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December 26, 2006

The Honorable Colleen M. Dale  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102-0360

**FILED<sup>3</sup>**

DEC 27 2006

Re: Case No. IT-2007-0187  
Tracking No. JL-2007-0260

Missouri Public  
Service Commission

Dear Judge Dale:

During the hearing in this matter on December 21, 2006, Commissioner Clayton requested that Missouri One Call System, Inc. submit as a late filed exhibit a copy of the auditor's report it files annually with the Speaker of the Missouri House of Representatives and the President of the Missouri Senate. This auditor's report was also the subject of the Commission's Order of December 22, 2006. Accordingly, please find enclosed for filing in the referenced matter the original and five copies of the Independent Auditors' Report for Missouri One Call System, Inc. for the years ended December 31, 2005, 2004 and 2003. This has been marked per the Commission's Order as Exhibit 18.

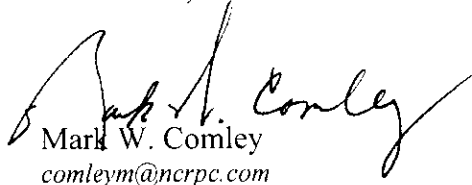
Would you please bring this filing to the attention of the appropriate Commission personnel.

Please contact me if you have any questions regarding this filing. Thank you.

Very truly yours,

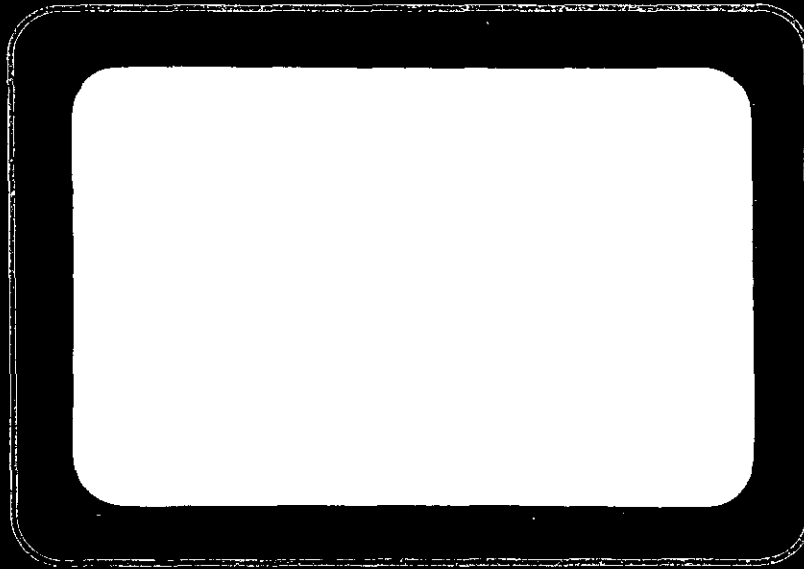
NEWMAN, COMLEY & RUTH P.C.

By:

  
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cc: Office of Public Counsel  
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Evers & Company, CPA's L.L.C.

Certified Public Accountants and Consultants

EXHIBIT

18

tabbles

**MISSOURI ONE CALL  
SYSTEM, INC.**

Jefferson City, Missouri

**INDEPENDENT AUDITORS' REPORT**

For the Years Ended December 31, 2005, 2004 and 2003

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# Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

Elmer L. Evers  
Jerome L. Kauffman  
Richard E. Elliott  
Dale A. Siebeneck  
Keith L. Taylor  
Lynn J. Graves  
Jo L. Moore

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Missouri One Call System, Inc.**  
Jefferson City, Missouri:

We have audited the accompanying statements of financial position of **Missouri One Call System, Inc.** as of December 31, 2005 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards required 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri One Call System, Inc. as of December 31, 2005 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The 2004 financial statements were reviewed by us, and our report thereon, dated March 8, 2005, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

*Evers & Company, CPA's, LLC*

EVERS & COMPANY, CPA's, L.L.C.  
Jefferson City, Missouri

March 15, 2006

**MISSOURI ONE CALL SYSTEM, INC.**  
Jefferson City, Missouri

**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2005, 2004 and 2003

	<b>ASSETS</b>		
	<b><u>2005</u></b> <b><u>Audited</u></b>	<b><u>2004</u></b> <b><u>Reviewed</u></b>	<b><u>2003</u></b> <b><u>Audited</u></b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 2,692,485.27	\$ 1,255,300.84	\$ 855,045.61
Investments	0.00	1,009,290.00	1,005,080.00
Accounts receivable	488,167.33	435,555.92	476,260.91
Accrued Interest Receivable	8,328.77	19,551.80	23,926.10
Inventory	39,008.92	37,669.67	37,912.17
Prepaid Expenses	20,165.73	19,871.82	17,334.45
<b>Total Current Assets</b>	<b>3,248,156.02</b>	<b>2,777,240.05</b>	<b>2,415,559.24</b>
<b>PROPERTY AND EQUIPMENT</b>			
Furniture and equipment	126,975.09	125,980.14	120,095.05
Automobile	42,451.00	42,451.00	42,451.00
Leasehold improvements	55,436.70	55,436.70	55,436.70
Less: Accumulated Depreciation	(146,419.11)	(127,625.43)	(106,886.06)
<b>Net Property and Equipment</b>	<b>78,443.68</b>	<b>96,242.41</b>	<b>111,096.69</b>
<b>CAPITAL LEASE</b>			
Equipment	667,076.39	667,076.39	667,076.39
Less: Accumulated amortization	(625,383.90)	(458,614.86)	(291,845.82)
<b>Net Capital Lease</b>	<b>41,692.49</b>	<b>208,461.53</b>	<b>375,230.57</b>
<b>OTHER ASSETS</b>			
Investments	984,060.00	995,310.00	1,026,599.00
<b>Total Other Assets</b>	<b>984,060.00</b>	<b>995,310.00</b>	<b>1,026,599.00</b>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,352,352.19</u></b>	<b><u>\$ 4,077,253.99</u></b>	<b><u>\$ 3,928,485.50</u></b>

See accompanying notes to financial statements.

**MISSOURI ONE CALL SYSTEM, INC.**

Jefferson City, Missouri

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2005, 2004 and 2003

**LIABILITIES AND NET ASSETS**

	<b>2005</b> <b><u>Reviewed</u></b>	<b>2004</b> <b><u>Audited</u></b>	<b>2003</b> <b><u>Reviewed</u></b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 222,764.65	\$ 199,170.57	\$ 207,849.55
Accrued vacation payable	23,530.49	10,360.16	10,776.84
Retirement Payable	3,496.62	0.00	0.00
Current portion capital lease	<u>46,314.96</u>	<u>178,758.52</u>	<u>168,792.99</u>
<b>Total Current Liabilities</b>	<b>296,106.72</b>	<b>388,289.25</b>	<b>387,419.38</b>
<b>LONG-TERM LIABILITIES</b>			
Capital lease obligation	<u>0.00</u>	<u>46,314.96</u>	<u>225,073.48</u>
<b>Total Long-Term Liabilities</b>	<b>0.00</b>	<b>46,314.96</b>	<b>225,073.48</b>
<b>Total Liabilities</b>	<b>296,106.72</b>	<b>434,604.21</b>	<b>612,492.86</b>
<b>UNRESTRICTED NET ASSETS</b>			
Designated for operations	800,000.00	800,000.00	800,000.00
Designated for capital improvements	757,713.63	757,713.63	757,713.63
Undesignated	<u>2,498,531.84</u>	<u>2,084,936.15</u>	<u>1,758,279.01</u>
<b>Total Unrestricted Net Assets</b>	<b>4,056,245.47</b>	<b>3,642,649.78</b>	<b>3,315,992.64</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,352,352.19</u></b>	<b><u>\$ 4,077,253.99</u></b>	<b><u>\$ 3,928,485.50</u></b>

See accompanying notes to financial statements.

# MISSOURI ONE CALL SYSTEM, INC.

Jefferson City, MO

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2005, 2004 and 2003

	<b>2005</b> <b><u>Audited</u></b>	<b>2004</b> <b><u>Reviewed</u></b>	<b>2003</b> <b><u>Audited</u></b>
<b>REVENUES</b>			
One call message fees	\$ 4,019,782.44	\$ 3,799,964.76	\$ 3,569,636.09
Educational materials/income	2,874.50	4,725.88	3,075.75
Interest income	68,131.72	15,034.11	6,146.73
Miscellaneous income	0.00	63.05	0.00
Investment Income	<u>27,299.47</u>	<u>33,527.67</u>	<u>64,679.10</u>
<b>Total Revenues</b>	<b>4,118,088.13</b>	<b>3,853,315.47</b>	<b>3,643,537.67</b>
<b>EXPENSES</b>			
Notification charges	2,355,635.01	2,260,085.87	2,161,920.02
Educational materials	71,100.02	50,607.39	31,354.74
Depreciation	18,793.68	20,739.37	20,511.07
Amortization expense	166,769.04	166,769.04	166,769.04
Maintenance	7,522.17	8,158.88	(2,824.90)
Rent	57,743.57	56,400.00	56,400.00
Taxes & license	815.16	902.76	1,095.18
Salaries and payroll taxes	322,742.13	309,133.56	300,483.85
Employee benefits	51,867.84	41,731.21	28,972.34
Travel, meals and entertainment	32,397.95	36,778.53	29,545.94
Advertising, education and shows	483,173.52	434,683.20	305,288.64
Professional fees	38,567.14	38,124.75	51,791.69
Utilities and telephone	22,987.14	22,132.53	23,388.64
Automobile expense	6,346.75	5,404.20	3,569.28
Office supplies and postage	19,583.23	40,649.74	17,247.93
Insurance	18,666.31	14,625.68	18,070.01
Programming	1,011.10	3,025.00	0.00
Miscellaneous Expenses	<u>28,770.68</u>	<u>16,706.62</u>	<u>106,495.51</u>
<b>Total Expenses</b>	<b><u>3,704,492.44</u></b>	<b><u>3,526,658.33</u></b>	<b><u>3,320,078.98</u></b>
Excess of revenues over (under) expenses	413,595.69	326,657.14	323,458.69
Net Assets, beginning of year, restated	<u>3,642,649.78</u>	<u>3,315,992.64</u>	<u>2,992,533.95</u>
Net Assets, end of year	<u><u>\$ 4,056,245.47</u></u>	<u><u>\$ 3,642,649.78</u></u>	<u><u>\$ 3,315,992.64</u></u>

See accompanying notes to financial statements.

**MISSOURI ONE CALL SYSTEM, INC.**

Jefferson City, Missouri

**STATEMENTS OF CASH FLOWS (INDIRECT METHOD)**

For the Years Ended December 31, 2005, 2004 and 2003

	<b><u>2005</u></b> <b><u>Audited</u></b>	<b><u>2004</u></b> <b><u>Reviewed</u></b>	<b><u>2003</u></b> <b><u>Audited</u></b>
<b><u>Cash Flows from Operating Activities:</u></b>			
Increase (Decrease) in Net Assets	\$ 413,595.69	\$ 326,657.14	\$ 323,458.69
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash (Used) Provided by Operating Activities:			
Depreciation	18,793.68	20,739.37	20,511.07
Amortization of capital lease	166,769.04	166,769.04	166,769.04
Unrealized (gain)/loss on investments	(18,170.00)	66,349.00	30,693.00
(Gain)/loss disposal of assets	-	-	142.59
(Increase)/Decrease in:			
Accounts receivable	(52,611.41)	40,704.99	(108,027.81)
Accrued interest receivable	11,223.03	4,374.30	7,168.90
Inventory	(1,339.25)	242.50	(8,504.02)
Other assets	(293.91)	(2,537.37)	3,777.25
Increase/(Decrease) in:			
Accounts payable	23,594.08	(8,678.98)	(627.76)
Retirement Payable	3,496.62	-	-
Accrued liabilities	13,170.33	(416.68)	373.40
Net Cash (Used) Provided by Operating Activities	<u>578,227.90</u>	<u>614,203.31</u>	<u>435,734.35</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Purchase of property and equipment	(994.95)	(5,885.09)	(4,054.82)
Realized (gain)/loss on investments	38,710.00	(25,560.00)	(5,766.00)
Purchase of investments	-	(2,038,710.00)	(1,025,000.00)
Proceeds from sale of investments	<u>1,000,000.00</u>	<u>2,025,000.00</u>	<u>1,025,000.00</u>
Net Cash Used by Investing Activities	<u>1,037,715.05</u>	<u>(45,155.09)</u>	<u>(9,820.82)</u>
<b><u>Cash Flows from Financing Activities:</u></b>			
Payments on capital lease obligation	<u>(178,758.52)</u>	<u>(168,792.99)</u>	<u>(159,383.06)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,437,184.43	400,255.23	266,530.47
Cash and Cash Equivalents at Beginning of Year	<u>1,255,300.84</u>	<u>855,045.61</u>	<u>588,515.14</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,692,485.27</u></u>	<u><u>\$ 1,255,300.84</u></u>	<u><u>\$ 855,045.61</u></u>

See accompanying notes to financial statements.

**MISSOURI ONE CALL SYSTEM, INC.**  
Jefferson City, Missouri

**STATEMENTS OF CASH FLOWS (INDIRECT METHOD)**  
For the Years Ended December 31, 2005, 2004 and 2003

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	<b><u>2005</u></b> <b><u>Audited</u></b>	<b><u>2004</u></b> <b><u>Reviewed</u></b>	<b><u>2003</u></b> <b><u>Audited</u></b>
<b><u>Cash Paid During the Year For:</u></b>			
Interest	\$ 8,279.48	\$ 18,245.01	\$ 27,659.94
Taxes	-0-	-0-	-0-

**Disclosure of Accounting Policy:**

For purposes of the Statement of Cash Flows, Missouri One Call System, Inc. considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See accompanying notes to the financial statements.

**MISSOURI ONE CALL SYSTEM, INC.**  
Jefferson City, Missouri

**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2005, 2004 and 2003

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Activities**

Missouri One Call System Inc. (the Organization) was formed to provide a notification service to all members when excavators, contractors or builders will be digging, drilling or blasting into the ground. Once the Organization is contacted by an excavator, contractor or builder it notifies all members who have underground wires or pipes running through the respective property. The members then have a specified amount of time in which they can mark the location of their wires and pipes. Members typically are utility companies and municipalities and other entities which own or operate underground wires or pipes. No fees are associated with the membership application.

The objectives of the Organization are as follows:

- 1) promote a higher level of public safety
- 2) reduce underground utilities damage
- 3) minimize utility service interruptions
- 4) protect the environment

**Basis of Accounting**

These financial statements are prepared on the accrual basis of accounting; accordingly, revenue is recognized when earned and expenses when incurred.

**Management Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Since the Organization has no externally imposed restrictions on its resources, all net assets are classified as unrestricted.

**MISSOURI ONE CALL SYSTEM, INC.**  
Jefferson City, Missouri

**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2005, 2004 and 2003

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)**

**Accounts Receivable**

The Organization extends credit to its customers and generally no collateral is required. Accounts receivable are stated at the face amount with no allowance for doubtful accounts because probable uncollectible accounts would be immaterial.

**Inventory**

Inventory consists of educational materials and is stated at an average cost.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets, ranging from 5 to 7 years.

**Income Taxes**

The Organization is exempt from federal income taxes under Internal Revenue Code section 501(c)(6). However, should the Organization receive income from activities not directly related to the Organization's tax exempt purpose, such income would be subject to taxation as unrelated business income.

**Investments**

Investments in equity and debt securities are reported at fair value. Realized and unrealized gains and losses are recognized in the statements of activities. Investment return, including realized and unrealized gains and losses, is included as changes in net assets consistent with the purpose of the investment.

**Expense Allocation**

Directly identifiable expenses are charged to programs. Expenses related to more than one function are charged to programs on the basis of management's estimate of time and expense. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Designation of Unrestricted Net Assets**

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and future operating activities from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and activities.

**MISSOURI ONE CALL SYSTEM, INC.**

Jefferson City, Missouri

**NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2005, 2004 and 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)**Advertising**

Advertising costs are expensed as incurred. Total advertising expense was \$459,567, \$421,815 and \$297,642 for 2005, 2004 and 2003, respectively.

**NOTE 2 - INVESTMENTS:**

Investments as of December 31, 2005, 2004 and 2003 are composed of the following:

	<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Corporate bonds	\$ -0-	\$ -0-	\$1,038,710	\$1,009,290	\$ 974,440	\$1,005,080
U.S. Treasury obligations	<u>1,000,000</u>	<u>984,060</u>	<u>1,000,000</u>	<u>995,310</u>	<u>1,025,000</u>	<u>1,026,599</u>
	<u>\$1,000,000</u>	<u>\$ 984,060</u>	<u>\$2,038,710</u>	<u>\$2,004,600</u>	<u>\$1,999,440</u>	<u>\$2,031,679</u>

Investment income and net realized and unrealized gains were as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Investment income	\$ 47,839	\$ 74,317	\$ 89,606
Change in unrealized gains (loss)	18,170	(66,349)	(30,693)
Realized gains/(loss)	<u>(38,710)</u>	<u>25,560</u>	<u>5,766</u>
Total Investment Income	<u>\$ 27,299</u>	<u>\$ 33,528</u>	<u>\$ 64,679</u>

**NOTE 3 - OPERATING LEASE:**

The Organization leases office space on a month-to-month basis. The lease agreement requires the Organization to pay costs such as taxes and maintenance. Rental expenses for this lease consisted of \$57,744, \$56,400 and \$56,400 for the years ended December 31, 2005, 2004 and 2003, respectively.

# MISSOURI ONE CALL SYSTEM, INC.

Jefferson City, Missouri

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2005, 2004 and 2003

### **NOTE 4 – CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS:**

The Organization maintains cash at several financial institutions. The checking account is insured by the Federal Deposit Insurance Corporation up to \$100,000. Cash and securities held by Merrill Lynch are protected through the Securities Investor Protection Corporation (SIPC) up to a maximum of \$500,000. At December 31, 2005, 2004 and 2003, the total amount maintained in excess of insurance coverage totaled \$2,403,022, \$896,022 and \$510,130, respectively.

### **NOTE 5 – CALL CENTER:**

#### One Call Concepts, Inc.

In 2002, the Organization entered into an agreement with One Call Concepts, Inc. (Concepts) whereby, effective April 1, 2002 and for a four-year term, Concepts manages and operates complete call center services for the Organization and furnishes the equipment and personnel necessary to perform the services. Missouri One Call System, Inc. provides the site and building to house the call center, including most utilities. Through this agreement, the Organization entered into a capital lease with Concepts for the use of the equipment with an option to buy the equipment as well as pay Concepts for management services in accordance with terms of the contract. In addition, the Organization will pay incremental costs per locate request on amounts that exceed projected volumes in any given year in accordance with terms of contract. The amount of the capital lease is being amortized over the life of the agreement using the straight-line method. The amortization expense on this lease for the years ended December 31, 2005, 2004 and 2003 totaled \$166,769. The Organization paid Concepts \$8,279, \$18,245 and \$27,654 in interest expense on the lease for the years ended December 31, 2005, 2004 and 2003.

The following is a schedule by years of future minimum payments required under the capital lease obligation together with the present value as of December 31, 2005.

Minimum lease payments for the years ending December 31:

2006	<u>\$ 46,760</u>
	46,760
Less amount representing	
Interest	<u>(445)</u>
Present Value of Minimum	
Lease Payments	<u>\$ 46,315</u>

**MISSOURI ONE CALL SYSTEM, INC.**

Jefferson City, Missouri

**NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2005, 2004 and 2003

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**NOTE 6 – PROGRAM EXPENSE:**

The Organization provides two primary programs. Program expenses are summarized as follows:

	<u>2005</u> <u>Total</u>	<u>2004</u> <u>Total</u>	<u>2003</u> <u>Total</u>
Programs:			
Promotional	\$2,889,504	\$2,750,793	\$2,589,662
Supporting Services:			
Management and General	<u>814,988</u>	<u>775,865</u>	<u>730,417</u>
	<u>\$3,704,492</u>	<u>\$3,526,658</u>	<u>\$3,320,079</u>

**NOTE 7 – PROFIT SHARING PLAN:**

Effective January 1, 2001, the Organization established a 401(k) plan for all qualified employees and makes contributions for those who participate in the Plan. The contributions made by the Organization for the years ended December 31, 2005, 2004 and 2003 were \$17,378, \$16,813 and \$13,405, respectively.

**NOTE 8 – PRIOR PERIOD ADJUSTMENT:**

During 2004, the Organization had earned certain revenues totaling \$21,303.60 which were not recorded on its financial statements. The effect of this error increased net assets by \$21,303.60 at December 31, 2004.