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Financial Statements, 2004

West Overland Fire Protection District

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CLAIRE C. McCASKILL
Missouri State Auditor

September 12, 2005

Kent G. McCoy, CPA
McCoy & Associates, P.C.
4191 Crescent, Suite D
St. Louis, MO 63129

RE: West Overland Fire Protection District of St. Louis County

Fiscal Period: One Year Ended December 31, 2004 ✓

Dear Mr. McCoy:

In accordance with Sections 105.145 and 321.690 RSMo, we acknowledge receipt of the audit report of your fire protection district for the above-described fiscal period. We will review this report for compliance with 15 CSR 40-4 and report to you whether or not it complies with these administrative rules.

Thank you for your cooperation in sending this information.

Sincerely,

CLAIRE C. McCASKILL
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky
Local Government Analyst



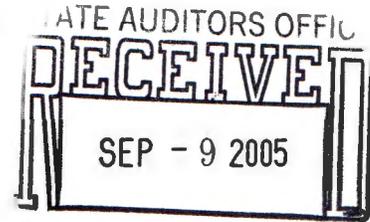
McCoy & Associates, P.C.

Certified Public Accountants and Consultants

4191 Crescent, Suite D
St. Louis, MO 63129

Telephone (314) 487-3100
Fax (314) 487-0032

September 6, 2005



Ms. Alice Fast
Missouri State Auditors Office
301 West High Street
Truman Building, Room 880
Jefferson City, MO 65101

Dear Alice,

At the request of my client, West Overland Fire Protection District, I am enclosing one copy of their audited financial statement and related management letter for the year ended December 31, 2004.

As always, feel free to call with any questions you may have.

Very truly yours,

McCOY & ASSOCIATES, P.C.

Kent G. McCoy, CPA

KGM
Enclosures

cc: Chief Mike Marlo

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
OF ST. LOUIS COUNTY, MISSOURI**

COMMENTS AND RECOMMENDATIONS

Year Ended December 31, 2004

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
OF ST. LOUIS COUNTY, MISSOURI

COMMENTS AND RECOMMENDATIONS

Year Ended December 31, 2004

TABLE OF CONTENTS

Current Year Recommendations	<u>Page</u>
Budget Amendments.....	1
Actuarial Valuation for Defined Benefit Plan.....	2
Ambulance Billings.....	3
Board Minutes.....	4
Follow-Up to Prior Year's Recommendations.....	5



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To the Board of Directors
West Overland EMS and Fire Protection District
St. Louis, Missouri

In planning and performing our audit of the general purpose financial statements of West Overland EMS and Fire Protection District (the District) for the year ended December 31, 2004, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements. Although our audit was not designed to provide assurance on the internal control, we noted certain matters involving the internal control and its operation, and are submitting for your consideration related recommendations designed to help the District make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the District.

Certain of these matters may be considered reportable conditions, as defined by the American Institute of Certified Public Accountants, which involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce, to a relatively low level, the risk that errors or irregularities 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.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions referred to above are believed to be material weaknesses.

We appreciate the opportunity to be of service to West Overland EMS and Fire Protection District. Should questions arise about our recommendations, we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Alloy Associates, P.C.

August 10, 2005

COMMENTS AND RECOMMENDATIONS, continued

Budgeting

We noted that the District's actual expenditures exceeded budgeted expenditures for the general fund and ambulance special revenue fund.

We recommend that the District consider amending its budget periodically as needed.

District Response

The District will consider the need to amend its budget periodically.

COMMENTS AND RECOMMENDATIONS, continued

Actuarial Valuation for Defined Benefit Plan

On May 27, 2004, the District established a defined benefit pension plan for employees retiring after that date. Eligible retirees will receive a monthly pension benefit of \$500.

Financial statement disclosures required for such plans include the actuarially determined liability for future benefit payments as well as the funding status of the plan.

We recommend that the district engage a qualified pension actuary to calculate the amounts that are required to be disclosed in the District's financial statements.

District Reply

The District will consider engaging an actuary as recommended.

COMMENTS AND RECOMMENDATIONS, continued

Ambulance Billings

Historically, the District has recognized revenue from ambulance billings when the related cash has been collected. However, GASB Statement No. 33 requires that for transactions where the government gives up and receives essentially equal values, i.e. exchange transactions, that the revenue should be recognized when the transaction takes place. With respect to ambulance billings, this would be during the accounting period that the ambulance run took place.

With respect to ambulance billings, we also noted that billing and collection procedures are not well documented in an accounting manual. In addition, we noted that internal controls could be improved relative to:

- ✓ Ensuring that all billable runs are actually billed in accordance with the rates and terms approved by the District;
- ✓ That all billed runs are either collected or otherwise made subject to collection procedures;
- ✓ That uncollectible runs are adjusted or written off in accordance with District policy; and
- ✓ That the billing and collection of ambulance runs is accurately and timely reflected in the District's accounting records.

We recommend that the District review the accounting practices and related policies and procedures relative to ambulance runs to ensure compliance with the applicable accounting standards and the District's objectives.

District Response

The District will review the accounting practices and related policies and procedures relative to ambulance runs to ensure compliance with the applicable accounting standards and the District's objectives.

COMMENTS AND RECOMMENDATIONS, continued

Board Minutes

We noted that the adoption of the 2005 budget had not been reflected in the District's board minutes. We also noted that the minutes do not include copies of ordinances or resolutions.

We recommend that the District include copies of documents such as budgets, tax rate schedules, ordinances and resolutions with the board minutes covering the meetings during which such documents were approved/adopted.

District Response

The District will consider including copies of budgets, tax rate schedules, ordinances, resolutions and similar documents with the board meeting minutes during which such documents were approved.

COMMENTS AND RECOMMENDATIONS, continued

Follow-Up to Prior Year's Recommendations

1. We recommended that the District develop fixed assets details.

The District has developed fixed asset details.

2. We recommended that the District consider amending its budget periodically.

See current year comment #1.

3. We recommended that the District begin implementation of GASB 34.

The District has implemented Statement No. 34.

4. We recommended that the District review the adequacy of cash collateralization.

The District cash balances are reviewed to ensure adequate collateralization.

5. We recommended that the District engage an actuary to calculate the cost of adopting a postemployment healthcare plan.

See current year comment #2.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
AND SUPPLEMENTARY INFORMATION
With report of independent auditors

Year Ended December 31, 2004

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
Year Ended December 31, 2004
TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds...	15
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Statement of Fiduciary Net Assets.....	17
Statement of Changes in Fiduciary Net Assets.....	18
NOTES TO FINANCIAL STATEMENTS.....	19
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund.....	31
Budgetary Comparison Schedule – Ambulance Fund.....	32
Budgetary Comparison Schedule – Note to RSI.....	33
SUPPLEMENTARY INFORMATION	
Schedule of Insurance in Force.....	34

Schedule of Assessed Valuation, Tax Rate, and Tax Levy	35
Schedule of Principal Office Holders	36
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	37



McCoy & Associates, P.C.

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INDEPENDENT AUDITORS REPORT

To the Board of Directors
West Overland EMS and Fire Protection District
St. Louis County, Missouri

We have audited the accompanying financial statements of the governmental activities, each fund and the aggregate remaining fund information of the West Overland 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.

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

As described in Note A, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2005 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 31 through 33, 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 34 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

M. C. & Associates, P. C.

August 10, 2005

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the West Overland EMS and Fire Protection District's (the District) annual financial report presents an easily readable analysis of the District's financial activities. This document focuses on the current year's activities, resulting changes and currently known facts. For a comprehensive understanding of the financial statements, please review the financial statements, including the footnotes that follow the Management's Discussion and Analysis.

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 (MDandA). However, in the year of implementation certain omissions are allowed. Subsequent MDandAs will include all required comparative information.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like fire suppression were financed in the short term as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships - like the Retirement Plan for Employees of the West Overland EMS and Fire Protection District - in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.
 - Proprietary fund statements offer financial information about business-type activities and internal service funds. Since the District has no business-type activities, these statements cover only the internal service fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide statements

The government-wide statement reports information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health, or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base.
- The government-wide financial statements of the District are comprised solely of governmental activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes:

- Some funds are required by State law and by bond covenants.
- The District Board of Directors establishes other funds to control and manage money for particular purposes (like emergency medical services) or to show that it is properly using certain taxes (like collection and payment of dispatch agency fees)

The District has three kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Fiduciary funds** - The District is the trustee, or fiduciary, for the Retirement Plan for Employees of the West Overland EMS and Fire Protection District. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL HIGHLIGHTS AND ITS DISCUSSION

The increase in capital expenditures resulted from the availability of revenues from the issuance of an additional \$800,000 in general obligation bonds during 2004 (total issuance of \$2,800,000).

Unless expenses consistently exceed revenues over time, there should be revenues available on the last day of the year available for succeeding year operations. Since taxes are paid by the end of the year, those tax revenues coupled with any balance from the previous term become the revenues used for the coming year's budget. For management purposes, the District considers taxes due by December 31, 2004, for the calendar year 2004 tax levy, as available to finance the 2005 budget.

Expenses of \$628,801 were incurred by the capital projects fund during 2004. Such expenses were for the expansion and renovation of the District's engine house and administrative offices.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table #1 provides a summary of the District's assets as compared to the liabilities and equity.

Table #1- Summary of Current and Fixed –Assets, Liabilities and Net Assets

Net Assets As of December 31, 2004		
	<u>Amount</u>	<u>Percent of total</u>
Current Assets (net of inter-fund receivables)	\$ 5,460,847	87%
Capital assets, net of depreciation	<u>799,505</u>	<u>13%</u>
Total Assets	<u>\$ 6,260,352</u>	<u>100%</u>
Current Liabilities (net of inter-fund payables)	\$ 158,036	3%

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-current Liabilities	<u>2,842,061</u>	45%
Total Liabilities	<u>\$ 3,000,097</u>	48%
Net Assets		
Invested in capital assets, net of related debt	(\$1,900,495)	(30%)
Unrestricted	4,229,160	67%
Restricted	<u>931,590</u>	<u>15%</u>
Total Net Assets	<u>\$ 3,260,255</u>	52%
Total Liabilities and Net Assets	<u>\$ 6,260,352</u>	<u>100%</u>

Table #2 provides an analysis of the change in net assets for the year ended December 31, 2004.

Table #2-Change in Net Assets

Revenue		
Tax revenue	\$ 2,773,994	
Ambulance billings	136,715	
Inspection and permit revenue	28,742	
Income from investments	26,011	
Miscellaneous	<u>6,559</u>	
Total Revenue	\$ 2,972,021	
Personal services	\$ 1,569,083	
Employee benefits	304,356	
Supplies	53,920	
Contractual services	33,954	
Capital outlay	4,324	
Dispatching services	84,457	
Building and equipment	94,993	
Miscellaneous	75	
Administration	55,948	
Depreciation expense	54,068	
Interest expense	<u>84,669</u>	
Total Expenditures	\$ 2,285,927	
Increase in Net Assets	\$ 686,094	
Net Assets, Beginning of the Year	\$ 2,574,161	

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Assets, End of Year

\$ 3,260,255

The District relies heavily on personal property and real estate tax revenues. In 2004, tax revenue represented 93% of total revenue for the District's governmental activities. The District also collects fees for ambulance service from insurance companies. These fees comprised 5% of the District's total revenue from governmental activities. Revenues from other sources made up the remaining 2% of governmental activity revenue.

Analysis of Revenue for Governmental Funds



FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

General Fund

For the year ended December 31, 2004, the fund balance of the District's general fund increased by \$ 184,650. The largest expenditures in the general fund were for salaries and benefits which totaled \$1,124,026.

Special Revenue Funds

For the year ended December 31, 2004, the total fund balance of the ambulance fund decreased by \$137,221. The largest expenditure in the general fund was for salaries and benefits which totaled \$735,576.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Expenditures for Governmental Funds



On a District-wide basis, salaries and benefits are the largest component of expenses, representing 63% of the total. Charges for services, commodities and other expenses make up 27% of District expenses. Dispatching is provided by North Central County Fire Alarm (North Central). Dispatching expense was \$84,457 and represented 3% of expenses. The contract with North Central Dispatch requires the District to remit \$0.04 of a collected \$0.05 tax levy on each \$100 of assessed valuation. The balance is used for communication equipment and services not provided under said contract.

The tax rates certified by the State Auditor in accordance with Revised Missouri Statutes (RSMo) Section 137.073.6 is based on that rate per each \$100 of assessed valuation. The tax rates for the different types of real property - residential, agricultural and commercial - as well as for personal property are set forth in Table #3.

Table #3 – Certified Tax Levy for 2004

	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Personal</u>
General Revenue	0.710	0.000	0.710	0.710
Ambulance	0.250	0.000	0.250	0.250
Dispatch	0.050	0.000	0.050	0.050
Pension	0.150	0.000	0.150	0.150
Debt Service	0.300	0.300	0.300	0.300
Total Tax Rate	1.460	0.300	1.460	1.460

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table #4 presents the capital assets of the District. The asset capitalization policy adopted by the District includes its real estate, buildings, and vehicles for fire suppression, emergency medical, fire prevention, and rescue. Items that are designated as expendable

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

supplies due to the expected useful life or that have an original cost less than \$5,000 are not capitalized.

Table#4 – Capital Assets

Land	\$ 19,400
Buildings and improvements	927,919
Ambulances, fire apparatus and equipment	<u>660,632</u>
Total	\$ 1,607,951
Less accumulated depreciation	<u>808,446</u>
Net capital assets	<u>\$ 799,505</u>

Table #5 depicts the types of capital purchases from the capital projects fund during 2004:

Table #5- Analysis of Significant Capital Improvements

<u>Expense Category</u>	<u>Year Ended</u> <u>12/31/2004</u>
Fire Equipment	\$ -
Turn Out Gear	-
Fire Apparatus/ Vehicles	-
Ambulance Equipment	-
Ambulance Vehicles	-
Professional Fees	-
Office Equipment	-
Building/ Equipment	<u>628,801</u>
Total	<u>\$ 628,801</u>

DEBT

Capital projects fund expenditures of \$628,801 represented payments for the design and construction of improvements and additions to the District's firehouse and administrative offices. These purchases were facilitated by a bond issue proceeds of \$2,800,000 (including discount and accrued interest) received from the sale of bonds in October 2002 (\$2,000,000) and September 2004 (\$800,000). The amount of interest paid on the bonds ranges from 1.4% to 3.75%. Principal payments are made on March 31 and semi-annual interest payments are made on March 1 and September 1.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Future debt maturities of the bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 250,000	\$ 82,959	\$ 332,959	2005
255,000	76,264	331,264	2006
265,000	68,814	333,814	2007
285,000	60,461	345,461	2008
300,000	51,471	351,471	2009
310,000	41,718	351,718	2010
330,000	30,968	360,968	2011
345,000	19,211	364,211	2012
360,000	6,555	366,555	2013
<u>\$ 2,700,000</u>	<u>\$ 438,421</u>	<u>\$ 3,138,421</u>	

Table #6 delineates debt service fund activity during 2004 including the payment of principal and interest for the retirement of the general obligation bond issue.

Table #6- Analysis of Debt Service

	<u>Year Ended</u> <u>12/31/2004</u>
<u>Revenue</u>	
Tax revenues	\$ 592,714
Interest income	<u>29</u>
Total revenue	592,743
<u>Expenses</u>	
Bond principal payments	100,000
Bond interest and fees	<u>117,109</u>
Total expenses	<u>217,109</u>
Revenues over expenses	<u>\$ 375,634</u>

Fiduciary Financial Analysis

Table #7 provides a reconciliation of the net assets as of the beginning and end of 2004 with respect to the District's pension fund. The District's pension plan is a single employer defined contribution plan administered by the District for all of the employees. Normal retirement begins at age sixty years or completion of thirty full years of credited service.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table #7- Analysis of Pension Plan Assets and Disbursements

	<u>Year Ended</u> <u>12/31/2004</u>
Net assets, beginning of the year	\$ 5,189,369
Tax revenues	301,258
Investment earnings	407,635
Distributions	(105,781)
Disability insurance	(15,033)
Administration expenses	(343)
Net assets, end of year	<u>\$ 5,775,575</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Net tax revenues are expected to approximate those from 2004.

Personnel cost are projected to increase by approximately 4%, except for certain categories like medical health insurance, which is expected to decrease slightly.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances and to demonstrate the District's accountability for the revenues it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief of the Department, Michael Marlo, 10789 Midland, St. Louis, MO 63114.

West Overland EMS and Fire Protection District
Statement of Net Assets
December 31, 2004

	<u>Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	824,807
Investments	2,928,510
Taxes Receivable, net of allowance	1,707,530
Capital Assets:	
Land	19,400
Buildings	927,919
Equipment and Other	660,632
Less accumulated depreciation	<u>(808,446)</u>
Total capital assets, net of depreciation	<u>799,505</u>
 Total Assets	 <u>\$ 6,260,352</u>
LIABILITIES:	
Accounts payable	62,475
Accrued wages and payroll taxes	36,492
Due to other funds	59,069
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	170,000
Accrued Interest	28,901
Portion due or payable after one year:	
Bonds	2,530,000
Compensated absences	<u>113,160</u>
Total Liabilities	<u>3,000,097</u>
NET ASSETS	
Invested in capital assets, net of related debt	(1,900,495)
Restricted for:	
Debt service	800,208
Ambulance and Dispatching operations	131,382
Unrestricted	<u>4,229,160</u>
Total net assets	<u>\$ 3,260,255</u>

The accompanying notes are an integral part of these financial statements.

West Overland EMS and Fire Protection District
Statement of Activities
For the Year Ended December 31, 2004

	<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS	
Fire prevention and suppression	\$ 1,340,220
EMS operations	776,506
Dispatching service	84,532
Interest expense	84,669
Supplies and other not allocated to programs	-
Total Program expenses	<u>2,285,927</u>
Program revenue:	
Charges for Permit Fees	28,742
Charges for Ambulance Calls	136,715
Total Program revenue	<u>165,457</u>
Net Program Expense	<u>2,120,470</u>
General revenue and transfers:	
Taxes Levied	2,773,994
Income from Investments	26,011
Other	6,559
Total general revenue and transfers	<u>2,806,564</u>
Increase in Net Assets	686,094
Net assets-Beginning of year	2,574,161
Net assets-End of year	<u><u>\$ 3,260,255</u></u>

The accompanying notes are an integral part of these financial statements.

West Overland EMS and Fire Protection District
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Dispatch Fund	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	\$ 530,644	\$ (285)	\$ 4,376	\$ 284,054	\$ 6,018	\$ 824,807
Investments	1,000,000	-	-	1,928,510	-	2,928,510
Taxes Receivable, net of allowance	925,455	325,865	391,037	-	65,173	1,707,530
Due from other Funds	562,056	-	434,702	29,907	78,039	1,104,704
Other Assets	-	-	-	-	-	-
Total Assets	<u>\$ 3,018,155</u>	<u>\$ 325,580</u>	<u>\$ 830,115</u>	<u>\$ 2,242,471</u>	<u>\$ 149,230</u>	<u>\$ 6,565,551</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 9,347	\$ 990	\$ -	\$ -	\$ 52,138	\$ 62,475
Accrued wages and payroll taxes	22,797	13,695	-	-	-	36,492
Due to other funds	571,810	276,605	29,907	285,451	-	1,163,773
Deferred revenue	88,935	31,315	37,578	-	6,263	164,091
Total Liabilities	<u>692,889</u>	<u>322,605</u>	<u>67,485</u>	<u>285,451</u>	<u>58,401</u>	<u>1,426,831</u>
Fund Balances:						
Reserved for:						
Debt service	-	-	762,630	-	-	762,630
Dispatching expenditures	-	-	-	-	90,829	90,829
Unreserved						
Designated for subsequent years operating budget	1,271,443	447,691	-	-	-	1,719,134
Undesignated	1,053,823	(444,716)	-	1,957,020	-	2,566,127
Total Fund Balance	<u>2,325,266</u>	<u>2,975</u>	<u>762,630</u>	<u>1,957,020</u>	<u>90,829</u>	<u>5,138,720</u>
Total liabilities and fund balances	<u>\$ 3,018,155</u>	<u>\$ 325,580</u>	<u>\$ 830,115</u>	<u>\$ 2,242,471</u>	<u>\$ 149,230</u>	

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 \$ 1,607,951 and the accumulated depreciation is \$ 808,446

799,505

Other long-term assets (property taxes receivable not collected within 60 days of year-end) are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

164,091

To recognize interest accrual to year-end on general obligation bonds

(28,901)

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

General obligation bonds	(2,700,000)
Compensated absences	(113,160)

(2,813,160)

Net assets-governmental activities

\$ 3,260,255

The accompanying notes are an integral part of these financial statements.

West Overland EMS and Fire Protection District
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Dispatch Fund	Total
REVENUE						
Property taxes and contract fees	\$ 1,414,134	\$ 502,546	\$ 592,714	\$ -	\$ 100,509	\$ 2,609,903
Ambulance billings	-	136,715	-	-	-	136,715
Inspection and permit fees	28,742	-	-	-	-	28,742
Income from investments	7,530	24	29	18,352	76	26,011
Miscellaneous	6,559	-	-	-	-	6,559
Total Revenue	<u>1,456,965</u>	<u>639,285</u>	<u>592,743</u>	<u>18,352</u>	<u>100,585</u>	<u>2,807,930</u>
EXPENDITURES						
Personal services	936,201	619,045	-	-	-	1,555,246
Employee benefits	187,825	116,531	-	-	-	304,356
Supplies	-	-	-	-	-	-
Contractual services	33,954	-	-	-	-	33,954
Heat, light and power	-	-	-	-	-	-
Capital outlay	4,324	-	-	628,801	-	633,125
Dispatching service	-	-	-	-	84,457	84,457
Building and mobile equipment	72,685	22,308	-	-	-	94,993
Miscellaneous	-	-	-	-	75	75
Administration	37,326	18,622	-	-	-	55,948
Debt service:						
Principal retirement	-	-	100,000	-	-	100,000
Interest and other charges	-	-	117,109	-	-	117,109
Total expenditures	<u>1,272,315</u>	<u>776,506</u>	<u>217,109</u>	<u>628,801</u>	<u>84,532</u>	<u>2,979,263</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	184,650	(137,221)	375,634	(610,449)	16,053	(171,333)
OTHER FINANCING SOURCES (USES)						
Operating transfers out	-	-	-	-	-	-
Proceeds of general obligation bonds	-	-	-	790,000	-	790,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,000</u>	<u>-</u>	<u>790,000</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	184,650	(137,221)	375,634	179,551	16,053	618,667
FUND BALANCES AT BEGINNING OF YEAR	2,140,616	140,196	386,996	1,777,469	74,776	4,520,053
FUND BALANCES-END OF YEAR	<u>\$ 2,325,266</u>	<u>\$ 2,975</u>	<u>\$ 762,630</u>	<u>\$ 1,957,020</u>	<u>\$ 90,829</u>	<u>\$ 5,138,720</u>

The accompanying notes are an integral part of these financial statements.

West Overland EMS and Fire Protection District
 Reconciliation of the Governmental Funds Statement of
 Revenue, Expenditures, and Changes in Fund Balances
 to the Statement of Activities

Total net change in fund balances - governmental funds	\$	618,667
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense for the period.		574,733
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		(690,000)
Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenue and are deferred in the governmental funds. Deferred tax revenue increased (decreased) by this amount this year.		164,091
In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used, (essentially the amounts actually paid). This year, compensated absences earned exceeded the amount used by \$13,837		(13,837)
Interest in long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		32,440
Change in net assets of governmental activities	<u>\$</u>	<u>686,094</u>

The accompanying notes are an integral part of these financial statements.

West Overland EMS and Fire Protection District
Statement of Fiduciary Net Assets
December 31, 2004

	Pension Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 165,555
Taxes Receivable, net of allowance	195,519
Other Receivables	-
Due from other Funds	59,069
Investments, at fair value:	5,374,221
Total Assets	5,794,364
LIABILITIES	
Accounts Payable	-
Deferred revenue	18,789
Total Liabilities	18,789
NET ASSETS	
Held in trust for benefits and employee welfare	\$ 5,775,575

The accompanying notes are an integral part of these financial statements.

West Overland EMS and Fire Protection District
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2004

	Pension Trust Fund
Additions	
Property Taxes	\$ 301,528
Employee contributions	-
Transfers from other funds	-
Investment Earnings	5,185
Net appreciation in fair value of investments, interest, dividends and other investment income	402,450
Total Additions	709,163
Deductions	
Benefit payments	107,581
Disability insurance	15,033
Actuarial and consulting fees	343
Total Deductions	122,957
Change in net assets	586,206
Net assets-Beginning of Year	5,189,369
Net assets-End of Year	\$ 5,775,575

The accompanying notes are an integral part of these financial statements.

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The District's financial statements include all funds controlled by the District. A component unit is an organization that is included in the District's financial statements for which the District is financially accountable, or for which the District is not accountable, but for which the nature and significance or their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenue for the different functions of the District's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenue include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented.

The District reports the following governmental funds:

General Fund

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

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Special Revenue-Ambulance Fund

This fund is a special revenue fund that is used to account for the proceeds of a special tax levy which is restricted for the provision of emergency medical services.

Debt Service Fund

This fund accounts for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital items.

Special Revenue-Dispatching Fund

This fund receives tax revenue and disburses funds in order to participate with other fire protection districts in a centralized dispatching service for the dispatching of fire and ambulance calls.

The District reports the following fund types:

Pension Trust Fund

This fund is used to account for assets held by the District in a trustee capacity. The fund accumulates contributions from the District generated from a pension tax levy as well as earnings from the fund's investments. Disbursements are made from the fund for retirement and administrative expenses.

Implementation of Governmental Accounting Standards Board Statements

GASB Statements No. 34 and 37

In June 1999 and in June 2001, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, respectively. These statements provide for the most significant change in financial reporting in over twenty years. The District has adopted these statements for its fiscal year ended December 31, 2004.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

GASB Statement No. 38

In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, adds and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt service requirements, variable-rate debt, receivable and payable balances, interfund transfers and balances, and short-term debt. The District has adopted this statement for its fiscal year ended December 31, 2004.

GASB Interpretation No. 6

In March 2000, the GASB issued Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation clarifies the application of standards for modified and accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The District has adopted this statement for its fiscal year ended December 31, 2004.

Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, property taxes are recognized in the fiscal year for which the taxes are levied.

Government Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after year-end. Property taxes are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental funds of the District follow FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Investments

Investments are generally stated at market value.

Statutes authorize the District to invest in time deposits, U.S. Treasury and federal agency securities, commercial paper, bankers' acceptances and repurchase agreements. Statutes authorize the Pension Trust Fund to invest in corporate stocks and bonds.

Expense Allocations between Funds

The salaries and fringe benefits of employees who perform as both firefighters and emergency medical personnel are allocated to the General and Ambulance Funds based on 65% and 35% of such expenditures, respectively. The allocation percentages are based on the estimated time worked while assigned to EMS duty as compared to total time worked. The salaries and wages of the fire chief, assistant chief and deputy chief have been recorded as General Fund expenditures. Salaries for the directors and district secretary are allocated to the General and Ambulance Funds based on 65% and 35% of such expenditures, respectively. Certain other expenditures are allocated to the funds based on the allocation basis used for salaries.

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 governmental funds. The budgets are adopted on a modified cash basis of accounting.
2. The Board of Directors approves the tax rate by ordinance. Once this rate has been established, the Board approves the total budget appropriation and amendments.
3. Unused appropriations lapse at the end of the year.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by December 31. Property taxes not collected by January 1 of the subsequent year are delinquent. The St. Louis County Collector collects the property tax and remits it to the District. The county's fee for this service is 1.5% of the taxes collected.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Property taxes levied for 2004 are recorded as receivable, net of estimated uncollectibles, as are prior year levies which are reevaluated annually. Taxes receivable represent estimated amounts to be collected by the County Collector of Revenue for 2004 and prior tax years, to be remitted to the District subsequent to December 31. The portion of taxes considered collectible but not collected and remitted to the District within 60 days of year-end is recorded as deferred tax revenue.

Capital Assets

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. The District defines capital assets as assets with an initial, individual cost exceeding capitalization limit amounts as delineated below, and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over the estimated useful life of the assets.

The estimated useful lives and capitalization limits are as follows:

	<u>Estimated Lives</u>	<u>Capitalization Limit</u>
Buildings & Improvements	40 Years	\$ 5,000
Fire Apparatus	10 Years	\$ 5,000
Ambulances	5 Years	\$ 5,000
Staff Vehicles	5 Years	\$ 5,000
Office Equipment	5 Years	\$ 5,000
Equipment	5 Years	\$ 5,000

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

Interfund Transactions

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

collateral is required to be held in safekeeping by the trust department of a financial institution other than the pledging bank. At December 31, 2004, the District's cash deposits were fully collateralized.

Investments

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District as of December 31, 2004. Category (1) includes investments that are insured or registered, or held by the District or its agent in the District's name. Category (2) includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or the District's agent in the District's name. Category (3) includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

At December 31, 2004, investments included the following:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Categorized investments:				
Certificates of deposit	\$2,928,510	\$ -	\$ -	\$2,928,510
U.S. Government securities	-	-	-	-
Total categorized investments	<u>\$2,928,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,928,510</u>
Uncategorized investments:				
Mutual funds				5,294,965
Participant loans				<u>79,256</u>
Total investments				<u>\$ 8,302,731</u>

NOTE C - CAPITAL ASSETS

A summary of changes in the general fixed assets account group follows:

	January 1, 2004 (as restated)	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$ 19,400	\$ -	\$ -	\$ 19,400
<i>Capital assets being depreciated:</i>				
Buildings & improvements	299,118	628,801	-	927,919
Equipment & other	<u>660,632</u>	<u>-</u>	<u>-</u>	<u>660,632</u>
Total capital assets being depreciated:	<u>959,750</u>	<u>628,801</u>	<u>-</u>	<u>1,588,551</u>

Less accumulated depreciation

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

for:				
Buildings & improvements	(250,511)	(7,478)	-	(257,989)
Equipment & other	<u>(503,867)</u>	<u>(46,590)</u>	<u>-</u>	<u>(550,457)</u>
Total accumulated depreciation	<u>(754,378)</u>	<u>(54,068)</u>	<u>-</u>	<u>(808,446)</u>
Total capital assets being depreciated, net:				
	<u>205,372</u>	<u>574,733</u>	<u>-</u>	<u>780,105</u>
Totals	<u>\$ 224,772</u>	<u>\$ 574,733</u>	<u>\$ -</u>	<u>\$ 799,505</u>

At January 1, 2004, the District made the following restatements to capital assets:

Capital assets as reported in the general fixed assets account group – December 31, 2003	\$1,570,306
Record accumulated depreciation for buildings and improvements, equipment and furniture and fixtures	(754,378)
Remove equipment below the increased capitalization thresholds – See NOTE A	<u>(591,156)</u>
Capital assets as restated – January 1, 2004	<u>\$ 224,772</u>

NOTE D – INTERFUND TRANSACTIONS

The composition of interfund balances as of December 31, 2004 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Ambulance Fund	\$ 276,604
	Capital Projects Fund	<u>285,452</u>
		<u>\$ 562,056</u>
Debt Service Fund	General Fund	<u>\$ 434,702</u>
Dispatch Fund	General Fund	<u>\$ 78,039</u>
Capital Projects Fund	Debt Service Fund	<u>\$ 29,907</u>
Pension Trust Fund	General Fund	<u>\$ 59,069</u>

NOTE E - PENSION PLANS

Defined Contribution Plan

The District terminated its defined benefit pension plan during 1998 and adopted a defined contribution plan. The defined contribution plan provides for individual

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

participant accounts, which were calculated as of the termination date of the former defined benefit plan pursuant to the provisions of the defined benefit plan.

The defined contribution plan is administered by the ICMA Retirement Corporation and covers all full-time employees. The Plan requires the District to annually contribute 15% of each participant's earnings. Participants can not contribute to the plan.

During 2004, the District contributed a total of \$ 301,528 to the defined contribution plan.

Under the provisions of the defined contribution plan, the District is required to make contributions equal to 15% of participant earnings. However, Missouri Revised Statutes require that the proceeds from the pension tax levy be invested in pension funds for the purpose of providing pension benefits.

Defined Benefit Pension Plan

On May 27, 2003, the District established a defined benefit pension plan for employees retiring after that date. Eligible retirees will receive a monthly pension benefit of \$500.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency

NOTE F - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2004	\$ <u>163,270,667</u>
Debt limit - 5% of assessed value	8,163,533
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	2,700,000
Less amount available in debt service fund	<u>(762,230)</u>
	<u>1,937,370</u>
Legal Debt Margin	\$ <u>6,226,163</u>

NOTE G - CONTRACTUAL AGREEMENTS

The District has a contractual agreement with North Central County Fire Alarm System that requires that the District pay fees equal to the amount which would be collected from a tax levy of four cents per one hundred dollars of assessed valuation of all taxable, tangible property within the District's boundaries.

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other districts to form a group of self-insurers for workers' compensation, a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation claims. The District pays an annual premium to the pool for its insurance coverage. The agreement for formation of the Missouri Fire and Ambulance Districts' Insurance Trust (MoFAD) provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event.

The pooling agreement allows for the pool to use 5% of assessments to make the pool self-sustaining for supplemental aggregate reinsurance coverage. This coverage will be funded until the cumulative balance reaches \$1,000,000. The Missouri Fire and Ambulance Districts' Insurance Trust has published its own financial report for the year ended December 31, 2004 that can be obtained from MoFAD.

NOTE I – LONG-TERM DEBT

2002 Series - In October 2002, proceeds of \$2,002,132 (including premium) were received from the sale of two million dollars (\$2,000,000) in bonds. The amount of interest paid on these bonds ranges from 3.0% to 3.6%. Principal payments are on March 31 and semi-annual interest payments are on March 1 and September 1. Maturities of these bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 170,000	\$ 59,045	\$ 229,045	2005
175,000	53,870	228,870	2006
185,000	48,470	233,470	2007
200,000	42,695	242,695	2008
210,000	36,440	246,440	2009
220,000	29,555	249,555	2010
235,000	21,930	256,930	2011
245,000	13,648	258,648	2012
<u>260,000</u>	<u>4,680</u>	<u>264,680</u>	2013
<u>\$1,900,000</u>	<u>\$ 310,333</u>	<u>\$2,210,333</u>	

2004 Series - In September 2004, proceeds of \$ 792,327 (including discount) were received from the sale of eight hundred thousand dollars (\$800,000) in bonds. The amount of interest paid on these bonds ranges from 1.4% to 3.75%. Principal payments

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

are on March 31 and semi-annual interest payments are on March 1 and September 1. Maturities of these bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 80,000	\$ 23,914	\$ 103,914	2005
80,000	22,394	102,394	2006
80,000	20,344	100,344	2007
85,000	17,766	102,766	2008
90,000	15,031	105,031	2009
90,000	12,163	102,163	2010
95,000	9,038	104,038	2011
100,000	5,563	105,563	2012
<u>100,000</u>	<u>1,875</u>	<u>101,875</u>	2013
<u>\$ 800,000</u>	<u>\$ 128,088</u>	<u>\$ 928,088</u>	

NOTE J – CHANGES IN LONG-TERM OBLIGATIONS REPORTED IN GENERAL LONG-TERM DEBT ACCOUNT GROUP

During the year ended December 31, 2004, the following changes occurred in liabilities reported in the General Long-term Debt Account Group:

	<u>January 1,</u> <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2004</u>
General Obligation Bonds	\$ 2,000,000	\$ 800,000	\$ 100,000	\$ 2,700,000
Compensated Absences	99,793	13,367	-	113,160
Total	<u>\$ 2,099,793</u>	<u>\$ 813,367</u>	<u>\$ 100,000</u>	<u>\$ 2,813,160</u>

NOTE K – NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets*-This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by laws through constitutional provisions or enabling legislation.

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

- *Unrestricted Net Assets* – This category represents net assets of the District, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of December 31, 2004, reservations of fund balance are described below:

- *Debt Service* – to reflect the funds held for future payment of bond principal and interest. These funds are not available for general operations.
- *Dispatching Services* – to reflect the funds held for dispatching services. These funds are not available for general operations.

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.

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

Fund Balances – Modified Accrual Basis, December 31, 2003	\$ 4,520,053
GASB 34 Adjustments:	
Capital assets, net of accumulated depreciation	224,772
Bonds payable	(2,070,871)
Compensated absences	<u>(99,793)</u>
Total Net Assets, December 31, 2003	<u>\$ 2,574,161</u>

NOTE L – POST-RETIREMENT HEALTH CARE PLAN

Effective January 1, 2003, the District adopted a post-retirement health plan that provides for a monthly benefit of \$500 upon retirement.

NOTE M - VIOLATIONS OF FINANCE-RELATED LEGAL PROVISIONS

During 2004, actual expenditures exceeded budgeted expenditures in the ambulance special revenue fund.

West Overland EMS and Fire Protection District
 Required Supplementary Information
 Budgetary Comparison Schedule - General Fund
 For the Year Ended December 31, 2004

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 1,229,809	\$ 1,229,809	\$ 1,303,161	\$ 73,352
Inspection and Permit Fees	24,500	24,500	28,742	4,242
Income from Investments	20,000	20,000	7,530	(12,470)
Miscellaneous	-	-	6,559	6,559
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>1,274,309</u>	<u>1,274,309</u>	<u>1,345,992</u>	<u>71,683</u>
EXPENDITURES				
Personal services	999,947	999,947	930,725	(69,222)
Employee benefits	215,990	215,990	197,725	(18,265)
Supplies	10,700	10,700	10,232	(468)
Contractual services	37,500	37,500	36,894	(606)
Heat, light and power	21,750	21,750	12,387	(9,363)
Capital outlay	21,135	21,135	4,172	(16,963)
Building and mobile equipment	57,550	57,550	45,227	(12,323)
Miscellaneous	-	-	-	-
Administration	35,625	35,625	36,480	855
Total expenditures	<u>1,400,197</u>	<u>1,400,197</u>	<u>1,273,842</u>	<u>(126,355)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(125,888)	(125,888)	72,150	198,038
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(286,142)	(286,142)	-	(286,142)
Total Other Financing Sources (Uses)	<u>(286,142)</u>	<u>(286,142)</u>	<u>-</u>	<u>(286,142)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(412,030)	(412,030)	72,150	(88,104)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,442,477</u>	<u>1,442,477</u>	<u>1,445,956</u>	<u>(3,479)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,030,447</u>	<u>\$ 1,030,447</u>	<u>\$ 1,518,106</u>	<u>\$ (91,583)</u>

West Overland EMS and Fire Protection District
 Required Supplementary Information
 Budgetary Comparison Schedule - Ambulance Fund
 For the Year Ended December 31, 2004

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 433,031	\$ 433,031	\$ 463,474	\$ 30,443
EMS Transport Fees	50,000	50,000	136,715	86,715
Income from Investments	-	-	24	24
Miscellaneous	-	-	1	1
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>483,031</u>	<u>483,031</u>	<u>600,214</u>	<u>117,183</u>
EXPENDITURES				
Personal services	457,641	457,641	615,395	157,754
Employee benefits	141,402	141,402	115,803	(25,599)
Supplies	-	-	-	-
Contractual services	-	-	-	-
Heat, light and power	11,000	11,000	8,258	(2,742)
Capital outlay	-	-	2,583	2,583
Building and mobile equipment	43,830	43,830	14,101	(29,729)
Miscellaneous	-	-	-	-
Administration	13,775	13,775	18,622	4,847
Total expenditures	<u>667,648</u>	<u>667,648</u>	<u>774,762</u>	<u>107,114</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(184,617)</u>	<u>(184,617)</u>	<u>(174,548)</u>	<u>10,069</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	286,142	286,142	-	(286,142)
Total Other Financing Sources (Uses)	<u>286,142</u>	<u>286,142</u>	<u>-</u>	<u>(286,142)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>101,525</u>	<u>101,525</u>	<u>(174,548)</u>	<u>(276,073)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>(101,525)</u>	<u>(101,525)</u>	<u>(101,527)</u>	<u>(2)</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (276,075)</u>	<u>\$ (276,075)</u>

Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI

Explanation of Differences between budgetary Inflows and Outflows
 and GAAP Revenue and Expenditures

	General Fund	Ambulance Fund
Sources/Inflows of resources		
Total revenue (budgetary basis) from the Budgetary Comparison Schedule	\$ 1,345,992	600,214
 Tax Revenue-Levy on the budgetary basis recognizes revenue based on the total tax levy for the year, regardless of when collected. For financial reporting purposes, the revenue is recognized on a modified accrual basis.	 110,973	 39,071
 Total revenue as reported on the statement of Revenue, Expenditures and Changes in Fund Balances-Governmental Funds	 \$ 1,456,965	 \$ 639,285
 Uses/outflows of resources		
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 1,273,842	\$ 774,762
 Differences-budget to GAAP		
 Amounts accrued for Accounts payable and Accrued wages and payroll taxes for financial reporting purposes are not outflows of budgetary resources in the current year.	 (1,527)	 1,744
 Total expenditures as reported on the statement of Revenue, Expenditures and Changes in Fund Balances-Governmental Funds	 \$ 1,272,315	 \$ 776,506

**WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
SCHEDULE OF INSURANCE IN FORCE
December 31, 2004**

<u>INSURANCE IN FORCE</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Commercial Automobile Policy Liability Auto Medical Payments Uninsured & Underinsured Motorists Comprehensive Coverage Collision	American Alternative Insurance Corp.	\$1,000,000 Liability \$5,000/Person \$1,000,000/Accident Actual Cash Value/Cost of Repair Actual Cash Value/Cost of Repair
Commercial Umbrella	American Alternative Insurance Corp.	\$2,000,000/Occurrence \$4,000,000/Products Completed Operation \$4,000,000 General Aggregate
Commercial General Liability	American Alternative Insurance Corp.	\$1,000,000/Occurrence \$3,000,000/Products Completed Operation \$3,000,000 General Aggregate \$1,000,000 Personal Injury \$1,000,000 Fire Damage Legal Liability
Commercial Property Buildings Business Personal Property Business Income	American Alternative Insurance Corp.	Guaranteed Replacement Cost Replacement Cost 12 Months Actual Loss Sustained
Management Liability	American Alternative Insurance Corp.	\$3,000,000 aggregate/\$1,000,000 occurrence
Commercial Crime Policy Employee Dishonesty	American Alternative Insurance Corp.	\$20,000/Director \$20,000/Chief
Portable Equipment	American Alternative Insurance Corp.	Guaranteed Replacement Cost
Workers' Compensation	MoFAD	Statutory Limits

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
 SCHEDULE OF ASSESSED VALUATION, TAX RATE AND TAX LEVY
 Tax Year 2004

<u>ASSESSED VALUATION</u>	<u>2004</u>
Real estate	\$130,137,130
Personal property	33,133,537
Total Assessed Valuation	<u>\$163,270,667</u>

<u>TAX RATE (PER \$100 OF ASSESSED VALUATION)</u>	<u>2004</u> <u>Residential</u>	<u>2004</u> <u>Agricultural</u>	<u>2004</u> <u>Commercial</u>	<u>2004</u> <u>Personal</u> <u>Property</u>
General fund	0.710	0.000	0.710	0.710
Ambulance fund	0.250	0.000	0.250	0.250
Debt service fund	0.300	0.000	0.300	0.300
Pension fund	0.150	0.000	0.150	0.150
Dispatching fund	0.050	0.000	0.050	0.050
Total Tax Rate	<u>1.460</u>	<u>0.000</u>	<u>1.460</u>	<u>1.460</u>

<u>TAX LEVY</u>	<u>2004</u>
From assessed valuation	\$ 2,383,752
From surtax levy	230,764
TOTAL LEVY	<u>\$ 2,614,516</u>

Assessed valuations were made on real and personal properties owned by taxpayers on January 1.

WEST OVERLAND EMS AND FIRE PROTECTION DISTRICT
SCHEDULE OF PRINCIPAL OFFICE HOLDERS
December 31, 2004

<u>OFFICE HOLDER</u>		<u>ANNUAL COMPENSATION</u>
Gary D. Newman	President	\$ 10,600
Dolores DiRie	Secretary	\$ 10,600
Daniel P. O'Connor	Treasurer	\$ 6,987
Robert Henry **	Treasurer	\$ 1,750

The Board of Directors is elected and the Board annually determines which of its members will serve as president, treasurer, and secretary. The Board appoints the chief.

Each member of the Board may receive a fee not to exceed \$100 for attending each regularly called board meeting, or special meeting, but shall not be paid for attending more than four in any calendar month. The Chairman may receive an additional \$50 for up to two meetings per month. Each member is to be reimbursed for actual expenditures in the performance of his or her duties on behalf of the District. The Secretary and Treasurer may each receive additional compensation for the performance of their duties, not to exceed \$1,000 per year.



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

To the Board of Directors
West Overland EMS and Fire Protection District
St. Louis County, Missouri

We have audited the financial statements of West Overland EMS and Fire Protection District (the District), as of and for the year ended December 31, 2004, and have issued our report thereon dated August 10, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether West Overland EMS and Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance 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 certain immaterial instances of noncompliance that we have reported to management of West Overland EMS and Fire Protection District in a separate letter dated August 10, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Overland EMS and Fire Protection District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one

or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities 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 management of West Overland EMS and Fire Protection District in a separate letter dated August 10, 2005.

This report is intended solely for the information and the use of management, others within the organization and applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report may be a matter of public record and its distribution is not limited.

Malay & Associates, P.C.

August 10, 2005