

CITY OF DERBY, KANSAS
Firemen's Relief Association

Financial Statements
December 31, 2006

with
Independent Auditors' Report

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INDEPENDENT AUDITOR'S REPORT

Derby Firemen's Relief Association
City of Derby, Kansas

We have audited the statement of net assets arising from cash transactions of the City of Derby Firemen's Relief Association, at December 31, 2006, and the related statement of activities for the year then ended. These financial statements are the responsibility of management of the City of Derby Firemen's Relief Association. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting and are not presented in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly the financial position of the Derby Firemen's Relief Association at December 31, 2006, and its changes in net assets for the year then ended on the basis of accounting as described in Note 1.

This report is intended solely for the use of City of Derby Firemen's Relief Association and the management of the Association and should not be used for any other purpose.

Peterson, Peterson & Goss, L.C.

January 24, 2007

**FIREMEN'S RELIEF ASSOCIATION
CITY OF DERBY, KANSAS
Statement of Net Assets Arising from Cash Transactions
December 31, 2006**

Assets

Cash	\$ 50,679
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Liabilities and Net Assets

Unrestricted net assets	\$ 50,679
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**Statement of Activities Arising from Cash Transaction
Year Ended December 31, 2006**

Unrestricted Net Assets:

Revenues:

State Insurance Commissioner	\$ 74,008
City of Derby reimbursement	3,755
Interest earnings	1,397
Total revenues	79,160

Expenditures:

Insurance premiums	23,889
Annuity contract premium	56,053
Treasurer's bond	100
Total expenditures	80,042

Increase (decrease) in unrestricted net assets	(882)
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Net assets, beginning of year	51,561
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Net assets, end of year	\$ 50,679
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The notes to the financial statements are an integral part of this statement.

**FIREMEN'S RELIEF ASSOCIATION
CITY OF DERBY, KANSAS
Notes to Financial Statements
December 31, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Firemen's Relief Association of the City of Derby is a nonprofit organization incorporated under the laws of the State of Kansas. Its purpose is to provide relief for any member of the Derby Volunteer Fire Department if injured, physically disabled or killed in or by reason of the discharge of such member's duties as a firefighter. The association is exempt from income taxes.

Basis of Accounting

The Derby Firemen's Relief Association's policy is to prepare its financial statements and maintain its records on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred.

Cash

Cash consists of a checking account, money market account and certificates of deposit. The carrying amount was \$50,679 and bank balance was \$50,679 at December 31, 2006. The bank balances were entirely secured by federal depository insurance coverage at December 31, 2006.

Capital assets

The association owns no capital assets.