



**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN ST. LOUIS COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

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Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2004

The annual review of audits of fire protections districts in St. Louis County has been completed. This review covered the reports for the year ended December 31, 2002.

Fire protection districts in St. Louis County are required by statute to have biennial audits performed if revenues exceed \$50,000. The State Auditor received, reviewed and accepted 22 reports for the year ended December 31, 2002. However, five of the twenty-two reports were received after the June 30, 2003, statutory deadline, with two districts being over 75 days late.

In 2002, 12 of 22 districts had increases in their General Fund balances; however, the aggregate General Fund balance of all districts increased by only one percent, similar to 2001, and much less than the annual increases of up to 15 percent in 1991 to 2000.

In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. For 2002, fifteen districts had fund balance to expenditure ratios greater than one, which indicated the districts' fund balance was greater than one year's cost of operations. Although many districts reserved a portion of their General Fund balance for capital improvements and future years' operations, six still had unreserved fund balances greater than one year's cost of operations. As noted in prior reports, the districts should annually re-evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Revenues of the Pension Funds decreased significantly in 2002, similar to 2001, and apparently due to significant losses in investment earnings. Many of the districts with defined benefit plans are having problems adequately funding their actuarial accrued liability and the sustainability of the pension funds may be in question.

Seven districts issued general obligations bonds totaling \$26.5 million in 2002 to fund new construction, renovations, and equipment. Total debt service fund tax levies increased significantly.

Also included in the report are over 100 specific recommendations made by independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budgets, payroll and employee benefits. The individual districts should review all the recommendations and their applicability to their district.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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DISTRICTS IN ST. LOUIS COUNTY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in St. Louis County

Fire protection districts in St. Louis County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in St. Louis County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and the State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing the work performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the St. Louis County fire protection districts.

While the State Auditor will continue to review the CPA audits and correspond with districts, future reporting of such information will be done on a biennial basis beginning with the years ended December 31, 2003 and 2004.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

September 18, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
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EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed. Based on the tax rate and assessed valuation information available, the Kinloch Fire Protection District received approximately \$22,200 in tax receipts during 2002; therefore, while it appears a biennial audit was not required, unaudited financial statements are required to be filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine if they are prepared in accordance with guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all 22 reports that were received for the year ended December 31, 2002. However, instances of non-compliance including the lack of district responses to recommendations, the lack of follow up to previous recommendations, and the lack of complete and adequate footnote disclosures were still noted. These problems were communicated to the applicable fire protection district auditors.

Five of the 22 reports were received after the June 30, 2003, statutory deadline, with two districts being over 75 days late. The following table shows the districts that failed to meet the statutory deadline, three of which also failed to meet the statutory deadline last year.

District	2002 Report Received	2001 Report Received
Eureka	August 15, 2003	July 11, 2002
Lemay	September 23, 2003	
Maryland Heights	August 25, 2003	July 11, 2002
Normandy	September 17, 2003	September 19, 2002
Pattonville/Bridgeton Terrace	July 28, 2003	

While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.

Twelve of 22 districts had increases in their General Fund balances in 2002. However, the aggregate increase again was about one percent, similar to 2001, and much less than the annual increases of up to 15 percent in 1991 to 2000. An aggregate increase in revenues was offset

somewhat by an aggregate increase in salaries, employee benefits, and capital improvements, resulting in the minimal change in the fund balances. In addition, 4 of 22 districts had voter approved increases in their General Fund tax levy. An additional ten districts had slight increases in their General Fund tax levy due to decreased assessed valuations and the adjustments for Article X, Section 22 of the Missouri Constitution (commonly referred to as the Hancock Amendment).

Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances to provide an adequate cash flow. However, fifteen districts have fund balance to expenditures ratios greater than one which indicates the total fund balance is greater than one year's cost of operations (in 2001, 13 districts had ratios greater than one). In addition, although a large number of these districts have reserved or designated a portion of their 2002 fund balances for new firehouses, additional equipment, future years' operations and other uses, six still have unreserved, undesignated fund balances greater than one year's cost of operations (in 2001, five districts had ratios greater than one). This is reflected in the table below.

Fund Balances to Expenditures Ratio						
District	2000		2001		2002	
	Total	Unreserved/ Undesignated	Total	Unreserved/ Undesignated	Total	Unreserved/ Undesignated
Afton	1.40	1.17	0.84	0.64	1.51	1.22
Black Jack	1.09	1.09	0.96	0.85	1.05	0.94
Chesterfield	1.73	0.75	1.26	0.45	1.17	0.08
Community	1.04	0.90	1.20	1.07	1.24	0.44
Creve Coeur	3.31	1.81	2.52	1.28	1.88	1.16
Eureka	0.90	0.90	0.87	0.87	0.82	0.82
Fenton	1.37	1.28	1.50	1.46	1.34	1.25
Florissant Valley	1.06	0.01	1.39	0.12	0.95	0.01
Lemay	0.56	0.56	0.83	0.83	0.86	0.86
Maryland Heights	2.23	1.06	2.17	0.95	2.04	1.13
Mehlville	1.16	0.82	0.86	0.62	0.98	0.76
Metro West	1.02	0.08	0.91	0.31	0.80	-0.05
Mid-County	0.93	0.93	0.93	0.93	1.01	1.01
Moline	0.83	0.83	0.92	0.92	0.84	0.84
Normandy	1.00	0.35	1.06	0.32	1.07	0.12
Pattonville/Bridgeton						
Terrace	0.87	0.87	0.85	0.84	1.27	0.95
Riverview	1.53	0.36	1.44	0.33	1.66	0.42
Robertson	1.71	1.71	1.69	0.79	1.79	0.87
Spanish Lake	1.12	1.12	1.05	1.05	0.98	0.98
Valley Park	1.64	1.39	1.69	1.49	1.18	1.07
West County EMS	1.73	0.40	1.72	0.81	1.40	0.37
West Overland	1.76	0.65	1.86	0.82	1.80	0.84

Three of the six fire districts have had ratios greater than one for the last several years. However, all five districts that had excessive fund balances in 2001 lowered their ratios in 2002. Metro West reserved an amount in excess of their total fund balance for subsequent year's appropriations resulting in a negative ratio. As noted in previous reports, the districts should annually re-evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Most fund balances of the Special Revenue Funds have remained constant or only slightly increased. However, ten districts increased either their Ambulance Fund or Dispatch Fund tax levies, or both. One district, the Metro West Fire Protection District, had a voter approved increase in its Dispatch Fund tax levy (the remaining districts experienced a slight increase due to a Hancock adjustment, as noted above). While most fund balances appear reasonable, a few fire protection districts should assess their need for large balances. In addition, Maryland Heights Fire Protection District had a negative balance in the Ambulance Fund. While the auditor for Maryland Heights has made recommendations in his last four reports regarding the negative balance in the Ambulance Fund, the board has chosen not to make any changes.

Revenues of the Fiduciary Funds decreased significantly in 2002 despite the fact that nine districts increased their Pension Fund tax levy. The decrease was similar to that of 2001, and was apparently due to significant losses in investment earnings. One district, the Riverview Fire Protection District, had a voter approved increase (the remaining districts experienced a slight increase due to a Hancock adjustment, as noted above). Deductions from such funds remained constant and the overall fund balances decreased eight percent.

Based on the pension plan notes in the audit reports, ten of the eleven districts with defined benefit plans do not have enough estimated actuarial assets to cover the estimated actuarial liability (pension benefits) in their Pension Fund, resulting in an unfunded liability. The remaining districts have defined contribution plans, in which no liability typically exists above that of the assets accumulated. The table below focuses on the unfunded liabilities of the district's with defined benefit plans.

Defined Benefit Plan Funding Progress				
District	Estimated Actuarial Value of Assets	Estimated Actuarial Liability	Estimated Unfunded Liability	Projected Funded Ratio
Affton	\$ 3,283,302	\$ 4,184,434	\$ (901,132)	78.5%
Black Jack	3,065,733	6,393,038	(3,327,305)	48.0%
Creve Coeur	2,841,729	8,170,472	(5,328,743)	34.8%
Eureka	3,258,982	3,258,982	0	100.0%
Fenton	15,246,113	15,835,974	(589,861)	96.3%
Florissant Valley	4,930,290	11,450,222	(6,519,932)	43.0%
Mehlville	36,965,918	40,690,510	(3,724,592)	90.9%
Metro West	17,518,333	27,875,629	(10,357,296)	62.8%
Mid-County	526,786	1,236,158	(709,372)	42.6%
Pattonville/Bridgeton				
Terrace	7,574,009	14,408,926	(6,834,917)	52.6%
Valley Park	1,213,342	1,347,375	(134,033)	90.1%

Note: The most recent valuation of the Pattonville/Bridgeton Terrace plan was January 1, 2002. The Eureka plan was valued at February 1, 2003, and all other district plans were valued at January 1, 2003. Also, Creve Coeur's is a supplemental plan.

In five of these eleven districts, the funded ratio has decreased over the last two years. This includes Mid-County which is currently funded at 42.6 percent. Another district, Florissant Valley, has remained at approximately 43 percent funding for a second consecutive year. Based on the information presented it appears many of these districts are having problems adequately funding their liability, and the sustainability of their pension fund itself may be in question. A similar conclusion was documented in the Special Review of Fire Protection District Defined Benefit Retirement Plans report issued on April 5, 2002, by the Joint Committee on Public Employee Retirement (JCPER).

There are 14 districts that have Capital Projects Funds. Four districts established such funds while three other districts closed their Capital Projects Funds in 2002. Capital Projects Funds are funded with proceeds from bonds (see subsequent paragraph), certificates of participation (COPS) [Affton and Mehlville have issuances of COPS] and/or transfers from other district funds. Each district's Capital Projects Fund is used to account for these financial resources to be used for the acquisition, construction, and/or renovation of major capital assets. Several districts currently have commitments to purchase or have already purchased fire trucks, ambulances, and other equipment. In addition, several districts have begun to or have plans to renovate their old fire houses or construct new or additional fire houses. The balances in these funds should be considered when analyzing the fund status of the district. Seven districts that have total General Fund balance to expenditures ratios greater than one also have Capital Projects Funds with balances over \$1 million.

Sixteen districts have outstanding bond debt. Seven of these districts issued general obligation bonds totaling \$26.5 million in 2002. The bond principal and interest payments are to be funded by a dedicated tax. Four districts established a new debt service levy in 2002, while two other districts increased their previous levy. When setting their debt service levies each year, the districts should ensure amounts available and to be collected are sufficient only to meet necessary obligations. For 2002, it appears no districts' levies were excessive.

Fire protection districts are continuing to add to their capital structure in buildings and equipment each year. In 2002, the asset balance of districts, excluding Pattonville/Bridgeton Terrace (Pattonville), increased by \$9.1 million or eight percent. Six districts, including Black Jack, Creve Coeur, Moline, Spanish Lake, Valley Park, and West County, had increases of over 15 percent due to new construction, renovations, and/or equipment.

Pattonville fixed assets are not reflected in Schedule 7 because the district did not have adequate fixed asset records. As a result, the district's independent auditor qualified their report. In addition, similar concerns were noted in seven other districts, but did not result in report qualifications. Adequate fixed asset records are necessary to secure better internal control over district property and to provide a basis for determining proper insurance coverage.

As noted throughout the executive summary, assessed valuations have decreased slightly (less than 1 percent) while tax levies have increased. The total general, pension, dispatching, and ambulance fund tax levy increases ranged from one to eight percent. However, the total debt service fund tax levies increased significantly, approximately 97 percent. This increase was

related to the new bond issuances discussed above. No debt service taxes are levied as a result of the COPS obligations.

Audit fees have remained consistent for most districts. The Pattonville/Bridgeton Terrace Fire Protection District audit fee was higher in 2002 due to additional work performed by the independent auditor.

Compensation to directors has increased in several districts over the last two years. This is due to their implementation of Section 321.603, RSMo, allowing directors additional compensation. Increases noted in the districts that had already implemented this statutory change in 2001, were the result of fees for additional board meetings the directors are required to attend.

Independent auditors made specific recommendations to improve the overall management of the fire districts. In total, over 100 recommendations were made to the various districts. Recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, and other various policies and procedures. In addition, recommendations were made concerning budgets and payroll and employee benefits. Of the 60 recommendations made during the 2001 audits, only 19 were identified as implemented. Each fire district should review all of the recommendations and their applicability to their individual district and implement these recommendations in an efficient and timely manner. Also, consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SCOPE AND METHODOLOGY

Scope

At December 31, 2002, there were 23 fire protection districts in St. Louis County. Audit reports were received for 22 districts. The Kinloch Fire Protection District's receipts were less than \$50,000, so no audit report was required.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year ended December 31, 2002, 2) reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 2002 (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) reviewed the Special Review of Fire Protection District Defined Benefit Retirement Plans issued on April 5, 2002, by the Joint Committee on Public Employee Retirement (information contained in this report provides an independent actuarial opinion of St. Louis County Fire Protection District Defined Benefit Retirement Plans), 4) obtained completed questionnaires from each of the fire protection districts regarding audit and other fees paid, and 5) verified dispatching fees paid by the fire protection districts with the service contract providers. In addition, financial data for the year ended December 31, 2001, has been presented for comparative purposes.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.
- Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted for ambulance operations. In addition, some districts receive contract revenues and ambulance fees.
- Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to the purchasing of dispatching services. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.
- Schedule 4 presents additions, deductions, and fund balance for Employee Benefit Funds in a combined format. This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits

to eligible fire fighters. The funds' primary sources of revenue are property taxes and investment income. There were four districts that reported a negative amount for additions, resulting from a net decrease in the value of their investments. Other districts reflected this decrease as a deduction.

- Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format. This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements. The primary sources of revenues for this fund are bond proceeds, certificate of participation proceeds, investment income, and transfers from other funds.
- Schedule 6 presents the operations of the Debt Service Funds for the year ended December 31, 2002, the amount of bonds outstanding (principal only), and the debt obligations of the districts for 2003 (principal and interest). This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The legal debt limit for a fire protection district is five percent of the fire protection district's assessed valuation. The reports submitted show that all fire protection districts with outstanding debt were within their statutory limits.
- Schedule 7 presents the General Fixed Asset balances of the districts at December 31, 2002, with comparative totals of general fixed assets at December 31, 2001. The schedule represents fixed assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available. No amounts are reported for the Pattonville/Bridgeton Terrace Fire Protection District due to the district having inadequate fixed asset records. As a result, a report qualification was issued by their independent auditor. In addition, the Black Jack Fire Protection District provided for depreciation over the useful lives of the general fixed assets. The total accumulated depreciation through December 31, 2002, was \$1,091,385.
- Schedule 8 presents the assessed valuations of the individual fire protection districts as well as tax levies for each of the districts' various funds as reported in the audit reports.
- Schedule 9 is a listing of the audit fees for each fire protection district. This information was obtained from a questionnaire sent to the districts.
- Schedule 10 is a listing of total compensation paid to the directors by each district during the year ended December 31, 2002 and 2001. The independent audit reports included the names of the principal officeholders during the year ended December 31, 2002 and 2001 and the compensation received by each official in the performance of his or her duty as established by Sections 321.190 and 321.603, RSMo 2000. There were instances when more than three names would be listed; however, this was due to a change in the officials serving on the board.
- Schedule 11 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters submitted to the

State Auditor. These comments apply to individual fire protection districts unless otherwise noted. These comments extracted from the reports and management letters were not verified by the State Auditor's Office via additional audit procedures for accuracy, validity, or completeness.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1 through 6. Schedules 1, 2, 3, 5 and 6 represent governmental type funds and are accounted for on the modified accrual basis of accounting. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Schedule 4 represents a fiduciary fund and is accounted for on the accrual basis of accounting. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are:

- 1) The Pension Fund is presented differently by the fire districts. Eleven districts offer defined contribution plans and six offer defined benefit plans. Four districts offer both types and another offers a defined contribution plan and a supplemental defined benefit plan.
- 2) Some districts may have major bond issues, certificate of participation issues, and related Capital Project Funds. In addition, some districts account for the related capital improvements and large asset purchases in their Capital Project Fund while others account for this activity in their General Fund.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.

In addition, the medical self-insurance/benefit funds, internal service funds, of the Eureka and Lemay Fire Protection Districts and the deferred compensation fund, an agency fund, of the Riverview Fire Protection District have not been presented in the schedules noted above. Information pertaining to these fire district funds can be obtained from the applicable fire district.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 GENERAL FUNDS

District	Year Ended December 31,							
	2001		2002					
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Afton	\$ 3,333,444	2,584,796	3,208,496	2,709,744	0	3,174,569	2,340,819	3,543,494
Black Jack	3,528,499	3,689,773	3,685,074	3,533,198	0	4,036,740	3,698,523	3,871,415
Chesterfield	12,101,055	8,474,608	9,119,196	11,456,467	0	9,067,102	9,462,235	11,061,334
Community	3,967,253	5,068,246	4,103,602	4,931,897	0	4,921,555	4,391,249	5,462,203
Creve Coeur	19,593,606	7,353,658	7,665,072	19,282,192	303,068	7,039,309	9,233,490	17,391,079
Eureka	1,236,222	1,727,659	1,585,794	1,378,087	0	1,835,141	1,761,229	1,451,999
Fenton	4,513,988	4,169,287	3,470,772	5,212,503	0	3,187,301	3,596,109	4,803,695
Florissant Valley	4,224,560	4,794,329	3,777,979	5,240,910	0	4,672,926	5,082,114	4,831,722
Lemay	715,253	1,508,971	1,216,953	1,007,271	0	1,478,617	1,333,656	1,152,232
Maryland Heights	10,268,888	5,051,622	4,838,076	10,482,434	0	4,901,618	5,056,728	10,327,324
Mehlville	13,551,706	10,932,578	13,154,296	11,329,988	663,723	10,664,596	11,445,839	11,212,468
Metro West	6,927,676	7,479,528	7,530,968	6,876,236	0	7,519,183	7,986,772	6,408,647
Mid-County	1,739,809	2,025,299	1,966,468	1,798,640	0	1,873,752	1,823,396	1,848,996
Moline	1,119,419	1,341,884	1,284,951	1,176,352	0	1,453,830	1,426,085	1,204,097
Normandy	2,022,804	1,798,793	1,854,481	1,967,116	0	2,434,149	2,129,239	2,272,026
Pattonville/Bridgeton Terrace	4,142,222	5,706,228	5,327,086	4,521,364	0	7,530,413	5,300,840	6,750,937
Riverview	2,139,530	1,583,276	1,527,946	2,194,860	0	1,936,470	1,551,746	2,579,584
Robertson	4,332,869	3,113,803	2,765,318	4,681,354	0	2,909,133	2,721,447	4,869,040
Spanish Lake	2,109,917	1,993,718	2,004,869	2,098,766	0	1,980,593	2,060,020	2,019,339
Valley Park	1,681,300	1,352,843	1,127,965	1,906,178	0	1,368,540	1,504,288	1,770,430
West County EMS	7,102,932	4,740,735	4,350,564	7,493,103	0	4,834,528	5,133,414	7,194,217
West Overland	1,970,356	1,421,627	1,187,497	2,204,486	0	1,366,053	1,275,668	2,294,871
Total	\$ 112,323,308	87,913,261	86,753,423	113,483,146	966,791	90,186,118	90,314,906	114,321,149

* Prior period adjustments made by the CPA firms.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE
 SPECIAL REVENUE FUNDS-AMBULANCE

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 1,220,136	1,246,686	755,059	1,711,763	0	1,169,950	1,151,351	1,730,362
Black Jack	0	0	0	0	0	0	0	0
Chesterfield	5,208,772	4,889,147	4,179,608	5,918,311	0	5,096,282	4,974,067	6,040,526
Community	1,163,961	1,349,688	1,118,504	1,395,145	0	1,354,279	1,115,815	1,633,609
Creve Coeur	0	3,412,029	3,412,029	0	53,192	3,478,970	3,463,554	68,608
Eureka	721,302	969,877	972,235	718,944	0	1,036,838	1,013,781	742,001
Fenton	1,982,256	2,309,486	1,982,026	2,309,716	0	1,786,149	2,233,413	1,862,452
Florissant Valley	241,584	2,380,216	2,133,070	488,730	0	2,112,929	2,557,587	44,072
Lemay	337,527	736,681	592,183	482,025	0	651,296	607,170	526,151
Maryland Heights	(858,375)	1,168,215	1,106,476	(796,636)	0	1,213,678	1,307,526	(890,484)
Mehlville	3,720,532	3,873,096	4,112,904	3,480,724	(663,723)	4,255,511	4,283,209	2,789,303
Metro West	3,569,082	3,797,854	3,837,599	3,529,337	0	3,850,157	3,735,592	3,643,902
Mid-County	0	215,945	215,945	0	0	199,407	199,407	0
Moline	0	0	0	0	0	0	0	0
Normandy	605,477	697,433	598,738	704,172	0	710,521	780,952	633,741
Pattonville/Bridgeton Terrace	1,957,936	2,063,431	1,762,278	2,259,089	0	2,014,250	2,001,383	2,271,956
Riverview	0	0	0	0	0	0	0	0
Robertson	188,430	1,448,731	1,142,818	494,343	0	1,486,705	1,555,980	425,068
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	584,182	594,304	531,491	646,995	0	619,195	554,540	711,650
West County EMS	2,797,979	2,164,463	1,970,928	2,991,514	0	2,284,386	2,365,661	2,910,239
West Overland	290,458	583,204	605,790	267,872	0	632,463	615,103	285,232
Total	\$ 23,731,239	33,900,486	31,029,681	26,602,044	(610,531)	33,952,966	34,516,091	25,428,388

* Prior period adjustments made by the CPA firms.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARTIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 SPECIAL REVENUE FUNDS-DISPATCHING

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance	
Affton	\$ 125,124	114,404	109,509	130,019	111,070	126,376	114,713	
Black Jack	0	165,826	165,826	0	189,783	189,783	0	
Chesterfield	399,275	595,159	306,917	687,517	595,118	460,272	822,363	
Community	10	138,824	138,824	10	137,822	137,821	11	
Creve Coeur	0	505,882	327,878	178,004	506,396	635,894	48,506	
Eureka	0	65,301	65,301	0	74,944	74,944	0	
Fenton	682,326	311,163	382,410	611,079	236,741	354,046	493,774	
Florissant Valley	292,842	211,341	123,719	380,464	266,532	422,494	224,502	
Lemay	6,666	52,858	47,204	12,320	54,755	44,138	22,937	
Maryland Heights	199,370	273,926	238,136	235,160	315,016	380,180	169,996	
Mehlville	727,621	707,050	493,094	941,577	743,770	551,385	1,133,962	
Metro West	236,178	359,970	333,520	262,628	613,346	278,334	597,640	
Mid-County	1,061	56,679	57,779	(39)	54,509	35,914	18,556	
Moline	0	31,209	31,208	1	32,738	32,739	0	
Normandy	0	66,522	66,522	0	64,816	64,816	0	
Pattonville/Bridgeton Terrace	286,307	293,899	293,899	286,307	284,786	338,088	233,005	
Riverview	0	50,494	50,494	0	51,266	51,266	0	
Robertson	1,209	141,285	100,753	41,741	128,242	109,592	60,391	
Spanish Lake	40,677	58,171	60,344	38,504	72,040	60,428	50,116	
Valley Park	37,713	56,944	49,840	44,817	60,874	56,518	49,173	
West County EMS	98,830	231,984	167,276	163,538	288,118	245,788	205,868	
West Overland	59	90,675	73,166	17,568	90,141	66,462	41,247	
Total	\$ 3,135,268	4,579,566	3,683,619	4,031,215	4,972,823	4,717,278	4,286,760	

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE-
 FIDUCIARY FUNDS (EMPLOYEE BENEFIT FUNDS)

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Adjustments *	Additions	Deductions	Ending Fund Balance
Affton	\$ 4,501,123	(85,652)	442,757	3,972,714	(17,107)	(246,581)	375,171	3,333,855
Black Jack	2,713,126	442,125	110,030	3,045,221	0	485,593	216,171	3,314,643
Chesterfield	23,199,092	(1,352,599)	1,702,011	20,144,482	0	(1,370,608)	2,173,155	16,600,719
Community	7,366,658	481,532	1,457,494	6,390,696	0	474,430	1,550,295	5,314,831
Creve Coeur	18,666,735	1,715,098	2,504,076	17,877,757	0	(60,820)	1,129,490	16,687,447
Eureka	2,637,344	555,220	70,081	3,122,483	0	468,185	49,619	3,541,049
Fenton	15,152,814	1,538,274	2,591,723	14,099,365	0	1,227,676	792,598	14,534,443
Florissant Valley	5,121,722	675,695	426,922	5,370,495	0	549,520	10,965	5,909,050
Lemay	151,385	147,504	142,566	156,323	0	126,452	144,338	138,437
Maryland Heights	9,534,267	(224,607)	110,153	9,199,507	0	(466,784)	93,874	8,638,849
Mehlville	36,537,825	421,114	1,228,080	35,730,859	0	(792,036)	3,610,977	31,327,846
Metro West	17,952,512	233,757	481,307	17,704,962	0	240,416	538,473	17,406,905
Mid-County	1,088,528	13,403	89,500	1,012,431	0	82,597	181,819	913,209
Moline	3,397,700	260,014	196,484	3,461,230	0	215,372	656,511	3,020,091
Normandy	165,400	167,184	127,304	205,280	0	162,229	149,314	218,195
Pattonville/Bridgeton Terrace	10,961,817	547,957	1,924,085	9,585,689	1,415,109	(545,428)	313,756	10,141,614
Riverview	2,049,050	153,464	287,852	1,914,662	0	306,009	502,184	1,718,487
Robertson	4,718,717	256,875	494,175	4,481,417	0	(240,931)	338,543	3,901,943
Spanish Lake	5,548,027	(312,158)	10,940	5,224,929	0	(957,462)	365,156	3,902,311
Valley Park	1,215,308	209,925	110,270	1,314,963	0	264,588	16,123	1,563,428
West County EMS	1,771,422	726,268	734,939	1,762,751	0	784,198	2,163,750	383,199
West Overland	5,120,991	86,144	529,281	4,677,854	0	(328,100)	122,253	4,227,501
Total	\$ 179,571,563	6,656,537	15,772,030	170,456,070	1,398,002	378,515	15,494,535	156,738,052

* Prior period adjustments made by the CPA firms.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 CAPITAL PROJECT FUNDS

District	Year Ended December 31,						
	2001				2002		
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 0	763,640	763,640	0	7,001,865	381,540	6,620,325
Black Jack	437,853	3,322	0	441,175	5,033,938	1,197,235	4,277,878
Chesterfield	12,738	326,238	322,402	16,574	443,838	444,156	16,256
Community	0	0	0	0	5,041,523	205,252	4,836,271
Creve Coeur	0	0	0	0	0	0	0
Eureka	2,045,400	233,755	764,666	1,514,489	275,152	542,023	1,247,618
Fenton	0	0	0	0	0	0	0
Florissant Valley	0	0	0	0	5,003,028	132,748	4,870,280
Lemay	0	0	0	0	0	0	0
Maryland Heights	(65,374)	0	0	(65,374)	65,374	0	0
Mehlville	2,036,281	59,103	2,009,745	85,639	1,786	87,425	0
Metro West	1,826,136	1,562,731	636,549	2,752,318	767,622	1,405,541	2,114,399
Mid-County	0	0	0	0	4,017,735	132,149	3,885,586
Moline	47,634	802	8,913	39,523	499,065	382,904	155,684
Normandy	0	0	0	0	0	0	0
Pattonville/Bridgeton Terrace	344,033	7,262	250,972	100,323	0	100,323	0
Riverview	975,295	38,786	22,716	991,365	8,974	376,331	624,008
Robertson	3,071,816	121,784	1,929,644	1,263,956	19,847	180,293	1,103,510
Spanish Lake	2,832,767	84,229	836,905	2,080,091	18,669	1,159,768	938,992
Valley Park	0	0	0	0	0	0	0
West County EMS	0	5,045,125	980,810	4,064,315	5,070,612	2,269,942	6,864,985
West Overland	0	0	0	0	1,981,629	0	1,981,629
Total	\$ 13,564,579	8,246,777	8,526,962	13,284,394	35,250,657	8,997,630	39,537,421

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, FUND BALANCE, AND BOND OBLIGATIONS -
 DEBT SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2002

District	Fund Balance December 31, 2001	Revenues	Expenditures and Transfers Out	Fund Balance December 31, 2002	2003 Obligations	Outstanding Bonds at December 31, 2002
Aftton *	\$ 0	0	0	0	0	0
Black Jack	0	917,506	0	917,506	659,733	5,000,000
Chesterfield	951,975	222,793	413,538	761,230	423,663	2,125,000
Community	0	1,079,019	0	1,079,019	776,580	5,000,000
Creve Coeur	0	0	0	0	0	0
Eureka	383,585	366,490	272,511	477,564	267,551	3,140,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	1,056,437	0	1,056,437	921,555	5,000,000
Lemay	295,602	129,470	153,143	271,929	160,766	560,000
Maryland Heights	391,645	811	392,456	0	0	0
Mehlville *	0	0	0	0	0	0
Metro West	0	0	0	0	0	0
Mid-County	0	474,408	0	474,408	416,337	4,000,000
Moline	137,925	62,961	76,282	124,604	65,050	500,000
Normandy	73,154	118,053	99,507	91,700	70,250	180,000
Pattonville/Bridgeton Terrace	495,389	265,460	322,685	438,164	356,126	1,275,000
Riverview	174,047	185,970	154,286	205,731	128,545	930,000
Robertson	624,336	328,707	358,228	594,815	343,962	3,275,000
Spanish Lake	278,143	392,816	298,394	372,565	299,330	2,785,000
Valley Park	128,891	83,885	69,269	143,507	71,833	325,000
West County EMS	964,865	1,026,074	687,498	1,303,441	809,825	9,550,000
West Overland	0	8	0	8	0	2,000,000
Total	\$ 4,899,557	6,710,868	3,297,797	8,312,628	5,771,106	45,645,000

* In addition to the bond obligations listed above, the Aftton and Mehlville Fire Protection Districts have issued certificates of participation. As of December 31, 2002, Aftton's outstanding debt was \$6,930,000, with a 2003 obligation of \$658,862. Mehlville's outstanding debt and 2003 obligation was \$3,395,000 and \$304,231, respectively.

Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 2002			December 31, 2001
	Land and Building	Furniture and Equipment	Total	Total
Affton	\$ 1,357,258	1,239,564	2,596,822	2,709,218
Black Jack	815,096	1,915,359	2,730,455	2,227,216
Chesterfield	11,337,030	6,167,030	17,504,060	16,620,505
Community	276,870	1,743,444	2,020,314	1,937,167
Creve Coeur	5,977,679	4,792,151	10,769,830	9,012,453
Eureka	3,543,590	3,181,244	6,724,834	6,153,292
Fenton	3,820,786	2,591,209	6,411,995	6,392,074
Florissant Valley	1,492,930	2,598,033	4,090,963	3,999,476
Lemay	1,783,448	848,782	2,632,230	2,578,607
Maryland Heights	3,523,386	3,687,557	7,210,943	6,909,818
Mehlville	8,925,826	8,237,652	17,163,478	17,169,493
Metro West	6,496,834	5,527,419	12,024,253	11,088,114
Mid-County	759,220	1,031,551	1,790,771	1,745,101
Moline	185,080	956,278	1,141,358	851,376
Normandy	767,546	1,797,684	2,565,230	2,501,389
Pattonville/Bridgeton Terrace	N/A	N/A	N/A	6,778,424
Riverview	1,160,642	903,100	2,063,742	1,862,411
Robertson	2,899,265	2,494,683	5,393,948	5,174,582
Spanish Lake	2,105,281	1,327,746	3,433,027	2,250,282
Valley Park	1,101,434	1,631,103	2,732,537	2,357,102
West County EMS	3,190,855	3,658,017	6,848,872	5,163,697
West Overland	220,944	1,144,266	1,365,210	1,382,089
Total	\$ 61,741,000	57,473,872	119,214,872	116,863,886

Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ASSESSED VALUATION AND TAX LEVIES
 YEARS ENDED DECEMBER 31, 2001 AND 2000

District	Assessed Valuation		Tax Levy per \$100 of Assessed Valuation											
			Total		General		Pension		Dispatching		Ambulance		Debt Service	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Affton	\$ 402,333,892	406,406,997	1.0640	0.8880	0.7930	0.6060	0.0630	0.0660	0.0270	0.0280	0.1810	0.1880	0.0000	0.0000
Black Jack	471,213,654	467,105,034	1.1080	0.9000	0.7440	0.7500	0.0990	0.1000	0.0400	0.0500	0.0000	0.0000	0.2250	0.0000
Chesterfield	1,536,565,681	1,567,207,832	0.9790	0.9950	0.5170	0.5170	0.0950	0.0950	0.0380	0.0400	0.3160	0.3160	0.0130	0.0270
Community	484,077,233	488,270,954	1.6180	1.3250	0.9920	0.9610	0.0990	0.0960	0.0290	0.0280	0.2480	0.2400	0.2500	0.0000
Creve Coeur	1,087,245,602	1,093,245,906	0.9960	0.9770	0.5950	0.5830	0.1430	0.1400	0.0470	0.0470	0.2110	0.2070	0.0000	0.0000
Eureka	240,746,252	233,280,081	1.2780	1.2770	0.7160	0.7150	0.0960	0.0960	0.0280	0.0280	0.2880	0.2880	0.1500	0.1500
Fenton	917,476,773	884,965,462	0.7400	0.7400	0.3800	0.3800	0.1000	0.1000	0.0300	0.0300	0.2300	0.2300	0.0000	0.0000
Florissant Valley	675,881,035	674,794,562	1.1490	0.9660	0.6920	0.6900	0.0990	0.0980	0.0400	0.0300	0.1480	0.1480	0.1700	0.0000
Lemay	145,652,327	145,291,497	1.4000	1.4000	0.9600	0.9600	0.0900	0.1000	0.0400	0.0300	0.2200	0.2200	0.0900	0.0900
Maryland Heights	546,550,352	566,481,855	1.0920	1.0690	0.8000	0.7800	0.1300	0.1260	0.0500	0.0480	0.1120	0.1070	0.0000	0.0080
Mehlville	1,741,490,014	1,717,583,697	0.9200	0.9200	0.5650	0.5650	0.0950	0.0950	0.0400	0.0400	0.2200	0.2200	0.0000	0.0000
Metro West	1,268,740,619	1,269,100,580	0.9920	0.9720	0.5540	0.5540	0.1040	0.1040	0.0480	0.0280	0.2860	0.2860	0.0000	0.0000
Mid-County	123,056,249	122,483,576	2.0500	1.6300	1.3500	1.3500	0.1000	0.1000	0.0300	0.0300	0.1500	0.1500	0.4200	0.0000
Moline	112,132,918	112,914,114	1.4340	1.4300	1.2080	1.1990	0.1450	0.1430	0.0290	0.0280	0.0000	0.0000	0.0520	0.0600
Normandy	172,742,248	173,232,525	2.0200	1.4800	1.5000	1.0000	0.1000	0.1000	0.0400	0.0400	0.3000	0.3000	0.0800	0.0400
Pattonville/Bridgeton Terrace	679,292,641	677,451,125	1.4540	1.1680	0.9830	0.7100	0.1500	0.1450	0.0400	0.0400	0.2440	0.2360	0.0370	0.0370
Riverview	130,055,002	130,542,349	1.9000	1.5000	1.4600	1.2040	0.2500	0.1060	0.0400	0.0400	0.0000	0.0000	0.1500	0.1500
Robertson	330,970,447	343,427,350	1.6200	1.5550	0.8600	0.7780	0.2000	0.1970	0.0400	0.0400	0.4200	0.3900	0.1000	0.1500
Spanish Lake	156,134,051	155,249,731	1.6810	1.5970	1.2200	1.2180	0.1460	0.1460	0.0480	0.0390	0.0000	0.0000	0.2670	0.1940
Valley Park	192,728,776	192,735,717	1.1000	1.1000	0.6400	0.6400	0.1000	0.1000	0.0300	0.0300	0.2900	0.2900	0.0400	0.0400
West County EMS	558,568,880	560,524,663	0.9620	0.9250	0.4580	0.4460	0.0800	0.0700	0.0490	0.0400	0.1950	0.1890	0.1800	0.1800
West Overland	166,680,282	168,269,464	1.1600	1.1540	0.7100	0.7040	0.1500	0.1500	0.0500	0.0500	0.2500	0.2500	0.0000	0.0000

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES

District	2002 Audit Fees	2001 Audit Fees
Affton	\$ 7,000	6,800
Black Jack	8,700	8,400
Chesterfield	9,500	9,500
Community	6,000	6,000
Creve Coeur	12,800	13,700
Eureka	4,895	4,300
Fenton	6,900	5,500
Florissant Valley	5,550	5,275
Lemay	3,900	3,675
Maryland Heights	5,800	6,100
Mehlville	10,800	10,500
Metro West	12,500	12,527
Mid-County	5,175	4,950
Moline	4,775	4,575
Normandy	4,575	4,525
Pattonville/Bridgeton Terrace *	24,897	9,500
Riverview	2,100	2,100
Robertson	5,500	5,017
Spanish Lake	6,000	6,000
Valley Park	6,700	6,400
West County EMS	8,250	5,000
West Overland	3,500	4,300

* The amount presented for Pattonville/Bridgeton Terrace for 2002 includes audit fees as well as other accounting fees. The district was not able to report these fees separately. The amount for 2001 represents audit fees only.

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2002	2001
Afton	\$ 12,050	9,000
Black Jack	23,550	21,867
Chesterfield	21,088	18,167
Community	23,417	20,033
Creve Coeur	25,942	22,400
Eureka	6,800	6,900
Fenton	12,000	11,550
Florissant Valley	32,000	31,800
Lemay	16,400	10,200
Maryland Heights	21,900	19,850
Mehlville	16,050	15,329
Metro West	14,450	11,541
Mid-County	25,600	28,600
Moline	29,600	29,600
Normandy	23,132	21,366
Pattonville/Bridgeton Terrace	25,200	23,785
Riverview	22,400	21,200
Robertson	26,758	14,550
Spanish Lake	31,800	27,300
Valley Park	13,200	13,550
West County EMS	31,483	23,717
West Overland	26,002	22,407

Schedule 11

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 2002

Expenditures/Purchasing

- Invoices were not cancelled or stamped paid after payment was made in two districts.
- An employee reimbursement claim form that would support all expense reimbursements was not developed.

Accounting Records and Procedures

- The accounting records service provider did not provide financial information, including journals, general ledgers, bank reconciliations and monthly financial statements in a timely manner.
- The accountant did not reconcile all bank accounts nor were the accounts reconciled to the month end financial statements.
- Three districts did not have a written accounting procedures manual.
- A system was not established for reconciling ambulance billings to actual amounts later collected or written off as uncollectible.
- The bookkeeper did not prepare and post cash to accrual adjustments prior to the audit commencing in two districts.
- Operating transfer accounts were not established for the general and dispatching funds.
- Segregation of duties was not established for receipt and disbursement procedures.
- The board in three districts did not review the bank reconciliations prepared by the district accountant on a periodic basis.
- Several old outstanding checks and posting errors were carried as reconciling items on the monthly cash reconciliations.
- Documentation supporting journal entries made during the year was not always retained.
- Blank checks were stored in an unlocked file drawer in an office.

- The district's internal controls over cash activities were limited to the Board of Directors' review and approval of cash disbursements. The Board performed no review of monthly cash activities by account.
- The report presented to the Board of Directors to help in their periodic review of what to do with available cash and maturing investments was informal and lacked consistency.
- Two new bank accounts were opened and another closed without approval of the Board.
- Several bank statements and their respective cancelled checks for the General and Ambulance Funds could not be located.
- Interfund balances in four districts were not periodically cleared/zeroed out.

Investments and Pensions

- Pension valuation reports and IRS Forms 1099-R were not prepared timely. In addition, IRS Forms 1099-R were not forwarded to the recipients or the IRS.
- Changes from the quarterly investment statements were not recorded on the internal financial statements.
- Reinvestments of the district's cash through the purchase of new securities were not approved by a formal motion of the Board of Directors.
- A fund, which provides other post-employment benefit options, had a \$485,000 unfunded obligation at year end.
- Documentation to substantiate deposits to, or payments from, pension accounts was not readily available.

Fixed Assets and Capital Improvements

- A detailed permanent record of fixed assets was not maintained in eight districts.
- Physical inventories were not performed in two districts.
- A formal policy for capitalizing fixed assets was not maintained.
- Formal long-term plans for capital replacement and acquisition were not established.

Budgetary Procedures

- Three districts' budget documents did not contain all of the required components as specified by Chapter 67, RSMo.

- The budget in one district did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund. In addition, another district's Capital Projects and Dispatch Funds were deficit budgeted.
- Expenditures for twelve districts exceeded the budgetary appropriations in various funds. In addition, budget amendments for several of these districts were not adequately documented and approved by the Board of Directors or were not prepared at all.
- A budget was not prepared for various funds in two districts.
- A fund was not adequately budgeted to account for all activity of the respective fund. This comment was noted for two districts. In addition, budget estimates of another district's Pension Fund were poor.
- The Board transferred all unexpended operating funds to the Capital Improvement Fund at the beginning of the next fiscal year, eliminating fund balances that could be used for future unanticipated operating expenditures.

Payroll and Employee Benefits

- The vacation policy did not clearly document how vacation time could be earned or if vacation time could be carried forward into the following year.
- A district did not establish procedures requiring comparison of payroll payment information set up in the system to authorized rates approved by the Board.
- Personnel files in two districts did not contain pertinent information, such as approved pay rates, promotions, raises and/or position/title.
- Allocation of employee salaries could not be verified because documentation was not maintained to distinguish between ambulance and firefighter duties.
- Unclaimed payroll checks were kept unlocked on top of a filing cabinet in the main office area.
- The formula utilized to allocate wages and related employee benefit costs between the General and Ambulance Funds did not properly reflect the time spent between activities in both these funds.
- Payroll and its related expense and liabilities were not reconciled on a regular basis.
- Manual payroll checks were not always immediately reported to the payroll service, resulting in duplicate payments. Also, some of these payments were not included on respective employees' W-2 forms.

- The self-funded health insurance plan appeared to be poorly written.

Pledged Securities

- Bankers insurance totaling \$1,000,000 and pledged against district deposits were not a valid pledge under Section 30.270, RSMo.

Unclaimed Property

- Several checks outstanding for over one year were written off, but were not turned over to the state under the Unclaimed Property Law.

GASB 34 Implementation

- It was recommended in sixteen districts that they continue to plan for the adoption of Governmental Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments.

Minutes

- Minutes were not always maintained for district board meetings. In addition, minutes were not maintained by another district for meetings held periodically by advisory committees.
- Minutes were not always prepared in a timely manner.

Fund Balances

- The district had an unrestricted fund balance greater than one year's cost of operations.

Component Units

- A component unit was not audited according to governmental standards.

APPENDICES

Missouri Revised Statutes

Chapter 321 Fire Protection Districts Section 321.690

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Rules of
Elected Officials
Division 40—State Auditor
Chapter 4—Audits of Fire Protection Districts
in St. Louis and Greene Counties**

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Title 15—ELECTED OFFICIALS**Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties****15 CSR 40-4.010 Requirements for Dis-
tricts**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

**15 CSR 40-4.020 Standards for Auditing
and Financial Reporting**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

**15 CSR 40-4.030 Contents of Audit
Reports**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*