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Financial Statements and Supplementary Information and Independent Auditors' Reports, 2004

West County EMS and Fire Protection District

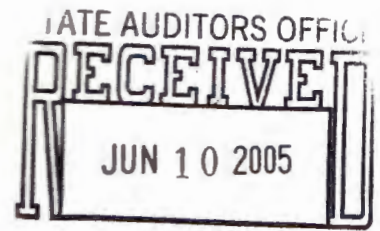
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WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORTS**

December 31, 2004

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

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WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

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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, each major fund and the aggregate remaining fund information of West County EMS and Fire Protection District (the "District") as of and for the year ended December 31, 2004, 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.

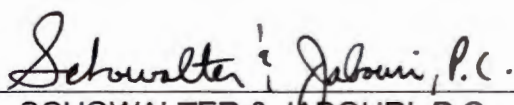
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2004, and their respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15, during fiscal year 2004, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2005 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 Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund, Ambulance Fund and Dispatch Fund on pages 38 through 40 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 42 through 43 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, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
March 11, 2005

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 - 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). However, in the year of implementation certain omissions are allowed. Subsequent M D & As will include all required comparative information. 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, 2004 - 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. The fund financial statements can be found on pages 17 and 19.

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. The notes to the basic financial statements may be found on pages 18 - 37 of this report.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004 - UNAUDITED

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information which can be found on pages 38 - 40 of this report.

FINANCIAL HIGHLIGHTS

Assets exceeded liabilities, net assets, by approximately \$11 million as of December 31, 2004. Of this amount, approximately \$0.6 million is invested in capital assets (net of related debt), approximately 4.8 million is restricted for specific activities, and approximately \$5.5 million is unrestricted and available to meet current and future obligations of the District (page 9).

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Assets
December 31, 2004
(\$ in millions)

	Amount	Percent to Total
Current Assets (net of inter-fund receivables)	\$ 15.2	64%
Non-current Assets		
Capital assets, net of depreciation	8.6	36%
Total Assets	<u>\$ 23.8</u>	<u>100%</u>
Current Liabilities (net of inter-fund payables)	\$ 0.4	2%
Non-current Liabilities	12.4	52%
Total Liabilities	<u>\$ 12.8</u>	<u>54%</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 0.7	3%
Unrestricted	5.5	23%
Restricted	4.8	20%
Total Net Assets	<u>\$ 11.0</u>	<u>46%</u>
Total Liabilities and Net Assets	<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, 2004 - UNAUDITED

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Statement of Changes in Net Assets
For the Fiscal Year Ended December 31, 2004
(\$ in millions)

	<u>Amount</u>	<u>% to Total</u>
Revenues:		
Program revenues:		
Charges for services	\$.4	5%
General revenues:		
Property taxes	4.9	57%
Contracted services	3.0	35%
Interest and investment income	.1	1%
Gain on sale of capital assets	.2	2%
Miscellaneous	<u>--</u>	<u>0%</u>
Total Revenues	<u>8.6</u>	<u>100%</u>
Expenses:		
Fire protection	5.6	62%
Ambulance and EMS services	2.5	28%
Dispatching	.3	3%
Capital outlay	.1	1%
Debt service	<u>.5</u>	<u>6%</u>
Total Expenses	<u>9.0</u>	<u>100%</u>
Change in net assets	(.4)	
Net assets, beginning of year	<u>11.4</u>	
Net assets, end of year	<u>\$ 11.0</u>	

As of December 31, 2004, the District's net assets were \$11 million, of which 3% represented investment in capital assets, net of related debt, 23% represented resources that are unrestricted and were available for the operation and support of the District, and 20% of net assets are restricted. The District's current assets totaled \$15.2 million, of which 84% represented cash and cash equivalents and 15% represented property taxes receivable. Total liabilities were \$12.8 million, of which 3% was current and 97% was non-current.

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

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 - UNAUDITED

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

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 revenue, net of operating expenses, at December 31, 2004 \$.2 million.

Total operating expenses at December 31, 2004 were \$8.4 million. Fire protection represented 67% of the total operating expense, while Ambulance and EMS Services expenses were 30% and Dispatch expenses represented 4%.

FUND ANALYSIS

General Fund

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

Ambulance Fund

Ambulance Fund expenditures exceeded revenues by approximately \$5,000. The fund balance decreased from approximately \$2,790,000 to \$2,785,000.

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 revenues exceeded expenditures by \$265,600. 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 \$2.0 million. 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, 2004 - UNAUDITED

BUDGET ANALYSIS

The District adopts in 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's capital assets increase is due to the completion of our Administrative Office/Station 1 and additional equipment purchases. The District sold several vehicles that provided for a decrease in this area as well. The District will begin the process to replace Station 2 with a new Station and Training Facility in Spring 2005.

	<u>2004</u>	<u>2003</u>
Capital Assets		
Land	\$ 1,651,068	\$ 1,651,068
Buildings and Improvements	4,939,020	1,431,611
Vehicles	2,810,146	3,399,960
Equipment	1,272,342	1,165,140
Furniture	258,792	232,874
Construction in progress	146,200	2,046,338
Total	<u>11,077,568</u>	<u>9,926,991</u>
Less Accumulated Depreciation	<u>2,523,764</u>	<u>2,589,072</u>
Net Capital Assets	<u>\$ 8,553,804</u>	<u>\$ 7,337,919</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004 - 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>
2005	\$ 375,000	\$ 480,006	\$ 855,006
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
2010-2014	2,500,000	1,745,567	4,245,567
2015-2019	3,150,000	1,119,388	4,269,388
2020-2023	3,125,000	298,476	3,423,476
Total	<u>\$10,825,000</u>	<u>\$ 5,389,119</u>	<u>\$16,214,119</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, 2004

	Governmental Activities
<hr/>	
- - ASSETS - -	
Cash and investments.....	\$ 12,753,294
Taxes receivable, net of allowance for uncollectible amount of \$25,595.....	2,208,740
Ambulance billing receivable.....	245,138
Prepaid items.....	49,877
Capital assets:	
Land.....	1,651,068
Other capital assets, net of accumulated depreciation.....	6,902,736
	<hr/>
TOTAL ASSETS.....	\$ 23,810,853
	<hr/>
- - LIABILITIES - -	
Accounts payable.....	\$ 18,802
Accrued wages and payroll taxes.....	179,377
Deferred revenues.....	9,890
Interest payable.....	183,652
Noncurrent Liabilities:	
Due within one year.....	875,000
Due in more than one year.....	11,521,526
	<hr/>
Total Liabilities.....	12,788,247
	<hr/>
- - NET ASSETS - -	
Invested in capital assets, net of related debt.....	644,708
Restricted for:	
Debt service.....	1,882,524
Dispatching.....	314,680
Ambulance and EMS services.....	2,642,783
Unrestricted.....	5,537,911
	<hr/>
Total Net Assets.....	11,022,606
	<hr/>
TOTAL LIABILITIES AND NET ASSETS.....	\$ 23,810,853
	<hr/>

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2004

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Fire protection.....	\$ 5,545,505	\$ 79,816	\$ -	\$ -	\$ (5,465,689)
Ambulance and EMS services.....	2,548,478	293,852	-	-	(2,254,626)
Dispatching.....	325,006	-	-	-	(325,006)
Capital outlay.....	117,082	-	-	-	(117,082)
Debt Service:					
Interest.....	488,667	-	-	-	(488,667)
Other.....	51	-	-	-	(51)
TOTAL GOVERNMENTAL ACTIVITIES.....	\$ 9,024,789	\$ 373,668	\$ -	\$ -	(8,651,121)
General Revenues:					
Property taxes					4,887,297
Contracted services.....					2,978,948
Interest and investment income.....					143,870
Miscellaneous.....					18,226
Gain on sale of capital assets.....					205,804
TOTAL GENERAL REVENUES.....					8,234,145
CHANGE IN NET ASSETS.....					(416,976)
NET ASSETS, BEGINNING OF YEAR.....					11,439,582
NET ASSETS, END OF YEAR.....				\$	11,022,606

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS DECEMBER 31, 2004

	General Fund	Ambulance Fund	Dispatch Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
-- ASSETS --						
Cash and investments.....	\$ 5,611,664	\$ 2,638,581	\$ 169,763	\$ 1,365,746	\$ 2,967,540	\$ 12,753,294
Taxes receivable, net of allowance for uncollectible amount of \$25,595.....	1,166,187	493,120	124,376	425,057	-	2,208,740
Ambulance billing receivable.....	-	245,138	-	-	-	245,138
Prepaid items.....	27,421	22,456	-	-	-	49,877
Due from other funds.....	237,768	-	50,000	-	-	287,768
TOTAL ASSETS.....	\$ 7,043,040	\$ 3,399,295	\$ 344,139	\$ 1,790,803	\$ 2,967,540	\$ 15,544,817
-- LIABILITIES AND FUND BALANCES --						
LIABILITIES:						
Accounts payable.....	\$ 12,634	\$ 4,532	\$ -	\$ -	\$ 1,636	\$ 18,802
Accrued wages and payroll taxes.....	128,293	51,084	-	-	-	179,377
Deferred revenues.....	263,369	321,598	27,904	93,571	-	706,442
Due to other funds.....	-	237,768	-	-	50,000	287,768
Total Liabilities.....	404,296	614,982	27,904	93,571	51,636	1,192,389
FUND BALANCES:						
Reserved for:						
Prepaid items.....	27,421	22,456	-	-	-	49,877
Unreserved:						
Designated:						
2005 appropriation.....	2,583,794	1,092,505	275,549	-	-	3,951,848
Capital.....	1,850,000	800,000	-	-	-	2,650,000
Health insurance.....	25,400	7,500	-	-	-	32,900
Accrued benefits.....	1,051,526	520,000	-	-	-	1,571,526
Undesignated.....	1,100,603	341,852	40,686	1,697,232	2,915,904	6,096,277
Total Fund Balances.....	6,638,744	2,784,313	316,235	1,697,232	2,915,904	14,352,428
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 7,043,040	\$ 3,399,295	\$ 344,139	\$ 1,790,803	\$ 2,967,540	\$ 15,544,817

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, 2004

Total fund balance - governmental funds..... \$ 14,352,428

Amounts reported for *governmental activities* 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 \$11,077,568 and the accumulated depreciation is \$2,523,764..... 8,553,804

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds..... 696,552

To recognize interest accrual to year end on general obligation bonds..... (183,652)

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.....	(10,825,000)	
Compensated absences.....	(1,571,526)	
Total.....		(12,396,526)

NET ASSETS OF GOVERNMENTAL ACTIVITIES..... \$ 11,022,606

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, 2004

	General Fund	Ambulance Fund	Dispatch Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:						
Property taxes.....	\$ 2,475,580	\$ 1,059,099	\$ 314,006	\$ 1,074,447	\$ -	\$ 4,923,132
Contracted services.....	2,067,189	878,689	16,541	16,529	-	2,978,948
Ambulance billings.....	-	227,936	-	-	-	227,936
Licenses, permits and fees.....	79,816	-	-	-	-	79,816
Interest and investment income.....	62,243	28,805	587	10,129	42,107	143,871
Miscellaneous.....	16,318	1,907	-	-	-	18,225
Total Revenues.....	4,701,146	2,196,436	331,134	1,101,105	42,107	8,371,928
EXPENDITURES:						
Current:						
Fire protection.....	5,143,688	-	-	-	-	5,143,688
Ambulance and EMS services.....	-	2,201,220	-	-	-	2,201,220
Dispatching.....	-	-	325,005	-	-	325,005
Capital Outlay.....	-	-	-	-	2,030,368	2,030,368
Debt Service:						
Principal retirement.....	-	-	-	350,000	-	350,000
Interest.....	-	-	-	485,454	-	485,454
Other.....	-	-	-	51	-	51
Total Expenditures.....	5,143,688	2,201,220	325,005	835,505	2,030,368	10,535,786
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	(442,542)	(4,784)	6,129	265,600	(1,988,261)	(2,163,858)
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets.....	277,787	-	-	-	-	277,787
Total Other Financing Sources.....	277,787	-	-	-	-	277,787
NET CHANGE IN FUND BALANCES.....	(164,755)	(4,784)	6,129	265,600	(1,988,261)	(1,886,071)
FUND BALANCES, BEGINNING OF YEAR, RESTATED.....	6,803,499	2,789,097	310,106	1,431,632	4,904,165	16,238,499
FUND BALANCES, END OF YEAR.....	\$ 6,638,744	\$ 2,784,313	\$ 316,235	\$ 1,697,232	\$ 2,915,904	\$ 14,352,428

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, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS..... \$ (1,886,071)

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	1,913,286	
Depreciation expense.....	(625,418)	
		1,287,868

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.....	30,079
--	--------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.....	350,000
--	---------

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 compensated absences.....	(123,656)
Increase in accrued interest	(3,213)

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.....	(277,787)
Gain on disposal of capital assets.....	205,804

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES..... \$ (416,976)

See accompanying notes to the basic financial statements

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUND
DECEMBER 31, 2004

	Pension Trust Fund
<hr/>	
-- ASSETS --	
Current Assets:	
Cash.....	\$ 404,102
Taxes receivable.....	155,992
	<hr/>
Total Assets.....	560,094
	<hr/>
-- LIABILITIES --	
Accounts payable.....	180,268
Deferred revenue.....	868
	<hr/>
Total Liabilities.....	181,136
	<hr/>
-- NET ASSETS --	
Held in trust for pension benefits.....	\$ 378,958
	<hr/>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUND
DECEMBER 31, 2004

	<u>Pension Trust Fund</u>
ADDITIONS:	
Property taxes.....	\$ 374,975
Contracted services.....	357,631
Interest and dividends.....	<u>2,725</u>
Total Additions.....	<u>735,331</u>
DEDUCTIONS:	
Benefit payments.....	785,000
Actuarial and consulting fees.....	3,637
Administrative fees.....	<u>9,000</u>
Total Deductions.....	<u>797,637</u>
NET DECREASE IN PLAN ASSETS.....	(62,306)
PLAN NET ASSETS, BEGINNING OF YEAR, RESTATED.....	<u>441,264</u>
PLAN NET ASSETS, END OF YEAR.....	<u>\$ 378,958</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004

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, 2004

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.

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, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Fiduciary Fund Type

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 listed below:

Pension Trust Fund - The Pension Trust Fund is used to account for assets held by the District in a trustee capacity. This type of fund is accounted for essentially the same as a proprietary fund since capital maintenance is critical.

C. Concentration of Credit Risk

The District does not generally grant credit of any kind, however, at December 31, 2004, 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.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Government-wide Financial Statements (continued):

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.

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.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

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.

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.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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. The District includes in revenue 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.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Revenue Recognition-Property Taxes (continued)

The assessed valuation of the tangible taxable property for calendar year 2004 for purposes of local taxation was:

<u>Residential</u>	<u>Real Estate</u>		<u>State</u>	<u>Personal Property</u>	<u>Total</u>
	<u>Agricultural</u>	<u>Commercial</u>			
\$396,375,940	\$ 259,090	\$79,954,940	\$8,812,976	\$106,324,297	\$591,727,243

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	\$0.458	\$0.469	\$0.482	\$0.457
Ambulance	\$0.196	\$0.199	\$0.200	\$0.194
Dispatch	\$0.050	\$0.050	\$0.050	\$0.049
Pension	\$0.080	\$0.080	\$0.080	\$0.080
Debt Service	\$0.170	\$0.170	\$0.170	\$0.170

The receipts of current and delinquent property taxes during the year ended December 31, 2004, aggregated approximately 100% of the 2003 assessment computed on the basis of the 2003 levy.

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.

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.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

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, 2004 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.

(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.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences (continued)

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, 2004, 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, 2004

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 of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended December 31, 2004.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

2. CASH AND INVESTMENTS

Cash resources are combined to form a pool of cash and temporary investments which is managed by the District Administrator.

Cash

As required by 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. At December 31, 2004, the District's deposits were fully secured as evidenced by the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash - Interest bearing now accounts	<u>\$813,469</u>	<u>\$ 1,154,396</u>
	<u>Credit Risk Category</u>	<u>Fair Value</u>
	<u>A B C</u>	
FDIC	X	\$ 100,000
U.S. Government Securities.....	X	<u>1,637,765</u>
Total Pledged		<u>\$ 1,737,765</u>

The securities are classified as to credit risk by the three categories below:

- A - Insured or collateralized with securities held by the government entity or by its agents in the name of the government entity.
- B - Collateralized with securities held by the pledging financial institution's trust department or agent in the name of the governmental entity.
- C - Uncollateralized which includes any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004

2. CASH AND INVESTMENTS (continued)

Investments

The District may invest in bonds of the State of Missouri or any wholly-owned corporation of the United States; or in other short-term obligations of the United States.

Investments are stated at cost, which approximates fair value. Investments at December 31, 2004, consisted of seven repurchase agreements.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or its agent in the District's name. Category 2 includes uninsured or unregistered investments, with the securities held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty, or by its trust department or agent but not in the District's name. Investments by risk category at December 31, 2004 are as follows:

<u>Description</u>	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase Agreements		X		<u>\$12,003,000</u>	<u>\$12,003,000</u>

The District has entered into repurchase agreements with one financial institution. The repurchase agreements continue in effect until terminated by the District. Funds are invested in treasury and government securities at a rate that is adjusted daily. The balance of investments in this repurchase agreement as of December 31, 2004 was \$12,003,000.

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, 2004

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)
Village of Country Life Acres	(b)
Manchester/I-270 Office Center	(c)
Corporate Hills Dr./Scottrade, Inc.	(d)
Eckelkamp Office Center South/L.L.C.	(e)

- (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 from the first day of January, 2001 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.
- (c) This agreement is effective for a period of five (5) years from August 6, 1997 to August 6, 2002 and is automatically renewable for consecutive five (5) year terms thereafter. The parties may terminate this agreement upon ninety (90) days written notice.
- (d) 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.
- (e) This agreement is effective from August 6, 2002 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 \$3,500,000, of which approximately \$326,000 remains unpaid, as of December 31, 2004. This contract is for the construction of District facilities, related to the Fire Protection Bond issues.

WEST COUNTY FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004

4. CONTRACTUAL AGREEMENTS (continued)

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.

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

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2004, was as follows:

	Balance January 1, 2004	Additions and Transfers	Disposal and Transfers	Balance December 31, 2004
Governmental Activities:				
Land	\$ 1,651,068	\$ --	\$ --	\$ 1,651,068
Buildings	1,431,611	3,507,409	--	4,939,020
Construction in progress	2,046,338	--	(1,900,138)	146,200
Vehicles	3,399,960	26,849	(616,663)	2,810,146
Furniture	232,874	73,472	(47,554)	258,792
Equipment.....	<u>1,165,140</u>	<u>205,694</u>	<u>(98,492)</u>	<u>1,272,342</u>
Total Cost	<u>9,926,991</u>	<u>3,813,424</u>	<u>(2,662,847)</u>	<u>11,077,568</u>
Less accumulated depreciation:				
Buildings	963,334	98,864	--	1,062,198
Vehicles	887,212	306,196	(573,162)	620,246
Furniture	191,790	22,393	(41,256)	172,927
Equipment.....	<u>546,736</u>	<u>197,965</u>	<u>(76,308)</u>	<u>668,393</u>
Total Accumulated Depreciation..	<u>2,589,072</u>	<u>625,418</u>	<u>(690,726)</u>	<u>2,523,764</u>
Governmental Activities, Capital Assets, Net	<u>\$ 7,337,919</u>	<u>\$3,188,006</u>	<u>\$ (1,972,121)</u>	<u>\$ 8,553,804</u>
Depreciation was charged to functions of the District as follows:				
Ambulance and EMS Services	\$ 303,366			
Fire Protection	<u>322,052</u>			
Total	<u>\$ 625,418</u>			

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

6. LONG-TERM LIABILITIES

Following is a summary of changes occurring in long-term liabilities for the year ended December 31, 2004:

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004	Amounts Due Within One Year
Bonds payable.....	\$ 11,175,000	\$ --	\$350,000	\$ 10,825,000	\$ 375,000
Accrued compensated absences	1,447,870	700,620	576,964	1,571,526	500,000
Total.....	\$ 12,622,870	\$ 700,620	\$ 926,964	\$ 12,396,526	\$ 875,000

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%..... \$10,825,000

The annual requirements to amortize bonded debt outstanding as of December 31, 2004 is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005.....	\$ 375,000	\$ 480,006	\$ 855,006
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 - 2014.....	2,500,000	1,745,567	4,245,567
2015 - 2019.....	3,150,000	1,119,388	4,269,388
2020 - 2023.....	3,125,000	298,476	3,423,476
Total.....	<u>\$10,825,000</u>	<u>\$5,389,119</u>	<u>\$16,214,119</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

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, 2004, was:

Constitutional debt limit	\$29,586,362
General obligation bonds payable.....	(10,825,000)
Amount available in Debt Service Fund	<u>1,697,232</u>
 Legal Debt Margin.....	 <u>\$20,458,594</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, 2004, the annual rent was \$116,302.

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, 2004

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, 2004, 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, 2004, the District contributed \$785,000 to the defined contribution plan.

10. 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, 2004

11. 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, 2004. Premiums paid during the year were \$188,786.

12. 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.

13. ADJUSTMENTS TO CONVERT BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>
<u>December 31, 2004 Accruals</u>			
Taxes receivable	\$1,166,187	\$ 493,120	\$124,376
Other receivables	--	245,138	--
Prepaid items.....	27,421	22,456	--
Accrued expenses, salaries, taxes and compensated absences	(128,293)	(51,084)	--
Accounts payable	(12,634)	(4,532)	--
Deferred revenues.....	<u>(263,369)</u>	<u>(321,598)</u>	<u>(27,904)</u>
Total.....	789,312	383,500	96,472
Reverse December 31, 2003 accruals	(1,253,584)	(610,190)	(143,299)
Excess of Revenues Over (Under) Expenditures, Budgetary Basis	<u>299,517</u>	<u>221,906</u>	<u>52,956</u>
Excess of Revenues Over (Under) Expenditures, Modified Accrual Basis	<u>\$ (164,755)</u>	<u>\$ (4,784)</u>	<u>\$ 6,129</u>

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

14. PRIOR PERIOD ADJUSTMENTS

Prior to the implementation of GASB 34, the District reported those compensated absences taken within the first 60 days after year-end as a current liability. This is no longer proper accounting treatment at the fund level. Therefore, beginning fund balances have been restated. In addition, the pension fund previously reported deferred revenue. The pension fund reports on the full accrual basis of accounting. Therefore, beginning fund balances/net assets have been restated. See the following table for specific revisions made:

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Pension Fund</u>
Fund Balance/Net Assets, December 31, 2003, As Previously Reported	\$6,777,935	\$2,764,705	\$393,168
Reverse out accrued compensated Absences taken in the first 60 days	25,564	24,392	--
Reverse out deferred revenue.....	<u>--</u>	<u>--</u>	<u>48,096</u>
Fund Balance/Net Assets, December 31, 2003, Restated	<u>\$6,803,499</u>	<u>\$2,789,097</u>	<u>\$441,264</u>

15. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

Changes In Accounting Principles – For the fiscal year ended December 31, 2004, the District has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments."

The beginning net asset amount for governmental activities in the government-wide financial statements reflects the effect on fund balances for governmental funds at December 31, 2003, caused by the adoption of GASB Statement No. 34.

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

15. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES (continued)

The transition from governmental fund balances to net assets of the governmental activities is presented below:

Fund Balances - Modified Accrual Basis, December 31, 2003, Restated	\$ 16,238,499
GASB 34 Adjustments:	
Revenue not available recognized	666,473
Capital assets, net of accumulated depreciation.....	7,337,919
Long-term liabilities	(12,622,870)
Accrued interest	<u>(180,439)</u>
 Governmental Activities Net Assets, December 31, 2003.....	 <u>\$ 11,439,582</u>

In addition, for the fiscal year ended December 31, 2004, the District has implemented GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus" and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." At December 31, 2003, there was no effect on fund balance as a result of implementing these GASB Statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST COUNTY AND EMS 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, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Property taxes.....	\$ 2,753,261	\$ 3,364,182	\$ 3,365,752	\$ 1,570
Contracted services.....	2,042,448	2,067,189	2,073,782	6,593
Licenses, permits and fines.....	75,000	79,816	79,816	-
Interest and investment income.....	90,000	62,243	62,243	-
Miscellaneous.....	114,800	16,319	16,319	-
Total Revenues.....	5,075,509	5,589,749	5,597,912	8,163
EXPENDITURES:				
Current:				
Fire protection.....	5,296,516	5,554,510	5,576,182	(21,672)
Total Expenditures.....	5,296,516	5,554,510	5,576,182	(21,672)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	(221,007)	35,239	21,730	(13,509)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of fixed assets.....	221,007	277,787	277,787	-
Total Other Financing Sources.....	221,007	277,787	277,787	-
NET CHANGE IN FUND BALANCE.....	-	313,026	299,517	(13,509)
FUND BALANCE,				
BEGINNING OF YEAR.....	6,803,499	6,803,499	6,803,499	-
FUND BALANCE, END OF YEAR.....	\$ 6,803,499	\$ 7,116,525	\$ 7,103,016	\$ (13,509)

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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Property taxes.....	\$ 1,170,701	\$ 1,425,067	\$ 1,424,450	\$ (617)
Contracted services.....	866,110	878,689	881,465	2,776
Ambulance billings.....	305,000	359,230	233,285	(125,945)
Interest and investment income.....	40,000	28,805	28,805	-
Miscellaneous.....	1,750	1,907	1,907	-
Total Revenues.....	2,383,561	2,693,698	2,569,912	(123,786)
EXPENDITURES:				
Current:				
Ambulance and EMS services.....	2,381,276	2,326,227	2,348,006	(21,779)
Total Expenditures.....	2,381,276	2,326,227	2,348,006	(21,779)
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES.....	2,285	367,471	221,906	(145,565)
FUND BALANCE,				
BEGINNING OF YEAR.....	2,789,097	2,789,097	2,789,097	-
FUND BALANCE, END OF YEAR.....	\$ 2,791,382	\$ 3,156,568	\$ 3,011,003	\$ (145,565)

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

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - DISPATCH FUND FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Property taxes.....	\$ 308,467	\$ 360,469	\$ 360,313	\$ (156)
Contracted services.....	11,317	16,541	17,061	520
Interest and investment income.....	1,250	587	587	-
Total Revenues.....	321,034	377,597	377,961	364
EXPENDITURES:				
Current:				
Dispatching.....	319,884	325,005	325,005	-
Total Expenditures.....	319,884	325,005	325,005	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	1,150	52,592	52,956	364
FUND BALANCE, BEGINNING OF YEAR.....	310,106	310,106	310,106	-
FUND BALANCE, END OF YEAR.....	\$ 311,256	\$ 362,698	\$ 363,062	\$ 364

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2004

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 General 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, 2004

<u>Insurance</u>	<u>Coverage</u>
Property	Total building values and blanket contents. Limit \$5,508,004.
General	General aggregate \$3,000,000, product-completed operations aggregate \$3,000,000, personal & advertising injury \$1,000,000, each occurrence \$1,000,000, fire damage (any one fire) \$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. 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.
Pollution	Per environmental incident \$1,000,000, annual aggregate \$2,000,000, limit of defense per environmental incident \$1,000,000, deductible \$5,000.
Workman's Compensation	As required by state statutes \$2,000,000.
Employee Dishonesty	\$25,000 limit.
Portable Equipment	Unlimited, \$250 deductible.
Public Official Bond	Richard Rognan \$5,000. Robert Levine \$5,000.
Treasurer's Bond	Matthew Miller \$10,000.
Fiduciary	\$1,000,000

WEST COUNTY EMS AND FIRE PROTECTION DISTRICT

SCHEDULE OF DIRECTORS' FEES
DECEMBER 31, 2004

Richard Rognan	\$10,800
Bob Levine	10,600
Matthew Miller	<u>10,158</u>
Total.....	<u>\$31,558</u>

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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, each major fund and the aggregate remaining fund information of West County EMS and Fire Protection District (the "District") as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 11, 2005. We have 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.

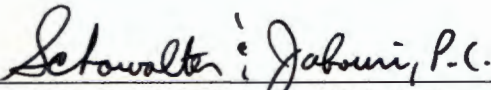
Internal Control over Financial Reporting

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 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 11, 2005.

Compliance

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 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 11, 2005.

This report is intended for the information 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.

St. Louis, Missouri
March 11, 2005