



To the Board of Directors of
Central County Fire and Rescue

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central County Fire and Rescue as of December 31, 2011, and have issued our report thereon dated June 20, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central County Fire and Rescue are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management records and depreciates capital assets according to the District's capital asset policy as described in Note 1 to the financial statements. Depreciation expense is based on the estimated lives of the fixed assets.

We evaluated the key factors and assumptions used to develop the estimate above in determining that it is reasonable in relation to the financial statements taken as a whole.

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The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users. The disclosures are an integral part of the financial statements and should be read in conjunction with them.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

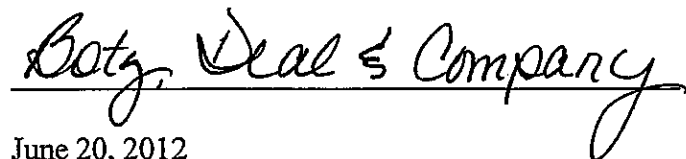
Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Directors and management of Central County Fire and Rescue and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Botz, Deal & Company". The signature is written in black ink and is positioned above a horizontal line.

June 20, 2012

CENTRAL COUNTY FIRE AND RESCUE

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2011***

CENTRAL COUNTY FIRE AND RESCUE

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INDEPENDENT AUDITORS' REPORT



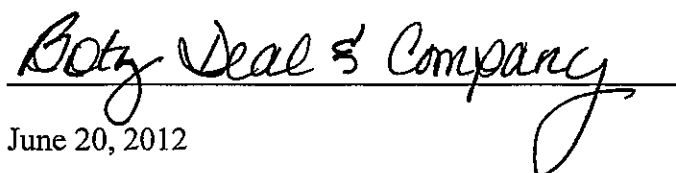
To the Board of Directors of
Central County Fire and Rescue

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central County Fire and Rescue, as of and for the year ended December 31, 2011, 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 opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central County Fire and Rescue, as of December 31, 2011, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 6 and 25 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


June 20, 2012

**CENTRAL COUNTY FIRE AND RESCUE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

The discussion and analysis of Central County Fire and Rescue's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended December 31, 2011. 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, 2011 by \$17,638,460. Of this amount \$13,795,694 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net assets increased by \$654,755.
- At December 31, 2011, unassigned fund balance for the General Fund was \$11,296,228, which equals 108% of the General Fund expenditures for the 2011 fiscal year.
- For the year ended December 31, 2011, both the Capital Projects Fund and the Pension Fund reported expenditures in excess of revenues.
- Wages, payroll taxes and employee benefits comprise 89% of General Fund expenditures.

REPORT LAYOUT

This report consists of Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statement, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the District's finances. 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. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

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 prepared on the accrual basis of accounting.
- The Statement of Activities focuses 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 any major special revenue funds are presented as required supplementary information. A budgetary comparison is presented for the General Fund.
- Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and/or other funds. The District's Fiduciary Fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the District's own programs. The District's fiduciary fund is the Employee Benefit Trust 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 net assets were \$ 17,638,460 as of December 31, 2011. This analysis focuses on the net assets (Table 1) and changes in general revenues (Table 2) and significant expenses of the District's governmental activities.

The District's net assets consist of its investment in capital assets (e.g., land, buildings and improvements, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding, restricted and unrestricted balances. The District uses 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

	2011	2010	Increase (Decrease)
Current and other assets	\$ 18,981,743	\$ 18,340,745	\$ 640,998
Capital assets	8,550,071	8,919,051	(368,980)
Total assets	<u>27,531,814</u>	<u>27,259,796</u>	<u>272,018</u>
Current and other liabilities	594,530	492,567	101,963
Long-term liabilities	9,298,824	9,783,524	(484,700)
Total liabilities	<u>9,893,354</u>	<u>10,276,091</u>	<u>(382,737)</u>
Net assets:			
Invested in capital assets net of related debt	1,559,036	1,777,854	(218,818)
Restricted	2,283,730	2,450,634	(166,904)
Unrestricted	13,795,694	12,755,217	1,040,477
Total net assets	<u>\$ 17,638,460</u>	<u>\$ 16,983,705</u>	<u>\$ 654,755</u>

Capital assets decreased due to depreciation for the year being greater than the amount of capital assets acquired by the District. Due to the tax increase received in 2009, revenues exceeded expenditures in 2011 resulting in an increase in the District's net assets by \$654,755. The key elements of this increase are as follows:

Table 2

	2011	2010	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for service	\$ 126,368	\$ 83,849	\$ 42,519
Capital grants	-	85,488	(85,488)
General revenues:			
Taxes	12,573,996	12,990,034	(416,038)
Interest income	43,154	75,153	(31,999)
Miscellaneous	53,761	20,450	33,311
Total revenues	<u>12,797,279</u>	<u>13,254,974</u>	<u>(457,695)</u>
Expenses:			
Public safety	11,871,211	10,704,445	1,166,766
Interest and fiscal charges	271,313	292,398	(21,085)
Total expenses	<u>12,142,524</u>	<u>10,996,843</u>	<u>1,145,681</u>
Increase in net assets	654,755	2,258,131	(1,603,376)
Net assets, beginning of year	16,983,705	14,725,574	2,258,138
Net assets, end of year	<u>\$ 17,638,460</u>	<u>\$ 16,983,705</u>	<u>\$ 654,755</u>

Total revenue decreased by \$457,695. This decrease is due to the timing of certain tax payments for TIF surpluses, protested taxes, and railroad and utility taxes.

Expenses increased by \$1,145,681 from last year. The District added six fire fighter positions during mid 2010, therefore 2011 was the first full year of salary. In 2011 there were increases in health insurance and the retirement match, a buyback of sick time, and the creation of a trust to cover insurance premiums for retirees that also accounted for the increase in expenditures.

Governmental Funds

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

Table 3

	2011	2010	Increase (Decrease)	Percentage Change
Governmental Funds:				
Taxes	\$ 12,665,241	\$ 13,211,074	\$ (545,833)	(4.1) %
Permits	126,368	83,849	42,519	50.7
Investment income	43,154	75,153	(31,999)	(42.6)
Grant income	-	85,488	(85,488)	-
Miscellaneous	53,761	20,450	33,311	162.9
Total general revenues	\$ <u>12,888,524</u>	\$ <u>13,476,014</u>	\$ <u>(587,490)</u>	(4.4)

Governmental Fund revenue decreased \$587,490 or 4.4% from last fiscal year. Taxes comprise 98.3% of revenues. The decrease in taxes is the result of a 3% decrease in the assessed valuation of property within the district.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2011, the District had \$14,068,690 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. (See Table 4 below.) Net capital assets had a net decrease (including additions and deductions) of \$708,206 or 8.6% over the prior fiscal year.

Table 4

	2011	2010	Increase (Decrease)
Land	\$ 1,489,577	\$ 1,489,577	\$ -
Construction in progress	22,906	861,888	(838,982)
Buildings	5,652,815	5,652,815	-
Building improvements	1,904,971	999,135	905,836
Fire fighting equipment	535,760	490,075	45,685
Office equipment	214,531	184,578	29,953
Vehicles	4,390,622	4,390,622	-
Total	14,211,182	14,068,690	142,492
Less: accumulated depreciation	(5,661,111)	(5,149,639)	(511,472)
Net Capital Assets	\$ <u>8,550,071</u>	\$ <u>8,919,051</u>	\$ <u>(368,980)</u>

The most significant portion of capital assets is buildings and vehicles. Buildings account for 40% and vehicles account for 31% of total capital assets. More detailed information on the District's capital assets is presented in the notes to the financial statements.

DEBT

At year-end, the District had \$7,680,000 in outstanding debt compared to \$8,250,000 at the end of the prior fiscal year, a decrease of 5.2%.

Table 5

	2011	2010	Increase (Decrease)
General Obligation Bonds	\$ 7,680,000	\$ 8,250,000	\$ (570,000)

The District made principal payments totaling \$570,000. More detailed information on the District's long-term liabilities is presented in the notes to the financial statements.

THE DISTRICT'S FUNDS

At the close of the District's fiscal year on December 31, 2011, the governmental funds of the District reported a combined fund balance of \$17,340,331. This ending balance includes an increase in fund balance of \$678,399 in the District's governmental funds. Revenues in the governmental funds decreased \$587,490 in 2011 from 2010. This decrease was due to the 3% decrease in assessed valuation of property within the district.

General Fund Budgetary Highlights

The District prepares its budget on a cash basis. For 2011, actual revenues on a budgetary basis were \$10,367,329 compared to the budget amount of \$11,675,160. For 2011, actual expenditures on a budgetary basis were \$10,341,850 compared to the budget amount of \$10,717,235.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The assessed valuation of the District decreased by \$43 million in 2011 from the previous year. The District is anticipating a slight devaluation of the District's assessed valuation in 2012 further decreasing the District's General Fund revenue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors 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:

Russ Mason
 Fire Chief
 Central County Fire and Rescue
 #1 Timberbrook Drive
 St. Peter, MO 63376

CENTRAL COUNTY FIRE AND RESCUE

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 5,539,953
Property taxes receivable	12,590,662
Prepaid items	106,567
Restricted assets:	
Cash	709,312
Cost of issuance of debt	35,249
Capital assets - net:	
Nondepreciable	1,512,483
Depreciable	7,037,588
TOTAL ASSETS	<u>27,531,814</u>
LIABILITIES	
Accounts payable	46,258
Accrued wages	398,308
Accrued interest payable	113,300
Other liabilities	30,064
Deposits payable	6,600
Noncurrent liabilities:	
Due in one year	804,083
Due in more than one year	8,494,741
TOTAL LIABILITIES	<u>9,893,354</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,559,036
Restricted for:	
Debt service	1,652,829
Pension	630,901
Unrestricted	13,795,694
TOTAL NET ASSETS	<u>\$ 17,638,460</u>

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

CENTRAL COUNTY FIRE AND RESCUE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Capital Grants	Governmental Activities
Governmental Activities				
Public safety	\$ 11,871,211	\$ 126,368	\$ -	\$ (11,744,843)
Interest and fiscal charges	271,313	-	-	(271,313)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,142,524	\$ 126,368	\$ -	(12,016,156)
				12,573,996
Taxes				43,154
Interest income				53,761
Miscellaneous				12,670,911
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				654,755
NET ASSETS - BEGINNING OF YEAR				16,983,705
NET ASSETS - END OF YEAR				\$ 17,638,460

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

CENTRAL COUNTY FIRE AND RESCUE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General Fund	Capital Projects Fund	Debt Service Fund	Non-major Pension Tax Fund	Total
ASSETS					
Cash	\$ 4,497,598	\$ -	\$ 1,026,773	\$ 15,582	\$ 5,539,953
Property taxes receivable	11,303,029	-	626,056	661,577	12,590,662
Prepaid items	106,567	-	-	-	106,567
Restricted assets:					
Cash	-	709,312	-	-	709,312
TOTAL ASSETS	<u>\$ 15,907,194</u>	<u>\$ 709,312</u>	<u>\$ 1,652,829</u>	<u>\$ 677,159</u>	<u>\$ 18,946,494</u>
LIABILITIES					
Account payable	\$ -	\$ -	\$ -	\$ 46,258	\$ 46,258
Accrued wages	398,308	-	-	-	398,308
Accrued and withheld items	30,064	-	-	-	30,064
Deferred revenue	1,009,887	-	55,936	59,110	1,124,933
Deposits payable	6,600	-	-	-	6,600
TOTAL LIABILITIES	<u>1,444,859</u>	<u>-</u>	<u>55,936</u>	<u>105,368</u>	<u>1,606,163</u>
FUND BALANCES					
Nonspendable - prepaid items	106,567	-	-	-	106,567
Restricted for:					
Capital projects	-	709,312	-	-	709,312
Debt service	-	-	1,596,893	-	1,596,893
Pension	-	-	-	571,791	571,791
Assigned:					
Future appropriations	1,619,143	-	-	-	1,619,143
Building/equipment	1,392,000	-	-	-	1,392,000
Unassigned	11,344,625	-	-	-	11,344,625
TOTAL FUND BALANCES	<u>14,462,335</u>	<u>709,312</u>	<u>1,596,893</u>	<u>571,791</u>	<u>17,340,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,907,194</u>	<u>\$ 709,312</u>	<u>\$ 1,652,829</u>	<u>\$ 677,159</u>	<u>\$ 18,946,494</u>

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

CENTRAL COUNTY FIRE AND RESCUE
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
DECEMBER 31, 2011

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

Total fund balance per balance sheet	\$ 17,340,331
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,550,071
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	1,124,933
Bond issue costs are capitalized in the statement of net assets and amortized over the life of the bonds.	35,249
Interest payable recorded in the statement of net assets does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(113,300)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(9,298,824)</u>
Net assets of governmental activities	<u><u>\$ 17,638,460</u></u>

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

CENTRAL COUNTY FIRE AND RESCUE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Pension Tax Fund	Total
REVENUES					
Taxes	\$ 11,352,958	\$ -	\$ 650,368	\$ 661,915	\$ 12,665,241
Permits	126,368	-	-	-	126,368
Investment income	33,227	3,425	5,745	757	43,154
Miscellaneous	53,761	-	-	-	53,761
TOTAL REVENUES	11,566,314	3,425	656,113	662,672	12,888,524
EXPENDITURES					
Public safety:					
Wages	6,829,613	-	-	-	6,829,613
Payroll taxes	517,643	-	-	-	517,643
Employee benefits	1,982,539	-	-	-	1,982,539
Occupancy	242,248	-	-	-	242,248
Vehicle	284,188	-	-	-	284,188
Firefighting	48,579	-	-	-	48,579
Office	22,761	-	-	-	22,761
Management information system	19,311	-	-	-	19,311
Outside services	223,893	-	-	-	223,893
Professional development	63,561	-	-	-	63,561
Community services	90,240	-	-	-	90,240
Pension plan	-	-	-	662,268	662,268
Capital outlay	125,076	302,750	-	-	427,826
Debt service:					
Bond issue costs	-	-	2,417	-	2,417
Principal, interest and fiscal charges	-	-	793,038	-	793,038
TOTAL EXPENDITURES	10,449,652	302,750	795,455	662,268	12,210,125
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,116,662	(299,325)	(139,342)	404	678,399
FUND BALANCES - BEGINNING OF YEAR	13,345,673	1,008,637	1,736,235	571,387	16,661,932
FUND BALANCES - END OF YEAR	\$ 14,462,335	\$ 709,312	\$ 1,596,893	\$ 571,791	\$ 17,340,331

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

CENTRAL COUNTY FIRE AND RESCUE
**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, 2011**

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

Change in fund balance-total governmental funds	\$	678,399
The acquisition of capital assets requires the use of current financial resources, but has no effect on net assets.	-	168,619
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.		(537,599)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		570,000
Revenues that do not provide current financial resources are not included in the fund financial statements.		(91,245)
Bond issue costs are amortized over the life of the bonds on the statement of activities.		(3,916)
Bond premiums are reported in the statement of net assets and amortized over the lives of the bonds.		27,878
Deferred charges from bond refundings are reported in the statement of net assets and amortized over the lives of the bonds.		(25,617)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds.		(87,561)
Interest payable does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		<u>(44,203)</u>
Change in net assets of governmental activities	\$	<u><u>654,755</u></u>

The accompanying notes are integral part of these financial statements.

CENTRAL COUNTY FIRE AND RESCUE

STATEMENT OF FIDUCIARY NET ASSETS

DECEMBER 31, 2011

	<u>Employee Benefit Trust Fund</u>
ASSETS	
Investments	<u>\$ 176,365</u>
 NET ASSETS	
Held in trust for post employment benefits	<u>\$ 176,365</u>

CENTRAL COUNTY FIRE AND RESCUE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
DECEMBER 31, 2011

	Employee Benefit Trust Fund
ADDITIONS	
Employer contributions	\$ 175,777
Net increase in fair value of investments	588
TOTAL ADDITIONS	176,365
 INCREASE IN NET ASSETS	 176,365
 NET ASSETS - BEGINNING OF YEAR	 <u style="border-bottom: 1px solid black;">-</u>
 NET ASSETS - END OF YEAR	 <u style="border-bottom: 3px double black;">\$ 176,365</u>

CENTRAL COUNTY FIRE AND RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central County Fire and Rescue was formed for the purpose of providing fire protection and rescue services to the citizens of the District, which generally encompasses the City of St. Peters, Missouri and a portion of unincorporated St. Charles County.

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 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, unless their elimination would distort the true cost of delivering services.

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. Indirect expenses are allocated based on the annual cost allocation plan. 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.

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

B. **BASIC FINANCIAL STATEMENTS** - continued

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 major governmental funds are the General Fund, Capital Projects Fund and the Debt Service Fund. 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 Pension Fund is presented as a nonmajor fund.

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.

For the governmental funds financial statements, the District considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, property taxes, 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.

Capital Projects Fund - The District uses this fund to account for bond proceeds designated for capital projects.

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

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

Debt Service Fund - The District uses this fund to account for revenues collected for the repayment of long-term debt.

Additionally, the District reports the following fund types:

Fiduciary Fund - The District uses this fund to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The Employee Benefit Trust Fund accounts for the assets of the District's retiree health insurance plan held in a Section 115 Trust.

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 \$5,000 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	15 - 40 years
Fire fighting equipment	5 - 10 years
Office equipment	5 - 7 years
Vehicles	6 - 15 years

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.

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

G. **COMPENSATED ABSENCES**

The District has formal personnel policies for 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. At December 31, 2011, employees had accrued vacation of \$121,373 and accumulated sick leave of \$1,477,104. Employees are paid for accumulated sick leave upon termination of employment up to 960 hours. A liability for accrued vacation and sick leave has been recorded in the government-wide financial statements.

H. **LONG-TERM LIABILITIES**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and issuance costs are included in interest expense.

I. **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). All other net assets are considered unrestricted.

When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$2,283,730 of restricted assets, which is restricted by enabling legislation.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

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

I. **NET ASSETS AND FUND EQUITY** - continued

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which the Board of Directors has delegated the authority to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The District would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

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 cash basis for all governmental funds. The legal level of control is at the fund level.

3. **CASH AND INVESTMENTS**

The District's bank deposits are required by state law 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, 2011, the carrying amount of the District's bank deposits totaled \$6,249,265 with bank balances of \$6,279,444. The total bank balance was covered by federal depository insurance or collateralized by securities held by the pledging financial institution in the District's name. The District also has \$176,365 in cash and cash equivalents held by the Pension Trust Fund.

State statutes authorize Missouri local governments to invest in obligations of the U.S. Treasury, U.S. agencies and various state and local governments. Pension Trust Fund investments may invest in obligations of the U.S. Treasury, U.S. agencies, common and preferred stock and other securities approved by applicable sections of the Missouri Revised Statutes and Missouri Constitution.

3. **CASH AND INVESTMENTS - continued**

Investment Credit and Interest Rate Risk

The District does not have policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer. GASB 40 requires governments to disclose the credit risk associated with the following investments:

- Debt securities (excluding U.S. government obligations and obligations guaranteed by the full faith and credit of the U.S. government)
- External investment pools
- Money market mutual funds
- Bond mutual funds
- Other pooled investments of fixed-income securities

The disclosure should include the credit quality rating, as established by nationally recognized statistical rating organizations (NRSROs). The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments subject to credit and interest rate risk disclosures as of December 31, 2011 include:

<u>Investment</u>	<u>Amount</u>	<u>S & P Rating</u>	<u>Average Maturity</u>
Fixed Income Mutual Fund	\$ 61,710	BB	3 years
Fixed Income Mutual Fund	114,654	Unrated	7 years

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, 2011, upon which the 2011 levy was based on an assessed value for real, personal and public utility property, was \$1,489,368,882. The District's tax rate was levied per \$100 of assessed value as follows:

General Fund	\$.7637
Pension Tax Fund	.0447
Debt Service Fund	.0423

5. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2011 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	\$ 1,489,577	\$ -	\$ -	\$ 1,489,577
Construction in progress	<u>861,888</u>	<u>66,854</u>	<u>(905,836)</u>	<u>22,906</u>
Total capital assets, not being depreciated	<u>2,351,465</u>	<u>66,854</u>	<u>(905,836)</u>	<u>1,512,483</u>
Capital assets, being depreciated:				
Buildings	5,652,815	-	-	5,652,815
Building improvements	999,135	905,836	-	1,904,971
Fire fighting equipment	490,075	66,191	(20,506)	535,760
Office equipment	184,578	35,574	(5,621)	214,531
Vehicles	<u>4,390,622</u>	<u>-</u>	<u>-</u>	<u>4,390,622</u>
Total capital assets, being depreciated	<u>11,717,225</u>	<u>1,007,601</u>	<u>(26,127)</u>	<u>12,698,699</u>
Less accumulated depreciation for:				
Buildings	(1,606,834)	(141,320)	-	(1,748,154)
Building improvements	(267,555)	(60,018)	-	(327,573)
Fire fighting equipment	(431,567)	(24,196)	20,506	(435,257)
Office equipment	(174,861)	(5,059)	5,621	(174,299)
Vehicles	<u>(2,668,822)</u>	<u>(307,006)</u>	<u>-</u>	<u>(2,975,828)</u>
Total accumulated depreciation	<u>(5,149,639)</u>	<u>(537,599)</u>	<u>26,127</u>	<u>(5,661,111)</u>
Total capital assets, being depreciated, net	<u>6,567,586</u>	<u>470,002</u>	<u>-</u>	<u>7,037,588</u>
Total governmental activities	<u>\$ 8,919,051</u>	<u>\$ 536,856</u>	<u>\$ (905,836)</u>	<u>\$ 8,550,071</u>

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

6. **LONG-TERM DEBT**

General Obligation Bonds - The District has been authorized to issue up to \$12,000,000 in bonds. The bonds were issued for the purpose of constructing, purchasing, equipping and maintaining fire stations, and purchasing fire-fighting apparatus and auxiliary equipment for the District. These bonds are being serviced through a separate property tax.

2002 Bonds with annual installments of \$345,156 to \$742,581 through February 2022, interest at 4% to 4.85%	\$ 225,000
2007 Bonds with annual installments of \$83,600 to \$328,737 through February 2026, interest at 3.5% to 5.5%	1,400,000
2010 Refunding Bonds with annual installments of \$216,977 to \$715,575 through February 2022, interest at 2.0% to 4.75%	6,055,000
TOTAL	<u><u>\$7,680,000</u></u>

Annual debt service payments are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$ 535,000	\$ 265,024	\$ 800,024
2013	560,000	235,719	795,719
2014	540,000	210,332	750,332
2015	565,000	184,651	749,651
2016	615,000	157,164	772,164
2017 - 2021	3,310,000	513,853	3,823,853
2022 - 2026	1,555,000	109,875	1,664,875
Total	<u><u>\$ 7,680,000</u></u>	<u><u>\$ 1,676,618</u></u>	<u><u>\$ 9,356,618</u></u>

Advance refunding

In 2010, the District issued \$6,125,000 of general obligation fire protection refunding bonds to provide resources for the purchase of investments that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$6,100,000 of outstanding general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. All of the defeased bonds will be callable in 2012 and will be paid in full.

6. **LONG-TERM DEBT** - continued

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

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE, END OF YEAR</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
General Obligation Bonds:					
Series 2001	\$ 200,000	\$ -	\$ (200,000)	\$ -	\$ -
Series 2002	450,000	-	(225,000)	225,000	225,000
Series 2007	1,475,000	-	(75,000)	1,400,000	75,000
General Obligation Fire Protection Refunding Bonds:					
Series 2010	6,125,000	-	(70,000)	6,055,000	235,000
Issuance premiums	278,785	-	(27,878)	250,907	-
Deferred charges	(256,177)	-	25,617	(230,560)	-
Compensated absences	1,510,916	518,672	(431,111)	1,598,477	269,083
Subtotal governmental activities	<u>\$ 9,783,524</u>	<u>\$ 518,672</u>	<u>\$ (1,003,372)</u>	<u>\$ 9,298,824</u>	<u>\$ 804,083</u>

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 has a money purchase defined contribution plan which covers all full-time employees over age 21 with one year of service. Benefits vest after one year of service and normal retirement is at age 65. Members are not allowed to contribute to the plan. For the year ended December 31, 2011, the District made contributions totaling \$662,268.

9. **DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District makes no contribution to the Plan.

10. **SUBSEQUENT EVENTS**

Beginning in 2012 the District will provide other post-employment benefits. The District will reimburse eligible retirees up to \$400 per month towards primary medical insurance. The retirees must meet specific criteria to be eligible for this benefit. An actuarial valuation will be performed in 2012 to determine the amount of future obligation to the District.

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 20, 2012, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COUNTY FIRE AND RESCUE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
OPERATING REVENUES				
Taxes	\$ 11,455,241	\$ 11,455,241	\$ 10,153,973	\$ (1,301,268)
Permits	80,000	126,368	126,368	-
Investment income	55,000	45,000	33,227	(11,773)
Miscellaneous	10,000	48,551	53,761	5,210
TOTAL REVENUES	<u>11,600,241</u>	<u>11,675,160</u>	<u>10,367,329</u>	<u>(1,307,831)</u>
EXPENDITURES				
Public safety:				
Wages	6,731,636	6,707,538	6,660,387	47,151
Payroll taxes	514,970	504,725	504,700	25
Employee benefits	1,859,196	1,921,382	2,057,906	(136,524)
Occupancy	225,255	260,483	241,248	19,235
Vehicle	289,800	304,381	284,188	20,193
Firefighting	91,720	91,720	48,579	43,141
Office	48,300	48,300	22,761	25,539
Management information system	34,100	34,100	19,311	14,789
Outside services	303,228	310,228	223,893	86,335
Professional development	100,598	100,598	63,561	37,037
Community services	108,620	108,620	90,240	18,380
Capital outlay	275,960	325,160	125,076	200,084
TOTAL EXPENDITURES	<u>10,583,383</u>	<u>10,717,235</u>	<u>10,341,850</u>	<u>375,385</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,016,858</u>	<u>957,925</u>	<u>25,479</u>	<u>\$ (932,446)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>4,472,119</u>	<u>4,472,119</u>	<u>4,472,119</u>	
FUND BALANCES - END OF YEAR	<u>\$ 5,488,977</u>	<u>\$ 5,430,044</u>	<u>\$ 4,497,598</u>	
Fund balance, end of year - budgetary basis			\$ 4,497,598	
Accrual adjustments:				
Revenues			10,293,142	
Expenditures			(328,405)	
Fund balance, end of year - GAAP basis			<u>\$ 14,462,335</u>	

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

CENTRAL COUNTY FIRE AND RESCUE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Budgets and Budgetary Accounting

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

- 1) Formal budgetary integration is employed as a management control device during the year for all funds. These budgets are adopted on the cash basis of accounting.
- 2) The Board of Directors approves the tax rate by ordinance to fund District operations. Once this rate has been established, the Board of Directors approves the total budget appropriation and amendments. The Budget is monitored monthly through a line item budget comparison report by fund. Any significant variances are investigated and resolved.
- 3) Unused appropriations for all of the annually budgeted funds lapse at the end of the year.
- 4) Subsequent to its formal approval of the budget, the Board of Directors has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
- 5) The District's budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the budgetary comparison schedules in accordance with the budget basis of accounting. The differences between the budget and GAAP basis of accounting are that revenues are recorded when received in cash (budget) as opposed to when they are measurable and available (GAAP) and expenditures are recorded when paid (budget) as opposed to when the obligation is incurred (GAAP).

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



The Board of Directors of
Central County Fire and Rescue

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central County Fire and Rescue as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Central County Fire and Rescue's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

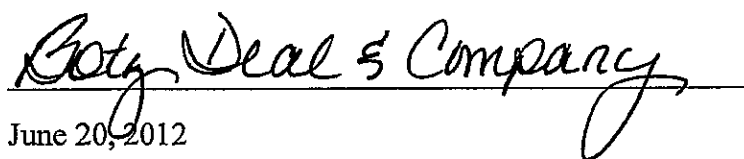
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in District's internal control to be material weaknesses:

Audit Adjustments - Audit adjustments are evaluated to determine if they are an indication of a control deficiency and a material weakness. We proposed the following adjustments to management:

- **Pension Trust Fund** - Adjustments were made to reflect the activity relating to the creation of a trust fund to help retirees pay insurance premiums.

Management's response: These adjustments are the result of nontraditional transactions. Management will record these items in the future.

This communication is intended solely for the information and use of management, Board of Directors, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.


June 20, 2012

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