<u>\$ (114,190)</u>

The accompanying notes are integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT  
OF ST. CHARLES COUNTY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Saint Louis Fire Protection District of St. Charles County, Missouri was founded in 1971 and operates under a three person Board of Directors. The District provides fire protection services to the City of Lake Saint Louis in St. Charles County, Missouri.

**A. REPORTING ENTITY**

The District applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The District presently has no component units included within its reporting entity.

**B. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

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

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

*Government-Wide Financial Statements* - The reporting model includes financial statements prepared using full accrual accounting for all the District's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

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

B. **BASIC FINANCIAL STATEMENTS - continued**

*Statement of Net Assets* - The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The District reports capital assets in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The net assets of the District are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Activities* - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the District has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. The District has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward. The District does not currently have any infrastructure assets.

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

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the Pension Fund are considered major governmental funds. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The District currently has no nonmajor funds.

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

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

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued**

For the governmental funds financial statements, the District considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, charges for services and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The District reports the following major governmental funds:

**The General Fund** - The District's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

**The Pension Fund** - The Pension Fund is a special revenue fund, which accounts for property tax revenue collected to make contributions the District's employee retirement plan.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$2,500 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets of the District are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Fire fighting equipment	7 - 10 years
Communication equipment	10 years
Office equipment	5 - 10 years
Vehicles	5 - 10 years

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

E. **ESTIMATES**

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

F. **INTERFUND TRANSACTIONS**

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

G. **COMPENSATED ABSENCES**

The District has adopted a formal personnel policy relating to vacation and sick pay. District employees are allowed to carry forward a limited number of vacation days past year-end. In the event of termination, an employee is paid for accumulated vacation days. Employees are paid for accumulated sick leave upon resignation of employment up to 25% of unused sick time and upon retirement an employee receives 50% of unused sick leave. At December 31, 2009, employees had accrued vacation of \$15,690 and accumulated sick leave of \$29,872. A liability for accrued vacation has been included in accrued wages in the General Fund. Accrued sick leave has been recorded separately in the government-wide financial statements, as a long-term liability.

H. **NET ASSETS AND FUND EQUITY**

In government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the District (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net assets are considered unrestricted. It is the District's policy to use restricted net assets before unrestricted net assets. The District has restricted net assets of \$145,052, all of which is restricted by enabling legislation.

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

I. **CONCENTRATION OF LABOR**

Approximately 85% of the labor force was subject to a collective bargaining agreement expiring December 31, 2010.

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

J. **INVESTMENTS**

The District is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper. Investments are carried at cost or amortized cost.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The District adopts an annual operating budget on a modified accrual basis for the General Fund and the Pension Fund. Annual appropriations lapse at year-end.

3. **CASH AND TEMPORARY INVESTMENTS**

The District's bank deposits are required by state statute to be secured by the deposit of certain securities with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2009, the carrying amount of the District's demand deposits and certificates of deposit totaled \$500,341 with bank balances of \$532,589. The total insured and uninsured balances are as follows:

Total cash held at banks	\$ 532,589
Portion insured by FDIC or collateralized by securities held by pledging financial institution	<u>(532,589)</u>
<b>TOTAL UNINSURED BALANCE</b>	<u><u>\$ -</u></u>

4. **PROPERTY TAX**

The District's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2009, upon which the 2009 levy was based on an assessed value for real, personal and public utility property of \$251,370,813. The District's tax rate was levied per \$100 of assessed value as follows:

General Fund	\$ .5371
Pension Fund	.0257

## 5. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2009 is as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 116,235	\$ -	\$ -	\$ 116,235
Capital assets, being depreciated:				
Buildings	1,156,802	-	-	1,156,802
Communication equipment	21,907	-	-	21,907
Fire fighting equipment	176,933	-	-	176,933
Office equipment	33,571	-	-	33,571
Vehicles	816,801	-	(17,728)	799,073
Total capital assets, being depreciated	2,206,014	-	(17,728)	2,188,286
Less accumulated depreciation for:				
Buildings	( 444,706)	( 32,982)	-	( 477,688)
Communication equipment	( 9,785)	( 1,740)	-	( 11,525)
Fire fighting equipment	( 132,026)	( 19,050)	-	( 151,076)
Office equipment	( 29,530)	( 2,758)	-	( 32,288)
Vehicles	( 630,470)	( 52,372)	16,546	( 666,296)
Total accumulated depreciation	(1,246,517)	(108,902)	16,546	(1,338,873)
Total capital assets, being depreciated, net	959,497	(108,902)	( 1,182)	849,413
Total governmental activities	\$ 1,075,732	\$ (108,902)	\$ ( 1,182)	\$ 965,648

All depreciation expense was charged to public safety on the government-wide financial statements.

## 6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Accrued sick leave	\$ 25,352	\$ 17,195	\$ (12,675)	\$ 29,872	\$ 14,936

Funds to retire accrued sick leave come from the General Fund.

**7. RISK MANAGEMENT**

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

The District purchases commercial insurance to cover risks related to building and other District property, crimes, business, travel, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**8. RETIREMENT PLAN**

The District provides pension benefits and life insurance for all of its full-time employees through a Money Purchase Plan and Trust (the Plan), which is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The plan is administered by Union Central Retirement and Investment Services. Employees who were 21 or older were eligible to participate after reaching 1,000 hours of service in a twelve month period. The District makes a discretionary contribution annually, which is allocated to eligible employees based on their salaries. The District's contributions for each employee (and earnings allocated to the employee's account) are fully vested after six years of service. District contributions for, and earnings forfeited by employees who leave employment before six years of service are used to reduce subsequent contributions. The District's contribution for 2009 was \$72,860.

**9. EXPENDITURES IN EXCESS OF APPROPRIATIONS**

During the year ended December 31, 2009, expenditures of \$74,066 in the Pension Fund exceeded appropriations of \$66,600.

**10. SUBSEQUENT EVENTS**

As of June 16, 2010, the date the financial statements were available to be issued, the following subsequent events or transactions had occurred that would have materially impacted the financial statements as presented:

The District purchased a vehicle totaling \$29,009, in January 2010.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OPERATING REVENUE</b>				
Taxes	\$ 1,399,459	\$ 1,399,459	\$ 1,322,111	\$ (77,348)
Charges for services	39,100	32,500	32,739	239
Investment income	17,300	20,250	20,548	298
Miscellaneous	15,430	46,750	46,946	196
<b>TOTAL REVENUE</b>	<u>1,471,289</u>	<u>1,498,959</u>	<u>1,422,344</u>	<u>(76,615)</u>
<b>EXPENDITURES</b>				
Public safety:				
Wages	815,575	840,675	845,326	(4,651)
Employee benefits	239,390	235,550	223,964	11,586
Directors fees and board expenses	6,500	4,625	4,625	-
Fire prevention	7,100	4,775	4,746	29
Insurance	19,250	19,250	19,330	(80)
Length of service award program	4,750	4,750	4,742	8
Membership dues	11,615	9,685	9,603	82
Office expense	6,450	6,175	6,032	143
Personal equipment	14,375	6,620	6,344	276
Professional fees	28,100	26,800	26,252	548
Repairs and maintenance	118,075	114,425	114,233	192
Training	35,300	31,650	31,334	316
Utilities	31,035	29,900	29,798	102
Volunteer expenses	26,925	26,475	26,445	30
Capital outlay	106,849	77,475	77,447	28
<b>TOTAL EXPENDITURES</b>	<u>1,471,289</u>	<u>1,438,830</u>	<u>1,430,221</u>	<u>8,609</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	-	60,129	(7,877)	<u>\$ (68,006)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,578,612</u>	<u>1,578,612</u>	<u>1,578,612</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,578,612</u>	<u>\$ 1,638,741</u>	<u>\$ 1,570,735</u>	

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

PENSION FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OPERATING REVENUE</b>				
Taxes	\$ 62,534	\$ 62,534	\$ 62,976	\$ 442
Interest income	3,500	2,100	2,144	44
TOTAL REVENUE	<u>66,034</u>	<u>64,634</u>	<u>65,120</u>	<u>486</u>
<b>EXPENDITURES</b>				
Public safety:				
Pension contribution	64,534	65,525	72,861	(7,336)
Professional fees	1,500	1,075	1,205	(130)
TOTAL EXPENDITURES	<u>66,034</u>	<u>66,600</u>	<u>74,066</u>	<u>(7,466)</u>
<b>DEFICIT OF REVENUES OVER EXPENDITURES</b>	-	(1,966)	(8,946)	<u>\$ (6,980)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>150,085</u>	<u>150,085</u>	<u>150,085</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 150,085</u>	<u>\$ 148,119</u>	<u>\$ 141,139</u>	

***LAKE SAINT LOUIS FIRE PROTECTION DISTRICT***  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2009

**1. BUDGETARY INFORMATION**

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