

FEDERAL SIGNAL CORP /DE/

Form 10-K/A

March 18, 2005

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

on

Form 10-K/A

▶ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

Commission File Number 1-6003

FEDERAL SIGNAL CORPORATION

(Exact name of the Company as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

36-1063330

*(I.R.S. Employer
Identification No.)*

1415 West 22nd Street,

Oak Brook, Illinois

(Address of principal executive offices)

60523

(Zip Code)

The Company's telephone number, including area code

(630) 954-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, par value \$1.00 per share,
with preferred share purchase rights

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Company is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of voting stock held by nonaffiliates of the Company as of June 30, 2004:
Common stock, \$1.00 par value \$876,612,549

Indicate the number of shares outstanding of each of the Company's classes of common stock, as of January 31, 2005: Common stock, \$1.00 par value 48,139,256 shares

Documents Incorporated By Reference

Portions of the proxy statement for the Annual Meeting of Shareholders to be held on April 27, 2005 are incorporated by reference in Parts II and III.

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EXPLANATORY NOTE

On March 16, 2005, the Registrant filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2004. This Amendment No. 1 to Annual Report on Form 10-K/A is being filed by the Registrant solely for the purpose of correcting inadvertent clerical errors contained in the third and penultimate tables relating to deferred tax assets and liabilities contained in Note F Income Taxes to the Registrant's consolidated financial statements included under Item 8. Financial Statements and Supplementary Data. The remainder of the information in the Registrant's consolidated financial statements and the related notes thereto remains unchanged.

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Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of Federal Signal Corporation

We have audited the accompanying consolidated balance sheets of Federal Signal Corporation and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Federal Signal Corporation and subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with US generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Federal Signal Corporation's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2005 expressed an unqualified opinion thereon.

Chicago, Illinois
March 9, 2005
except for Note E, as to which the date is
March 15, 2005

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of Federal Signal Corporation

We have audited management's assessment, included in Item 9A(b) of the accompanying Form 10-K, that Federal Signal Corporation maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Federal Signal Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Federal Signal Corporation maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Federal Signal Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2004 and 2003, and the related consolidated statements of income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2004 of Federal Signal Corporation and our report dated March 9, 2005, except for Note E, as to which the date is March 15, 2005, expressed an unqualified opinion thereon.

Chicago, Illinois
March 9, 2005

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CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2004	2003
	(\$ in millions)	
ASSETS		
Manufacturing activities:		
Current assets		
Cash and cash equivalents	\$ 14.9	\$ 10.0
Accounts receivable, net of allowances for doubtful accounts of \$2.3 million and \$2.5 million, respectively	200.6	185.9
Inventories Note B	178.2	172.5
Other current assets	24.7	19.2
Total current assets	418.4	387.6
Properties and equipment Note C	110.9	118.7
Other assets		
Goodwill, net of accumulated amortization	352.5	350.6
Other deferred charges and assets	47.6	61.0
Total manufacturing assets	929.4	917.9
Net assets of discontinued operations		23.0
Financial services activities Lease financing and other receivables, net of allowances for doubtful accounts of \$3.9 million and \$2.5 million, respectively, and net of unearned finance revenue Note D	196.5	230.1
Total assets	\$ 1,125.9	\$ 1,171.0
LIABILITIES AND SHAREHOLDERS EQUITY		
Manufacturing activities:		
Current liabilities		
Short-term borrowings Note E	\$ 18.9	\$ 68.6
Accounts payable	79.6	76.2
Accrued liabilities		
Compensation and withholding taxes	30.8	30.4
Customer deposits	24.5	21.2
Other	75.9	65.6
Income taxes		2.6
Total current liabilities	229.7	264.6
Long-term borrowings Note E	215.7	194.1
Long-term pension and other liabilities	34.3	49.1
Deferred income taxes Note F	55.1	39.4
Total manufacturing liabilities	534.8	547.2

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Financial services activities	Borrowings	Note E	178.4	201.3
Total liabilities			713.2	748.5
Shareholders' equity Notes I and J				
Common stock, \$1 par value per share, 90.0 million shares authorized, 48.6 million and 48.4 million shares issued, respectively			48.6	48.4
Capital in excess of par value			94.4	91.9
Retained earnings Note E			295.8	317.4
Treasury stock, .4 million and .5 million shares, respectively, at cost			(13.6)	(14.8)
Deferred stock awards			(3.1)	(2.3)
Accumulated other comprehensive income (loss)				
Foreign currency translation			3.1	(3.7)
Net derivative loss, cash flow hedges			1.7	(.2)
Minimum pension liability			(14.2)	(14.2)
Total			(9.4)	(18.1)
Total shareholders' equity			412.7	422.5
Total liabilities and shareholders' equity			\$ 1,125.9	\$ 1,171.0

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (LOSS)****For the Years Ended December 31,****2004 2003 2002****(\$ in millions, except per share data)**

Net sales	\$ 1,139.0	\$ 1,150.7	\$ 1,001.6
Costs and expenses			
Cost of sales	(895.7)	(849.8)	(719.2)
Selling, general and administrative	(228.4)	(234.4)	(205.1)
Restructuring charges	(15.4)	(4.8)	
Operating income (loss)	(.5)	61.7	77.3
Interest expense	(20.8)	(19.4)	(19.8)
Other expense, net	(4.0)	(.3)	(.6)
Income (loss) before income taxes	(25.3)	42.0	56.9
Income taxes Note F	12.6	(6.9)	(13.4)
Income (loss) from continuing operations	(12.7)	35.1	43.5
Discontinued operations Note L:			
Income from operations, net of taxes of \$2.2 million, \$1.4 million and \$1.4 million, respectively	3.7	2.6	2.7
Gain (loss) on dispositions, net of taxes (benefit) of \$7.9 million and \$(.2) million, respectively	6.7	(.4)	
Cumulative effect of change in accounting, net of taxes			(8.0)
Net income (loss)	\$ (2.3)	\$ 37.3	\$ 38.2
Basic and diluted income (loss) per share			
Income (loss) from continuing operations	\$ (.26)	\$.73	\$.95
Discontinued operations:			
Income from operations, net of taxes	.08	.05	.06
Gain (loss) on dispositions, net of taxes	.14	(.01)	
Cumulative effect of change in accounting, net of taxes			(.17)
Net income (loss)*	\$ (.05)	\$.78	\$.83

* amounts may not add to total due to rounding

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**

	Common Stock Par Value	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Deferred Stock Awards	Accumulated Other Comprehensive Loss	Total
(\$ in millions)							
Balance at December 31, 2001	\$ 47.4	\$ 73.2	\$ 312.2	\$ (45.5)	\$ (2.2)	\$ (25.7)	\$ 359.4
Comprehensive income:							
Net income			38.2				38.2
Foreign currency translation						7.6	7.6
Unrealized losses on derivatives, net of \$1.2 million tax benefit						(2.1)	(2.1)
Minimum pension liability, net of \$8.1 million tax benefit						(13.8)	(13.8)
Comprehensive income							29.9
Issuance of stock for purchase of companies	.8	12.8		29.9			43.5
Cash dividends declared			(36.7)				(36.7)
Compensation plans:							
Exercise of stock options	.2	4.0		(1.3)			2.9
Stock awards granted	.1	2.4			(2.5)		
Related tax benefits		.1					.1
Amortization of deferred stock awards					1.5		1.5
Treasury stock:							
Issuance				1.9			1.9
Purchases				(4.4)			(4.4)
Retirement	(.1)	(1.4)		1.5			
Other				(.1)			(.1)
Balance at December 31, 2002	48.4	91.1	313.7	(18.0)	(3.2)	(34.0)	398.0
Comprehensive income:							
Net income			37.3				37.3
Foreign currency translation						14.4	14.4
Unrealized gains on derivatives, net of \$1.1 million tax expense						1.9	1.9
Minimum pension liability, net of \$.2 million tax benefit						(.4)	(.4)
Comprehensive income							53.2
Cash dividends declared			(33.6)				(33.6)

Compensation plans:

Exercise of stock options	.1		.1
Stock awards granted	.8	(.8)	
Related tax benefits	.2		.2