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Financial Statements and Supplementary Information and Independent Auditors' Reports, 2005

West County EMS and Fire Protection District

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WEST COUNTY EMS AND
FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORTS

December 31, 2005

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.....	10
Statement of Activities.....	11
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Notes to Basic Financial Statements.....	16
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual (Budgetary Basis):	
General Fund - Unaudited.....	33
Ambulance Fund - Unaudited	34
Dispatch Fund - Unaudited	35
Pension Revenue Fund - Unaudited.....	36
Notes to Required Supplementary Information.....	37

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
ADDITIONAL SUPPLEMENTARY INFORMATION:	
Schedule of Insurance in Force	38
Schedule of Directors' Fees	39
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40

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INDEPENDENT AUDITORS' REPORT

Board of Directors
West County EMS and Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of West County EMS and Fire Protection District (the "District") as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2005, and their respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2006 on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 33 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Insurance in Force and Schedule of Director's Fees on pages 38 through 39 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Schowalter & Jabouri P.C.
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
March 10, 2006

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the West County EMS and Fire Protection District's (the "District") basic financial statements. Responsibility for the completeness and fairness of this information rests with the District. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (M D & A). The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. Required supplementary information and additional supplementary information is also included in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net assets and the statement of activities.

The statement of net assets presents all of the District's assets and liabilities with the measure of the District's overall financial health. The increases and decreases in net assets can be monitored to determine whether the District's financial positions are improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused compensated absences, etc.).

The government-wide financial statements report functions of the District that are principally supported by taxes and charges for services. The governmental activities for the District include fire protection, ambulance and EMS services, dispatching services, capital outlay and debt services. It should be noted that the District currently has no business-type activities.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

Fund Financial Statements

Another section of the basic financial statements is the fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds

The District's basic services are included in the governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These fund statements measure current financial resources and uses or in essence, near-term inflows and outflows of expendable resources, as well as the balance of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances governmental fund provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and/or other funds. The District's fiduciary fund is the Pension Trust Fund.

The pension trust is accounted for using the accrual basis of accounting. Revenue is recognized when earned and payments are recognized when due and payable.

Notes to the Basic Financial Statements

The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information.

FINANCIAL HIGHLIGHTS

Assets exceeded liabilities, net assets, by approximately \$11.4 million as of December 31, 2005. Of this amount, approximately \$0.4 million is invested in capital assets (net of related debt), approximately \$5.1 million is restricted for specific activities, and approximately \$5.9 million is unrestricted and available to meet current and future obligations of the District.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Assets
December 31, 2005
(\$ in millions)

	2005		2004	
	Amount	Percent to Total	Amount	Percent to Total
Current Assets (net of inter-fund receivables)	\$ 16.1	67%	\$ 15.2	64%
Non-current Assets				
Capital assets, net of depreciation	8.1	33%	8.6	36%
Total Assets	<u>\$ 24.2</u>	<u>100%</u>	<u>\$ 23.8</u>	<u>100%</u>
Current Liabilities (net of inter-fund payables)	\$ 0.6	3%	\$ 0.4	2%
Non-current Liabilities	12.2	50%	12.4	52%
Total Liabilities	<u>12.8</u>	<u>53%</u>	<u>12.8</u>	<u>54%</u>
Net Assets				
Invested in capital assets, net of related debt	0.4	2%	0.7	3%
Unrestricted	5.9	24%	5.5	23%
Restricted	5.1	21%	4.8	20%
Total Net Assets	<u>11.4</u>	<u>47%</u>	<u>11.0</u>	<u>46%</u>
Total Liabilities and Net Assets	<u>\$ 24.2</u>	<u>100%</u>	<u>\$ 23.8</u>	<u>100%</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Statement of Changes in Net Assets
For the Fiscal Year Ended December 31, 2005
(\$ in millions)

	2005		2004	
	Amount	% to Total	Amount	% to Total
Revenues:				
Program revenues:				
Charges for services	\$ 0.4	3%	\$ 0.4	5%
General revenues:				
Property taxes	5.5	58%	4.9	57%
Contracted services	3.4	36%	3.0	35%
Interest and investment income	0.4	3%	.1	1%
Gain on sale of capital assets	--	0%	.2	2%
Miscellaneous	--	0%	--	0%
Total Revenues	9.7	100%	8.6	100%
Expenses:				
Fire protection	6.3	65%	5.6	62%
Ambulance and EMS services	2.5	26%	2.5	28%
Dispatching	0.3	3%	.3	3%
Capital outlay	0.1	1%	.1	1%
Debt service	0.5	5%	.5	6%
Total Expenses	9.7	100%	9.0	100%
Change in net assets	--		(.4)	
Net assets, beginning of year (restated in 2005)	11.4		11.4	
Net assets, end of year	\$ 11.4		\$ 11.0	

As of December 31, 2005, the District's net assets were \$11.4 million, of which 2% represented investment in capital assets, net of related debt, 24% represented resources that are unrestricted and were available for the operation and support of the District, and 21% of net assets are restricted. The District's current assets totaled \$16.1 million, of which 86% represented cash and cash equivalents and 13% represented property taxes receivable. Total liabilities were \$12.8 million, of which 5% was current and 95% was non-current.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Operating revenue includes activities that have the characteristics of exchange transactions, such as commercial and residential inspections and ambulance billings. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as local property taxes and investment earnings. Operating expenses are those expenses for the purpose of providing fire protection, emergency medical services and operational activities of the District. The District's operating expenses are funded primarily through non-operating revenue.

Total operating expenses at December 31, 2005 were \$9.1 million. Fire protection represented 70% of the total operating expense, while Ambulance and EMS Services expenses were 27% and Dispatch expenses represented 3%.

FUND ANALYSIS

General Fund

General Fund revenues exceeded expenditures by \$.2 million. The fund balance increased from \$6.6 million to \$6.8 million.

Ambulance Fund

Ambulance Fund revenues exceeded expenditures by approximately \$55,000. The fund balance increased from approximately \$2,793,000 to \$2,848,000.

Dispatch Fund

Dispatch Fund revenues exceeded expenditures by approximately \$6,000. These services are contracted with Central County Emergency 911.

Debt Service Fund

Debt Service Fund expenditures exceeded revenues by \$45,000. This fund is used for the payment of principal and interest on bond issues outstanding.

Capital Projects Fund

Capital Projects Fund expenditures exceeded revenues by \$240,000. This is due to expending the bond proceeds on projects planned for in the bond issue.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

BUDGET ANALYSIS

The District adopts an annual budget for each of its governmental funds, pursuant to Missouri State Statutes.

Annually, as allowed by Missouri State Statutes, the District amends the budgets of each fund to reflect approved changes in spending requirements and unforeseen events that occurred during the most recent fiscal year.

The original budget in the general fund for the most part did not differ significantly from the final amended. The budget is prepared on the cash basis. Therefore, any significant differences (i.e., property taxes) were mostly due to the timing of the actual cash receipts/disbursements.

Final budget amounts in the general fund did not significantly differ from actual receipts/disbursements.

CAPITAL ASSETS

The District continues with the process to replace Station 2 with a new Station and Training Facility.

	<u>2005</u>	<u>2004</u>
Capital Assets		
Land	\$ 1,651,068	\$ 1,651,068
Buildings and Improvements	4,939,020	4,939,020
Vehicles	2,842,127	2,810,146
Equipment	1,272,322	1,272,342
Furniture	246,807	258,792
Construction in progress	314,863	146,200
Total	<u>11,266,207</u>	<u>11,077,568</u>
Less Accumulated Depreciation	<u>3,131,098</u>	<u>2,523,764</u>
Net Capital Assets	<u>\$ 8,135,109</u>	<u>\$ 8,553,804</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

LONG-TERM DEBT

The District received voter approval in 2001 to issue bonds totaling \$12 million. The purpose of the bond is to fund apparatus replacement and facility replacement/renovations. Initial bond proceeds of \$5 million were received in 2001; the second issuance of \$5 million occurred in 2002 and the final issuance of \$2 million occurred in 2003. Below is the combined repayment of principal and interest for all bond series:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 400,000	\$ 462,095	\$ 862,095
2007	400,000	445,565	845,575
2008	425,000	428,238	853,238
2009	450,000	409,784	859,794
2010	450,000	390,588	840,588
2011-2015	2,625,000	1,635,613	4,260,613
2016-2020	3,300,000	968,407	4,268,406
2021-2023	2,400,000	168,818	2,568,819
Total	<u>\$10,450,000</u>	<u>\$ 4,909,125</u>	<u>\$15,359,125</u>

ECONOMIC FACTORS

The Fire Protection District serves over 45,000 residents and has mutual aid agreements with all Fire Districts and Fire Departments in the 'Region C' area of Missouri. The District also participates in the State wide mutual aid program through the State of Missouri, Division of Fire Safety. While the District includes office buildings, regional and local shopping areas, churches, residential care and light manufacturing facilities, it is primarily made up of single and multi family residential housing, and therefore, is somewhat insulated from major changes in the economy.

CONTACT INFORMATION

This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of the District's financial operations. If the reader has questions or would like additional information about the District, please direct the request to Chief of the Fire District at 223 Henry Avenue, Manchester, MO 63011.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
-- ASSETS --	
Cash.....	\$ 13,862,112
Taxes receivable, net of allowance for uncollectible amount of \$35,076.....	2,050,057
Ambulance billing receivable.....	155,794
Capital assets:	
Land.....	1,651,068
Construction in progress.....	314,863
Other capital assets, net of accumulated depreciation.....	6,169,178
TOTAL ASSETS.....	<u>\$ 24,203,072</u>
-- LIABILITIES --	
Accounts payable.....	\$ 248,548
Accrued wages and payroll taxes.....	233,195
Interest payable.....	176,354
Noncurrent Liabilities:	
Due within one year.....	930,893
Due in more than one year.....	11,251,983
Total Liabilities.....	<u>12,840,973</u>
-- NET ASSETS --	
Invested in capital assets, net of related debt.....	360,911
Restricted for:	
Debt service.....	1,577,077
Dispatching.....	360,712
Pension.....	513,579
Ambulance and EMS services.....	2,642,541
Unrestricted.....	5,907,279
Total Net Assets.....	<u>11,362,099</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 24,203,072</u>

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Fire protection.....	6,370,708	\$ 186,765	\$ -	\$ -	\$ (6,183,943)
Ambulance and EMS services.....	2,568,688	159,575	-	-	(2,409,113)
Dispatching.....	299,381	-	-	-	(299,381)
Capital outlay.....	107,845	-	-	-	(107,845)
Debt Service:					
Interest.....	472,708	-	-	-	(472,708)
Other.....	1,264	-	-	-	(1,264)
TOTAL GOVERNMENTAL ACTIVITIES.....	\$ 9,820,594	\$ 346,340	\$ -	\$ -	(9,474,254)
General Revenues:					
Property taxes.....					5,580,546
Contacted services.....					3,483,885
Interest and investment income.....					352,177
Miscellaneous Income.....					17,478
Gain on sale of capital assets.....					703
TOTAL GENERAL REVENUES.....					9,434,789
CHANGE IN NET ASSETS.....					(39,465)
NET ASSETS, BEGINNING OF YEAR, RESTATED.....					11,401,564
NET ASSETS, END OF YEAR.....					\$ 11,362,099

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General Fund	Ambulance Fund	Dispatch Fund	Debt Service Fund	Pension Revenue Fund	Capital Projects Fund	Total Governmental Funds
-- ASSETS --							
Cash.....	\$ 6,124,586	\$ 2,824,193	\$ 250,683	\$ 1,464,313	\$ 506,003	\$ 2,692,334	\$ 13,862,112
Taxes receivable, net of allowance for uncollectible amount of \$35,076.....	1,023,269	435,065	110,029	289,118	192,576	-	2,050,057
Ambulance billing receivable.....	-	155,794	-	-	-	-	155,794
Due from other funds.....	253,437	-	-	-	-	-	253,437
TOTAL ASSETS.....	\$ 7,401,292	\$ 3,415,052	\$ 360,712	\$ 1,753,431	\$ 698,579	\$ 2,692,334	\$ 16,321,400
-- LIABILITIES AND FUND BALANCES --							
LIABILITIES:							
Accounts payable.....	\$ 34,860	\$ 12,156	\$ -	\$ -	\$ 185,000	\$ 16,532	\$ 248,548
Accrued wages and payroll taxes.....	178,987	54,208	-	-	-	-	233,195
Deferred revenues.....	332,672	246,627	35,772	93,931	62,620	-	771,622
Due to other funds.....	-	253,437	-	-	-	-	253,437
Total Liabilities.....	546,519	566,428	35,772	93,931	247,620	16,532	1,506,802
FUND BALANCES:							
Unreserved:							
Designated:							
2006 appropriation.....	1,500,000	1,000,000	-	-	-	-	2,500,000
Capital Assets.....	1,800,000	-	-	-	-	-	1,800,000
Undesignated.....	3,554,773	1,848,624	324,940	1,659,500	450,959	2,675,802	10,514,598
Total Fund Balances.....	6,854,773	2,848,624	324,940	1,659,500	450,959	2,675,802	14,814,598
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 7,401,292	\$ 3,415,052	\$ 360,712	\$ 1,753,431	\$ 698,579	\$ 2,692,334	\$ 16,321,400

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Total fund balance - governmental funds.....	\$ 14,814,598
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,254,075 and the accumulated depreciation is \$3,131,098.....	8,135,109
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.....	771,622
To recognize interest accrual to year-end on general obligation bonds.....	(176,354)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds as follows:	
General obligation bonds.....	(10,450,000)
Compensated absences.....	(1,732,876)
Total.....	<u>(12,182,876)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 11,362,099</u>

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General Fund	Ambulance Fund	Dispatch Fund	Debt Service Fund	Pension Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:							
Property taxes.....	\$ 2,668,490	\$ 1,134,407	\$ 288,546	\$ 765,207	\$ 543,758	\$ -	\$ 5,400,408
Contracted services.....	2,166,170	915,839	16,809	16,219	368,848	-	3,483,885
Ambulance billings.....	-	264,642	-	-	-	-	264,642
Licenses, permits and fees.....	186,765	-	-	-	-	-	186,765
Interest and investment income.....	165,606	70,596	457	29,343	7,158	79,017	352,177
Miscellaneous.....	16,070	1,408	-	-	-	-	17,478
Total Revenues.....	5,203,101	2,386,892	305,812	810,769	919,764	79,017	9,705,355
EXPENDITURES:							
Current:							
Fire protection.....	5,009,310	-	-	-	598,822	-	5,608,132
Ambulance and EMS services...	-	2,331,596	-	-	208,563	-	2,540,159
Dispatching.....	-	-	299,381	-	-	-	299,381
Capital Outlay.....	-	-	-	-	-	319,119	319,119
Debt Service:							
Principal retirement.....	-	-	-	375,000	-	-	375,000
Interest.....	-	-	-	480,006	-	-	480,006
Other.....	-	-	-	1,264	-	-	1,264
Total Expenditures.....	5,009,310	2,331,596	299,381	856,270	807,385	319,119	9,623,061
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	193,791	55,296	6,431	(45,501)	112,379	(240,102)	82,294
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets.....	918	-	-	-	-	-	918
Total Other Financing Sources (Uses).....	918	-	-	-	-	-	918
NET CHANGE IN FUND BALANCES.....	194,709	55,296	6,431	(45,501)	112,379	(240,102)	83,212
FUND BALANCES, BEGINNING OF YEAR, RESTATED.....	6,660,064	2,793,328	318,509	1,705,001	338,580	2,915,904	14,731,386
FUND BALANCES, END OF YEAR..	\$ 6,854,773	\$ 2,848,624	\$ 324,940	\$ 1,659,500	\$ 450,959	\$ 2,675,802	\$ 14,814,598

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS..... \$ 83,212

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

Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset purchases	211,274	
Depreciation expense.....	<u>(629,754)</u>	
		(418,480)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....		75,070
--	--	--------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.....		375,000
--	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in accrued compensated absences.....		(161,350)
Early retirement.....		
Decrease in accrued interest		7,298

In the statement of activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these assets:

Proceeds from sale of capital assets.....		(918)
Gain on disposal of capital assets.....		<u>703</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES..... \$ (39,465)

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West County EMS and Fire Protection District (the "District") provides fire protection, fire prevention and emergency ambulance service to its residents and contracted service areas. The financial statements include all accounts of the District which are controlled by the Board of Directors. The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities of this type. The following is a summary of such significant policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Principles Used to Determine the Scope of the Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. In addition, the District is not aware of any entity, which would exercise such oversight, which would result in the District being considered a component unit of the entity.

B. Fund Accounting

The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Governmental Funds

Governmental Funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in the financial position rather than upon net income determination. Governmental Funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's governmental fund types, each of which the District considers to be a major fund:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue - Ambulance Fund - The Ambulance Fund receives tax revenue and disburses funds in order to provide ambulance services and emergency medical treatment for the District, and the contract areas serviced by the District.

Special Revenue - Dispatch Fund - The Dispatch Fund receives tax revenue and disburses funds in order to participate with other fire protection districts in a centralized dispatching of calls for fire and ambulance services.

Special Revenue Fund - Pension Revenue Fund - The Pension Revenue Fund receives tax revenue and disburses funds in order to fund the defined contribution pension plan.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt.

Capital Projects Fund - This fund is used to account for the proceeds of bonded indebtedness restricted for acquisition or construction of major capital assets.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Concentration of Credit Risk

The District does not generally grant credit of any kind, however, at December 31, 2005, the District has taxes due from St. Louis County.

D. Basis of Presentation

Government-wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the District except fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the recipients for permits, inspections and ambulance services and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Fund Financial Statements:

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures, and changes in fund balances are presented. The emphasis of fund financial statements is on *major* governmental funds; each displayed in a separate column. The District considers each of its funds to be major.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are the balance sheet, which generally include only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The pension trust is accounted for using the accrual basis of accounting. Revenue is recognized when earned. Payments are recognized when due and payable in accordance with terms of the plan.

Revenues - Exchange and Non-Exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Measurement Focus and Basis of Accounting

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, ambulance billings, permit fees and rentals.

Deferred Revenue - deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes not available are recorded as deferred revenues.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost such as depreciation and amortization, are not recognized in governmental funds at the fund reporting level.

E. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Revenue Recognition-Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are due and payable at that time. All unpaid taxes levied on November 1 become delinquent January 1 of the following year. The County collects the property tax and remits it to the District. Included in revenue are collections received from the current period assessment which is reserved for use in the subsequent year. The District defers recognition of revenue for uncollected property taxes. An allowance for uncollectible taxes of 5% of the outstanding balance has been provided for delinquent taxes.

The assessed valuation of the tangible taxable property for calendar year 2005 for purposes of local taxation was:

<u>Residential</u>	<u>Real Estate</u>		<u>Property</u>	<u>Personal Total</u>
	<u>Agricultural</u>	<u>Commercial</u>		
\$460,162,630	\$ 311,930	\$104,207,423	\$95,916,175	\$660,598,158

The tax levy per \$100 of the assessed valuation of tangible taxable property for calendar year 2004 was:

	<u>Real Estate</u>			<u>Personal Property</u>
	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	
General	\$0.4200	\$0.4160	\$0.4190	\$0.4570
Ambulance	\$0.1790	\$0.1760	\$0.1780	\$0.1940
Dispatch	\$0.0450	\$0.0450	\$0.0450	\$0.0490
Pension	\$0.0800	\$0.0800	\$0.0800	\$0.0800
Debt Service	\$0.1200	\$0.1200	\$0.1200	\$0.1200

G. Capital Assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

All capital assets are recorded at cost (or estimated historical cost) and are updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000 for a stand alone unit for both inventory purposes and financial reporting purposes. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed and placed in service. Improvements are depreciated over the remaining useful lives of the related capital assets. Interest incurred during construction is not capitalized. Except for land, all reported capital assets are depreciated. Depreciation is calculated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Vehicles	6 - 10
Furniture	7
Equipment	5 - 10

H. Compensated Absences

Vacation time is earned based on the number of years of service. Vacation time is earned upon the completion of the year of service. Vacation earned by December 31, 2005 must be taken by the subsequent year ending December 31 or will be lost. Unusual circumstances may permit a carryover.

Sick Leave - After one year of service firefighters and paramedics ("24 - hour shift employees) are allowed six (6) shift days (144 hours) and management is allowed twelve (12) eight (8) hour days per year.

(A) "24 Hour Shift Employees": May accumulate up to 1,440 sick leave shift hours. After an employee has accumulated 720 hours they may elect to cash in unused sick leave shift hours up to a maximum of 144 hours in any one (1) calendar year.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences (continued)

- (B) "8 Hour Shift Employees": May accumulate up to 1,040 sick leave hours. After an employee has accumulated 520 hours they may elect to cash in unused sick leave hours up to a maximum of 96 hours in any one (1) calendar year.

Upon reaching the maximum accumulated sick leave hours, employees will be paid for unused sick leave, subject to above stated limits. Annually at the end of the first full pay period in January of the subsequent year, payment will be at the hourly rate in effect when the sick leave was earned.

Duty related injuries are not chargeable to accumulated sick leave. The District accrues the amount of unused sick leave, and allocates the liability between the general fund and the ambulance fund. Employees who retire or die before retirement receive 100% of accumulated benefit. Employees who leave for reasons other than retirement or death will receive 50% of accumulated unpaid sick leave.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure /expense is reported in the year in which services are consumed.

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, special termination benefits, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance Reserves

The District reserves those portions of fund balance legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund balance reserves have been established for retirement of long-term debt, prepaid items, capital projects (bond proceeds), ambulance and dispatch services and subsequent year appropriations.

L. Net Assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended December 31, 2005.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

2. CASH

The District is governed by the deposit and investment limitations of state law. The depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes.

The deposits held at December 31, 2005, and reported at cost, are as follows:

Type	Maturities	Carrying Value
Deposits:		
Cash on hand	N/A	\$ 450
Demand deposits.....	N/A	<u>13,861,662</u>
		<u>\$13,862,112</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2005, \$13,714,309 of the District's bank balance of \$13,914,309 was exposed to custodial credit risk, as follows:

Collateralized with securities held by the pledging financial institution	<u>\$13,714,309</u>
--	---------------------

3. INTERFUND RECEIVABLES AND PAYABLES

All revenue is received into the general fund and subsequently transferred to each fund's respective bank account. In addition, various expenditures are paid out of the general fund and are subsequently transferred or refunded back to the general fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

4. CONTRACTUAL AGREEMENTS

West County EMS and Fire Protection District has agreements with the following cities to provide fire protection and emergency ambulance services:

Town & Country	(a)
Manchester/I-270 Office Center	(b)
Corporate Hills Dr./Scotttrade, Inc.	(c)
Eckelkamp Office Center South/L.L.C.	(d)

- (a) This agreement is effective January 1, 1989 for a period of five (5) years and is automatically renewed for consecutive five (5) year terms thereafter unless either party terminates the agreement by giving six (6) months advance written notice. By ordinance dated March 3, 1994 the parties amended the advance termination notice to one (1) year.
- (b) This agreement is effective for a period of five (5) years from August 6, 1997 and is automatically renewable for consecutive five (5) year terms thereafter. The parties may terminate this agreement upon ninety (90) days written notice.
- (c) This agreement is effective February 12, 2004 for a period of five (5) years and is automatically renewed for consecutive five (5) year terms thereafter unless either party terminates the agreement by giving one (1) year advance written notice.
- (d) This agreement is effective from August 6, 2002 for a period of five (5) years and thereafter shall be automatically renewed for consecutive five (5) year terms unless either party terminates this agreement after serving notice of termination one (1) year prior to the end of any term.

The District has entered into signed contracts totaling approximately \$182,000, of which approximately \$43,000 remains unpaid, as of December 31, 2005. This contract is for the construction of District facilities, related to the Fire Protection Bond issues.

Additionally, the District has a contractual agreement with Central County Alarm System for dispatching services. The agreement calls for the District to remit tax revenues received up to five cents per \$100 valuation. This agreement became effective July 1, 2002 with an initial term of six (6) months. The agreement is automatically renewed each January 1, for a term of one (1) calendar year.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

4. CONTRACTUAL AGREEMENTS (continued)

The District has also entered into a contract with Professional Claims Processing, Inc. (PCP) for billing and collections for ambulance services. The District pays an 8% fee of the funds collected by PCP.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,651,068	\$ -	\$ -	\$ 1,651,068
Construction In Progress.....	146,200	168,663	-	314,863
Total Capital Assets, Not Being Depreciated.....	<u>1,797,268</u>	<u>168,663</u>	<u>-</u>	<u>1,965,931</u>
<i>Capital Assets, Being Depreciated:</i>				
Building Components.....	4,939,020	-	-	4,939,020
Vehicles.....	2,810,146	31,981	-	2,842,127
Furniture.....	258,792	-	11,985	246,807
Equipment.....	1,272,342	10,630	10,650	1,272,322
Total Capital Assets, Being Depreciated.....	<u>9,280,300</u>	<u>42,611</u>	<u>22,635</u>	<u>9,300,276</u>
<i>Accumulated Depreciation:</i>				
Building Components.....	1,062,198	111,851	-	1,174,049
Vehicles.....	620,246	309,686	-	929,932
Furniture.....	172,927	17,338	11,985	178,280
Equipment.....	668,393	190,879	10,435	848,837
Total Accumulated Depreciation.....	<u>2,523,764</u>	<u>629,754</u>	<u>22,420</u>	<u>3,131,098</u>
Total Capital Assets, Being Depreciated, Net.....	<u>6,756,536</u>	<u>(587,143)</u>	<u>215</u>	<u>6,169,178</u>
Capital Assets, Net Of Accumulated Depreciation.....	<u>\$ 8,553,804</u>	<u>\$ (418,480)</u>	<u>\$ 215</u>	<u>\$ 8,135,109</u>

Depreciation was charged to functions of the District as follows:

Ambulance and EMS Services	\$ 303,088
Fire Protection	<u>326,666</u>
Total Depreciation Expense.....	<u>\$ 629,754</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

6. LONG-TERM LIABILITIES

Following is a summary of changes occurring in long-term liabilities for the year ended December 31, 2005:

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005	Amounts Due Within One Year
Bonds payable.....	\$ 10,825,000	\$ --	\$375,000	\$ 10,450,000	\$ 400,000
Accrued compensated absences	<u>1,571,526</u>	<u>713,315</u>	<u>551,965</u>	<u>1,732,876</u>	<u>530,893</u>
Total.....	<u>\$ 12,396,526</u>	<u>\$713,315</u>	<u>\$926,965</u>	<u>\$ 12,182,876</u>	<u>\$ 930,893</u>

Payments on the bonds are made by the debt service fund. The accrued compensated absence payable has typically been paid by the fund to which the employee's salary was charged.

Bonds Payable

General obligation bonds,
due in varying installments through
2023, interest at 3.25% to 6.50% \$10,450,000

The annual requirements to amortize bonded debt outstanding as of December 31, 2005 is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006.....	\$ 400,000	\$ 462,095	\$ 862,095
2007.....	400,000	445,565	845,565
2008.....	425,000	428,238	853,238
2009.....	450,000	409,784	859,784
2010.....	450,000	390,588	840,588
2011 - 2015.....	2,625,000	1,635,613	4,260,613
2016 - 2020.....	3,300,000	968,407	4,268,406
2021 - 2023.....	<u>2,400,000</u>	<u>168,818</u>	<u>2,568,819</u>
Total.....	<u>\$10,450,000</u>	<u>\$4,909,125</u>	<u>\$15,359,125</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

6. LONG-TERM LIABILITIES (continued)

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a political subdivision to five (5%) percent of the assessed valuation of the District (including State assessed railroad and utility). The legal debt margin, computed excluding the State assessed railroad and utilities, of the District at December 31, 2005, was:

Constitutional debt limit	\$33,029,908
General obligation bonds payable.....	(10,450,000)
Amount available in Debt Service Fund	<u>1,659,500</u>
 Legal Debt Margin.....	 <u>\$24,239,408</u>

7. LEASES

The District leases from the City of Town and Country an engine house. The operating lease commenced on January 1, 2001 and shall terminate upon termination of the Service Agreement (See Note 4). The District pays an annual rental due quarterly and the cost of maintenance and utilities. Beginning with the 2002 lease year and for each lease year thereafter, the annual rent is adjusted upward or downward in accordance with the Consumer Price Index for the next preceding year ended December 31. For the year ended December 31, 2005, the annual rent was \$119,791.

The District also receives lease income of \$13,800 a year for the lease of land for a communication tower. The lease commenced on November 25, 1997 with a term of five (5) years, with provisions for automatic extensions for nine (9) consecutive terms of five (5) years each. The base lease rental will increase with each term extension.

8. PENSION PLAN

The District adopted a single-employer defined contribution plan on January 1, 1998.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

8. PENSION PLAN (continued)

The District contributes a discretionary amount to the defined contribution pension plan. Contributions will be made with funds derived from the tax established pursuant to Section 321.610 RSMo, or at the discretion of the District, from other available revenues of the District. The contribution is allocated to participants' accounts in an amount equal to the total amount contributed multiplied by the ratio of the participant's compensation for the plan year to total compensation for all participants entitled to a contribution for the plan year. Contributions are made exclusively by the District. All employees at the end of a plan year who have completed 1,000 hours of service during that plan year and are 21 years of age are eligible to participate in the plan. As of December 31, 2005, there were 65 plan participants. Participants begin to vest in these contributions after five (5) years of service in increasing percentages and are 100% vested after ten (10) years of service. During the year ended December 31, 2005, the District contributed \$800,000 to the defined contribution plan.

9. EMPLOYEE BENEFITS

Health Insurance (Dental and Vision)

Effective April, 1993 the District instituted a cost containment health insurance program. The program required the District to provide health insurance for the employees and their dependents (including medical, dental, vision and prescription). The type, coverage limits, deductibles and the insurer is determined by the District. A committee including employee representatives discuss the program and by September 15 each year, review and make recommendations to the Board of Directors.

Effective July 1, 2004, the District began receiving employee medical and prescription insurance services from a third party health insurance provider and therefore, no longer self insures the medical and prescription portion of health insurance.

Life and Long Term Disability - Greater Than 90 Days

The District provides employees \$50,000 of life and long-term disability coverage. The premium cost of the long-term disability is shared equally by the employees and the District. The premium cost of the life is paid by the District.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

10. INSURANCE PROGRAM

The District, along with various other fire and ambulance districts, participates in the Missouri Fire and Ambulance District Insurance Trust ("MOFAD"), an insurance association for workers' compensation insurance. The purpose of MOFAD is to distribute the cost of the annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MOFAD have no legal interest in assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MOFAD should it cease operations at some future date. The District has not been made aware of any contingent liabilities as of December 31, 2005. Premiums paid during the year were \$305,590.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred these risks by purchasing insurance from commercial enterprises. Settled claims have not exceeded this commercial coverage in any of the past several fiscal years.

12. ADJUSTMENTS TO CONVERT BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Pension Revenue Fund</u>
<u>December 31, 2005 Accruals</u>				
Taxes receivable	\$ 1,023,269	\$ 435,065	\$ 110,029	\$192,576
Other receivables	--	155,794	--	--
Prepaid items.....	--	--	--	--
Accrued expenses, salaries, taxes and compensated absences	(178,987)	(54,208)	--	--
Accounts payable	(34,860)	(12,156)	--	(185,000)
Deferred revenues.....	(332,672)	(246,627)	(35,772)	(62,620)
Total.....	476,750	277,868	74,257	(55,044)
Reverse December 31, 2004 accruals ...	(810,631)	(392,514)	(98,745)	64,653
Excess of Revenues Over (Under)				
Expenditures, Budgetary Basis	<u>528,590</u>	<u>169,942</u>	<u>30,919</u>	<u>102,770</u>
Excess of Revenues Over (Under)				
Expenditures, Modified Accrual Basis ..	<u>\$ 194,709</u>	<u>\$ 55,296</u>	<u>\$ 6,431</u>	<u>\$112,379</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

13. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF NET ASSETS

It was determined during the year that the Pension Revenue Fund should be accounted for as a special revenue fund. Previously, the Pension Revenue Fund used the full accrual basis of accounting; however, in order to be accounted for as a special revenue fund, the modified accrual basis of accounting is to be followed. The beginning fund balances have been restated to reflect this treatment. Other funds of the District were affected because the allocated amounts of the deferred revenue would have been different if the Pension Revenue Fund had been accounted for on the modified accrual basis.

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Debt Service Fund</u>	<u>Pension Review Fund</u>
Fund Balance, December 31, 2004, As Previously Reported	\$6,638,744	\$2,784,313	\$316,235	\$1,697,232	\$378,958
Reverse out deferred revenue	<u>21,320</u>	<u>9,015</u>	<u>2,274</u>	<u>7,769</u>	<u>(40,378)</u>
Fund Balance, December 31, 2004, Restated.....	<u>\$6,660,064</u>	<u>\$2,793,328</u>	<u>\$318,509</u>	<u>\$1,705,001</u>	<u>\$338,580</u>

The net assets are restated as a result of accounting for the Pension Revenue Fund as special revenue fund. The table below shows the change.

Governmental Activities Net Assets, December 31, 2004.....	\$11,022,606
Reclass Pension Revenue Fund to special revenue fund	<u>378,958</u>
Governmental Activities Net Assets, December 31, 2004, Restated	<u>\$11,401,564</u>

14. SUBSEQUENT EVENT

Subsequent to December 31, 2005, the District sold property for \$1,235,000.

REQUIRED SUPPLEMENTARY INFORMATION

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes.....	\$ 2,776,301	\$ 2,776,301	\$ 2,908,625	\$ 132,324
Contracted services.....	2,191,718	2,191,718	2,166,170	(25,548)
Licenses, permits and fines.....	145,000	145,000	186,765	41,765
Interest and investment income.....	45,000	45,000	165,606	120,606
Miscellaneous.....	15,300	15,300	15,599	299
Total Revenues.....	5,173,319	5,173,319	5,442,765	269,446
EXPENDITURES:				
Current:				
Fire protection.....	5,132,645	5,132,645	4,915,564	217,081
Total Expenditures.....	5,132,645	5,132,645	4,915,564	217,081
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	40,674	40,674	527,201	486,527
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets.....	-	-	1,389	1,389
Total Other Financing Sources.....	-	-	1,389	1,389
NET CHANGE IN FUND BALANCE.....	40,674	40,674	528,590	487,916
FUND BALANCES, BEGINNING OF YEAR.....	6,638,744	6,638,744	6,638,744	-
FUND BALANCES, END OF YEAR.....	\$ 6,679,418	\$ 6,679,418	\$ 7,167,334	\$ 487,916

See accompanying independent auditors' report and
notes to required supplementary information

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - AMBULANCE FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes.....	\$ 1,179,577	\$ 1,234,349	\$ 1,234,349	\$ -
Contracted services.....	924,901	915,839	915,839	-
Ambulance billings.....	310,000	251,522	354,931	103,409
Interest and investment income.....	20,000	70,596	70,596	-
Miscellaneous.....	2,000	1,408	1,408	-
Total Revenues.....	2,436,478	2,473,714	2,577,123	103,409
EXPENDITURES:				
Current:				
Ambulance and EMS services.....	2,435,179	2,328,471	2,407,181	(78,710)
Total Expenditures.....	2,435,179	2,328,471	2,407,181	(78,710)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	1,299	145,243	169,942	24,699
NET CHANGE IN FUND BALANCE.....	1,299	145,243	169,942	24,699
FUND BALANCES, BEGINNING OF YEAR.....	2,784,313	2,784,313	2,784,313	-
FUND BALANCES, END OF YEAR.....	\$ 2,785,612	\$ 2,929,556	\$ 2,954,255	\$ 24,699

See accompanying independent auditors' report and
notes to required supplementary information

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - DISPATCH FUND - UNAUDITED
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes.....	\$ 299,210	\$ 313,555	\$ 313,555	\$ -
Contracted services.....	16,738	16,809	16,809	-
Interest and investment income.....	1,200	457	457	-
Total Revenues.....	317,148	330,821	330,821	-
EXPENDITURES:				
Current:				
Dispatching.....	317,100	299,380	299,902	(522)
Total Expenditures.....	317,100	299,380	299,902	(522)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	48	31,441	30,919	(522)
FUND BALANCES, BEGINNING OF YEAR.....	316,235	316,235	316,235	-
FUND BALANCES, END OF YEAR.....	\$ 316,283	\$ 347,676	\$ 347,154	\$ (522)

See accompanying independent auditors' report and
 notes to required supplementary information

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - PENSION REVENUE FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes.....	\$ 480,599	\$ 529,417	\$ 529,417	\$ -
Contracted services.....	371,256	368,848	368,848	-
Interest and investment income.....	2,500	7,158	7,158	-
Total Revenues.....	854,355	905,423	905,423	-
EXPENDITURES:				
Current:				
Fire protection.....	626,461	626,461	595,312	31,149
Ambulance and EMS services.....	218,189	218,189	207,341	10,848
Total Expenditures.....	844,650	844,650	802,653	41,997
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	9,705	60,773	102,770	41,997
FUND BALANCES, BEGINNING OF YEAR.....	378,958	378,958	378,958	-
FUND BALANCES, END OF YEAR.....	\$ 388,663	\$ 439,731	\$ 481,728	\$ 41,997

See accompanying independent auditors' report and
notes to required supplementary information

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2005

Budgets and Budgetary Accounting

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

- 1) Formal budgetary integration is employed as a management control device during the year for all funds. These budgets are adopted on the cash basis of accounting.
- 2) The Board of Directors approves the tax rate by ordinance to fund District operations. Once this rate has been established, the Board of Directors approves the total budget appropriation and amendments. The Budget is monitored monthly through a line item budget comparison report by fund. Any significant variances are investigated and resolved. Thus, expenditure control is by line item.
- 3) Unused appropriations for all of the annually budgeted funds lapse at the end of the year.
- 4) Subsequent to its formal approval of the budget, the Board of Directors has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Actual expenditures exceeded those budgeted in the Dispatching Fund and Ambulance Fund.

- 5) The District's budgetary process is based upon accounting for certain transactions on a basis other than generally accepted account principles (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the combined statement of revenues collected, expenditures paid, and changes in fund balances - budget and actual - all governmental fund types in accordance with the budget basis of accounting. The differences between the budget and GAAP basis of accounting are that revenues are recorded when received in cash (budget) as opposed to when they are measurable and available (GAAP) and expenditures are recorded when paid (budget) as opposed to when the obligation is incurred (GAAP).

ADDITIONAL SUPPLEMENTARY INFORMATION

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2005

<u>Insurance</u>	<u>Coverage</u>
Property	Total building values and blanket contents. Limit \$5,934,537, \$1,000 deductible.
General	General aggregate \$3,000,000, products aggregate \$3,000,000, personal & advertising injury \$1,000,000, each occurrence \$1,000,000, medical expense (any one person) \$10,000.
Umbrella	General aggregate \$4,000,000, products completed operations aggregate \$4,000,000, each occurrence limit \$2,000,000.
Automobile	Liability \$1,000,000 single limit. Uninsured motorist \$50,000 single limit, underinsured motorists \$50,000, medical \$10,000. Comprehensive deductible \$1,000, collision deductible \$1,000.
Management Liability	Aggregate limit \$3,000,000, each wrongful act \$1,000,000, \$5,000 injunctive relief.
Workman's Compensation	As required by state statutes \$2,000,000.
Employee Dishonesty	\$100,000 limit.
Portable Equipment	Guaranteed replacement cost, \$250 deductible.
Public Official Bond	Richard Rognan \$20,000. Robert Levine \$20,000.
Treasurer's Bond	Matthew Miller \$10,000.
Fiduciary	\$1,000,000

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF DIRECTORS' FEES
DECEMBER 31, 2005

Richard Rognan	\$10,436
Bob Levine	10,255
Matthew Miller	<u>8,222</u>
Total.....	<u>\$28,913</u>

SCHOWALTER & JABOURI, P.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
West County EMS and Fire Protection District

We have audited the financial statements of the governmental activities and each major fund of West County EMS and Fire Protection District (the "District") as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated March 10, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated March 10, 2006.

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

Schowalter & Jabouri, P.C.
SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
March 10, 2006