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Comments and Recommendations, 2004

Maryland Heights Fire Protection District of St. Louis County

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CLAIRE C. McCASKILL
Missouri State Auditor

August 30, 2005

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

RE: Maryland Heights Fire Protection District of St. Louis County

Fiscal Period: One Year Ended December 31, 2004 ✓

Dear Mr. McCoy:

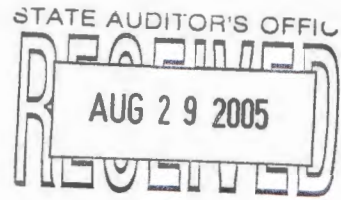
In accordance with Sections 105.145 and 321.690 RSMo, we acknowledge receipt of the audit report of your fire protection district for the above-described fiscal period. We will review this report for compliance with 15 CSR 40-4 and report to you whether or not it complies with these administrative rules.

Thank you for your cooperation in sending this information.

Sincerely,

CLAIRE C. McCASKILL
STATE AUDITOR

Judy Buerky
Local Government Analyst



McCoy & Associates, P.C.

Certified Public Accountants and Consultants

4191 Creseent, Suite D
St. Louis, MO 63129

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

August 27, 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, Maryland Heights 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 Dave Herman

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT

COMMENTS AND RECOMMENDATIONS

Year Ended December 31, 2004

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
COMMENTS AND RECOMMENDATIONS

Year Ended December 31, 2004

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To the Board of Directors
Maryland Heights Fire Protection District
St. Louis County, Missouri

In planning and performing our audit of the general purpose financial statements of Maryland Heights 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 Maryland Heights 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.

Malloy & Associates, P.C.

July 25, 2005

COMMENTS AND RECOMMENDATIONS, continued

Ambulance Fund Deficit

Missouri Statutes (RSMo 67.010) prohibit political subdivisions from budgeting expenditures in excess of budgeted revenues plus any unencumbered balance from the beginning of the budget year (i.e. fund balance). Even though budgeted revenues exceed budgeted expenditures, the budget does not contain provisions to eliminate the deficit fund balance in the ambulance fund at the beginning of the year.

We recommend that the District review the requirements of RSMo 67.010 to ensure that the ambulance fund budget is properly prepared.

District Response

The District's residents have approved a tax rate increase for the ambulance fund which should alleviate the deficit fund balance within 2-3 years.

COMMENTS AND RECOMMENDATIONS, continued

Postemployment Benefit Plans

We noted that the District is considering offering postemployment healthcare benefits to retirees. The Governmental Accounting Standards Board recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 43 is effective for periods beginning after December 15, 2007 and requires reporting similar to that required for the District's pension fund. In addition, disclosure requirements are such that an actuarial valuation would be required.

We also noted that the District has not engaged an actuary to determine the potential liability the District would incur in connection with adopting a postemployment healthcare plan.

We recommend that the district engage a qualified pension actuary to determine the cost associated with adopting a postemployment healthcare plan and to calculate the amounts that are required to be disclosed in the District's financial statements.

District Response

The District will consider the need to engage an actuary in connection with the contemplated implementation of a postemployment healthcare plan.

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

Accounting Errors

In connection with our audit, we discovered various accounting errors in amounts material to the financial statements. The errors included understatement of tax revenues and taxes receivable, erroneous postings to fund balance accounts, erroneous postings to certificates of deposit accounts, and omitted investment reconciliations. The effects of these errors were to misstate the District's financial position and results of operations during the year and to delay the audit process.

We recommend that procedures be implemented to address the above circumstances.

District Response

The District is taking actions to address the accounting errors described above.

COMMENTS AND RECOMMENDATIONS, continued

Follow-Up to Prior Year's Recommendations

1. We recommended that the District prepare its budget to ensure compliance with RSMo 67.010.

See current year comment #1.

2. We recommended that the District consider the effects of GASB Statement No. 34.

The District effectively implemented GASB Statement No. 34.

3. We recommended that the District review previously issued severance payments to ensure that they were properly reported.

The District has reviewed the severance payment.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
AND SUPPLEMENTARY INFORMATION

With report of independent auditors

Year Ended December 31, 2004

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
Year Ended December 31, 2004
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INDEPENDENT AUDITORS REPORT

To the Board of Directors
Maryland Heights 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 Maryland Heights 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 July 25, 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 10 and 30 through 32, 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 33 through 35 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.

Mc Coy & Associates, P.C.

July 25, 2005

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Maryland Heights Fire Protection District's (the District) annual financial report presents an easily readable analysis of the District's financial activities. This is the first year the current accounting model has been used; therefore comparisons with the previous year are limited. For a comprehensive understanding of the financial statements, please review the financial statements, including the footnotes that follow the Management's Discussion and Analysis.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of 2004 by \$11,812,687. Of this amount \$9,229,811 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. For management purposes the District considers it prudent to consider taxes due on the last day of the year available for the *succeeding* year's operations. Unrestricted fund balance, less one year's tax revenues, is management's basis for gauging the sufficiency of net assets.
- The District has implemented GASB 34 *Governmental Accounting Standards Board Statement - Basic Financial Statements - and Management's Discussion and Analysis- for State and Local Governments*.

Overview of the Financial Statements

- This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required and additional supplementary information in addition to the basic financial statements themselves. Because this reporting model significantly changes both the recording and presentation of financial data, the District has not restated prior fiscal years for the purpose of providing comparative information for the Management's Discussion and Analysis. In future years, when prior year information is available, a comparative analysis of government-wide data will be included in this report.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with broad information about the District's finances, similar to those used by private-sector companies. The two government-wide statements, Statements of Net Assets and Statements of Activities, report the District's net assets and how they have changed.

The **Statement of Net Assets** presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets invested in capital assets.

The **Statement of Activities** presents information on how the District's net assets changed during the most recent year. All of the current year's revenues and expenses are

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

accounted for in the statement of activities regardless of the timing of related cash flows.

The Statement of Activities presents the various functions of the District and the degree to which they are supported by charges for services, tax revenues and investment income.

The governmental activities of the District include general fire and ambulance services.

Fund Financial Statements

The fund financial statements provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The District uses fund accounting to demonstrate compliance with finance related legal requirements. The fund financial statements provide more detailed information about the District's most significant funds. The funds of the District are divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is useful in evaluating the Districts near term financial condition.

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. This comparison will allow readers to understand the long-term impact of the government's operations within its revenue parameters as established by current tax rates and assessment. Both the governmental fund balance and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each fund. Each fund is considered a major fund.

The District adopts an annual appropriated budget for each governmental fund. A budgetary comparison statement has been provided for the general and ambulance funds to demonstrate compliance with the budget.

Fiduciary fund

A fiduciary fund is used to account for the resources held for the benefit of employees outside the government. Fiduciary funds are *not* reflected in the

**MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District's pension fund is reported as its Fiduciary fund. Taxes collected for the pension fund are only available for the benefit of District employee pension benefits.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that includes budgetary presentations. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with their respective budgets. Other required disclosures have been presented as required for St. Louis County Fire Protection Districts under Missouri statutes.

Government-Wide Financial Analysis

The statement of Net Assets presents the District as a whole. Table 1 provides a summary of the District's net assets.

Table 1

Net Assets

	<u>Amount</u>	<u>Percent of total</u>
Current Assets (net of inter-fund receivables)	\$ 9,367,720	75%
Capital assets, net of depreciation	<u>3,192,966</u>	<u>25%</u>
Total Assets	<u>\$ 12,560,686</u>	<u>100%</u>
Current Liabilities (net of inter-fund payables)	\$ 369,826	1%
Non-current Liabilities	<u>378,133</u>	<u>3%</u>
Total Liabilities	<u>\$ 747,999</u>	<u>4%</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 3,192,966	25%
Unrestricted	9,229,811	74%
Restricted	<u>(610,090)</u>	<u>5%</u>
Total Net Assets	<u>\$11,812,687</u>	<u>94%</u>
Total Liabilities and Net Assets	<u>\$12,560,686</u>	<u>100%</u>

**MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

A portion of the District's net assets represent internal board designated restrictions reflecting reservations of the fund balance for asset replacement. Other board designated fund restrictions reflect restrictions for the employee retiree medical benefits, which are not required to be represented as a liability of the District under current accounting guidelines and a reserve for emergency response. The board feels that with tax revenues not due until the last day of the year, its fund balance is adequate for operations and for the specified designations.

Changes in Net Assets

Table 2 shows the changes in net assets for the year ended December 31, 2004. Since this is the first year the District has prepared financial statements under GASB 34, revenue and expense comparisons to 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2

Change in Net Assets

Revenue	
Tax revenue	\$ 5,850,028
Ambulance billings	152,276
Inspection and permit revenue	88,353
Income from investments	60,947
Miscellaneous	<u>12,458</u>
Total Revenue	\$ 6,164,062
Personal services	\$ 4,394,929
Employee benefits	948,019
Supplies	33,239
Contractual services	33,316
Heat, light and power	37,175
Capital outlay	229,476
Dispatching services	149,253
Building and equipment	395,729
Miscellaneous	-
Administration	98,636
Depreciation expense	<u>302,847</u>
Total Expenditures	\$ 6,622,619
Decrease in Net Assets	(\$ 458,557)
Net Assets, Beginning of the Year	\$ 12,271,244
Net Assets, End of Year	\$ 11,812,687

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

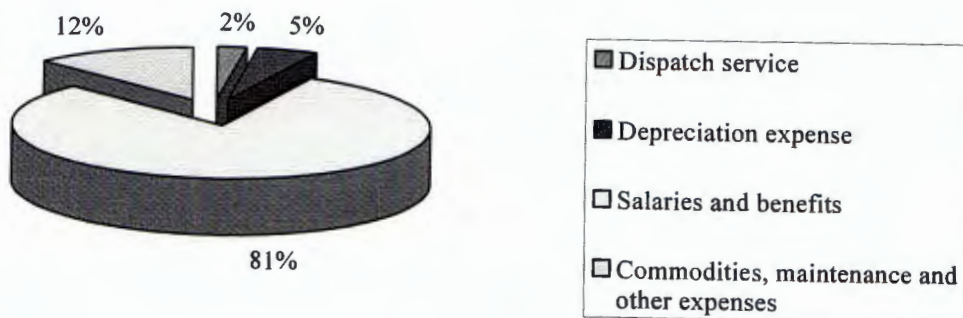
The District relies almost entirely on personal property and real estate tax revenues. This source accounts for 96% of District revenues.

Analysis of Revenue for Governmental Funds



Charges for services and commodities make up 12% of District expenses. Salaries and benefits are by far the largest component (81%) of District expenses. Dispatching costs provided by Central County Emergency 911 comprise 2% of expenses.

Analysis of Expenditures for Governmental Funds



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 the following table.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Certified Tax Levy for 2004

	Residential	Agricultural	Commercial	Personal Property
General fund	.799	.800	.799	.800
Ambulance fund	.113	.150	.112	.118
Pension fund	.130	.122	.130	.130
Dispatching fund	.048	.050	.047	.050
Total Tax Rate	1.090	1.122	1.088	1.098

Financial Analysis of the District's Funds

The focus of the District's governmental funds is to provide information on inflows and balances of available spendable resources. In particular unreserved fund balance is a useful measure of the District's net resources available for spending.

At the end of 2004 the unreserved general fund balance was approximately \$9.5 million dollars. This fund balance includes cash requirements for the District to operate throughout the year 2005. Tax revenues for 2004 are due December 31, 2004, the last day of the District's year.

The ambulance fund does not have sufficient tax revenue to cover expenditures, and requires a transfer from the general fund to meet expenditures. The ambulance had a fund deficit of \$856,215 at December 31, 2004.

The general fund unreserved fund balance also represents assets available to meet expected operating expenses anticipated to exceed annual tax revenues. The District expects future tax revenues to remain approximately level with current tax revenues, while personnel and other operating expenses are expected to increase.

The District's involvement in regional homeland defense plans indicate increases in spending will be required to plan for potential terrorist threats and a reserve for potential response to terrorist actions.

The Dispatch fund has a small fund balance, which is expected to be expended in the near future for communications equipment. The dispatch fund is required under its contract with a central dispatching entity to remit all its tax revenues to that entity.

The District adopts an annual budget for each of its governmental funds according to Missouri State Statutes specific to St. Louis County fire protection districts.

Each year the District amends its budgets to cover board authorized changes in spending requirements.

Original general and ambulance fund budgeted revenues and expenses for 2004 were \$5,510,133 and \$6,535,525, respectively. Final budget amounts were \$5,510,133 and 6,615,322, respectively, for revenues and expenditures.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

Table 3 shows the capital investment of the District. The District has adopted under GASB 34 to include in capital assets; its real estate for facilities to house firefighters and ambulance personnel and emergency vehicles, the District's administrative building, and emergency and administrative vehicles owned by the District. The District has adopted a capitalization policy, which excludes emergency equipment and facilities furniture. Such items are considered expendable supplies due to the short lives expected.

Table 3

Capital Assets

Land	\$ 647,860
Buildings and improvements	3,248,255
Ambulances and fire apparatus	1,913,161
Equipment and furnishings	<u>920,145</u>
Total	\$ 6,729,421
Less accumulated depreciation	<u>3,536,455</u>
Net capital assets	<u>\$ 3,192,966</u>

Debt

The District does not have any bonded indebtedness.

Economic Factors and Next Year's Budgets

- Voters approved a tax increase of 25 cents per 100 dollars assessed valuation for our ambulance fund which will be assessed.
- Net tax revenues are expected to have a modest increase
- Personnel and non-personnel costs are expected to increase approximately 5%, except for certain categories like health insurance, which is expected to increase substantially.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Assistant, Maryland Heights Fire Protection District, Administrative Center, 2600 Schuetz Road, Maryland Heights, Missouri 63043.

Maryland Heights Fire Protection District
Statement of Net Assets
December 31, 2004

	Governmental Activities
ASSETS:	
Cash and cash equivalents	3,140,713
Investments	3,144,849
Taxes receivable, net of allowance	3,082,158
Capital assets:	
Land	647,860
Buildings	3,248,255
Equipment and other	2,833,306
Less accumulated depreciation	<u>(3,536,455)</u>
Total capital assets, net of depreciation	<u>3,192,966</u>
Total Assets	<u>\$ 12,560,686</u>
LIABILITIES:	
Accounts payable	168,553
Accrued wages and payroll taxes	159,946
Due to other funds	41,327
Long-term liabilities:	
Portion due or payable after one year:	
Compensated absences	<u>378,173</u>
Total Liabilities	<u>747,999</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,192,966
Restricted for:	
Ambulance and Dispatching operations	(610,090)
Unrestricted	<u>9,229,811</u>
Total net assets	<u><u>\$ 11,812,687</u></u>

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

Maryland Heights Fire Protection District
Statement of Activities
For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	<u>Governmental Activities</u>
Fire prevention and suppression	\$ 4,453,607
EMS operations	1,461,462
Dispatching service	197,617
Depreciation expense not allocated to programs	149,001
Supplies and other not allocated to programs	-
Total Program expenses	<u>6,261,687</u>
Program revenue:	
Charges for permit fees	88,353
Charges for ambulance calls	152,276
Total program revenue	<u>240,629</u>
Net program expense	<u>6,021,058</u>
General revenue and transfers:	
Taxes levied	5,850,028
Income from investments	60,947
Other	12,458
Total general revenue and transfers	<u>5,923,433</u>
Increase in Net Assets	(97,625)
Net assets-Beginning of year	11,910,312
Net assets-End of year	<u><u>\$ 11,812,687</u></u>

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

Maryland Heights Fire Protection District
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Ambulance Fund	Dispatch Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 2,659,770	\$ 251,342	\$ 229,601	\$ 3,140,713
Investments	3,034,145	-	110,704	3,144,849
Taxes Receivable, net of allowance	2,563,059	364,958	154,141	3,082,158
Accrued interest receivable	-	-	-	-
Due from other Funds	1,540,349	-	-	1,540,349
Prepaid expenses	-	-	-	-
Total Assets	\$ 9,797,323	\$ 616,300	\$ 494,446	\$ 10,908,069
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 18,613	\$ 660	\$ 149,280	\$ 168,553
Accrued wages and payroll taxes	129,399	30,547	-	159,946
Due to other funds	41,327	1,432,185	108,164	1,581,676
Deposits	-	-	-	-
Deferred revenue	64,072	9,123	3,853	77,048
Total Liabilities	253,411	1,472,515	261,297	1,987,223
Fund Balances:				
Reserved for:				
Dispatching expenditures	-	-	233,149	233,149
Unreserved				
Designated for subsequent years operating budget	4,488,179	639,078	-	5,127,257
Designated for subsequent years capital outlay	420,303	47,486	-	467,789
Undesignated	4,635,430	(1,542,779)	-	3,092,651
Total Fund Balance	9,543,912	(856,215)	233,149	8,920,846
Total liabilities and fund balances	\$ 9,797,323	\$ 616,300	\$ 494,446	

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 \$ 6,729,421 and the accumulated depreciation is \$ 3,536,455

3,192,966

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.

77,048

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:

Compensated absences

(378,173)

(378,173)

Net assets-governmental activities

\$ 11,812,687

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

Maryland Heights 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	Dispatch Fund	Total
REVENUE				
Property taxes	\$ 4,804,381	\$ 680,067	\$ 288,532	\$ 5,772,980
Ambulance billings	-	152,276	-	152,276
Inspection and permit fees	88,353	-	-	88,353
Income from investments	56,895	2,834	1,218	60,947
Miscellaneous	12,008	450	-	12,458
Total Revenue	<u>4,961,637</u>	<u>835,627</u>	<u>289,750</u>	<u>6,087,014</u>
EXPENDITURES				
Personal services	3,154,122	862,634	-	4,016,756
Employee benefits	678,482	269,537	-	948,019
Supplies	7,401	25,838	-	33,239
Contractual services	33,316	-	-	33,316
Heat, light and power	25,234	11,941	-	37,175
Capital outlay	87,948	94,236	48,364	230,548
Dispatching service	-	-	149,253	149,253
Building and mobile equipment	268,559	127,170	-	395,729
Miscellaneous	-	-	-	-
Administration	79,950	18,686	-	98,636
Total expenditures	<u>4,335,012</u>	<u>1,410,042</u>	<u>197,617</u>	<u>5,942,671</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	626,625	(574,415)	92,133	144,343
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(541,852)	541,852	-	-
Total Other Financing Sources (Uses)	<u>(541,852)</u>	<u>541,852</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	84,773	(32,563)	92,133	144,343
FUND BALANCES AT BEGINNING OF YEAR, as restated	9,459,139	(823,652)	141,016	8,776,503
FUND BALANCES-END OF YEAR	<u>\$ 9,543,912</u>	<u>\$ (856,215)</u>	<u>\$ 233,149</u>	<u>\$ 8,920,846</u>

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

Maryland Heights 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	\$	144,343
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 depreciation expense exceeded capital outlays for the period.		(301,775)
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.		77,048
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, sick leave earned exceeded the amount paid by \$17,241		(17,241)
Change in net assets of governmental activities	<u>\$</u>	<u>(97,625)</u>

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

Maryland Heights Fire Protection District
Statement of Fiduciary Net Assets
December 31, 2004

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 321,449
Taxes receivable, net of allowance	416,889
Due from other funds	354,412
Investments, at fair value:	11,651,114
Total Assets	12,743,864
LIABILITIES	
Accounts payable	-
Deferred revenue	10,421
Total Liabilities	10,421
NET ASSETS	
Held in trust for benefits and employee welfare	\$ 12,733,443

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

Maryland Heights Fire Protection District
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2004

	Pension Trust Fund
Additions	
Property taxes	\$ 777,621
Investment earnings	
Net appreciation in fair value of investments, interest, dividends and other investment income	1,221,372
Total Additions	<u>1,998,993</u>
Deductions	
Benefit payments	104,025
Actuarial and consulting fees	500
Total Deductions	<u>104,525</u>
Change in net assets	1,894,468
Net assets-Beginning of Year, as restated	10,838,977
Net assets-End of Year	<u><u>\$ 12,733,445</u></u>

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

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Maryland Heights 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.

Jointly Governed Organization

The District, in conjunction with the Creve Coeur Fire Protection District, West County EMS and Fire Protection District, Metro West Fire Protection District and The City of Town and Country has created the Central County Emergency 911 Dispatching Center (Central County 911). The Board of the Dispatching Center is composed of one member from each of the boards of the participating entities. The District is required to remit taxes collected from the dispatching service tax levy to Central County 911.

Complete financial statements for Central County 911 can be obtained from the Central County 911 administrative offices at 22 Weis Avenue, Ellisville, MO 63011-2141.

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.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

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.

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.

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

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

twenty years. The District has adopted these statements for its fiscal year ended December 31, 2004.

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.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

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.

Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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.

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.

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

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

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	\$ 1,000
Equipment	7 Years	\$ 1,000
Exercise Equipment	10 Years	\$ 1,000

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

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination and are referred to as either "due to/from other funds" (i.e., the current

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

portion of interfund loans) or “advances to/from other funds” (i.e., the concurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – DEPOSIT AND INVESTMENT BALANCES

Deposits

Following is a reconciliation of the District’s deposit and investment balances as of December 31, 2004:

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash	\$ 3,140,713	\$ 321,449	\$ 3,462,162
Investments	3,144,849	11,651,114	14,795,963
Total	\$ 6,285,562	\$ 11,972,563	\$ 18,258,125

At year-end, the carrying amount of the District’s cash deposits was \$ 3,462,162 and the bank balance was \$ 3,473,750. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$100,000 was covered by federal depository insurance and the balance was collateralized by securities pledged by the financial institutions and held by Commerce Bank. Such collateral was held by the pledging financial institutions agent in the District’s name.

State statutes require that cash deposits must be insured or collateral must be pledged by the custodian bank in an amount sufficient to cover the amounts on deposit. The 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.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

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:				
Money market funds	\$ -	\$ -	\$ -	\$ -
U.S. Government securities	3,144,849	-	-	3,144,849
Total categorized investments	<u>\$3,144,849</u>	<u>\$ -</u>	<u>\$ -</u>	3,144,849
Uncategorized investments:				
Mutual funds				<u>11,651,114</u>
Total investments				<u>\$ 14,795,963</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	\$ 647,860	\$ -	\$ -	\$ 647,860
<i>Capital assets being depreciated:</i>				
Buildings & improvements	3,248,255	-	-	3,248,255
Equipment & other	2,832,234	1,072	-	2,833,306
Total capital assets being depreciated:	<u>6,080,489</u>	<u>1,072</u>	<u>-</u>	<u>6,081,561</u>
Less accumulated depreciation for:				
Buildings & improvements	-	-	-	-
Equipment & other	(3,233,609)	(302,847)	-	(3,536,455)
Total accumulated depreciation	<u>(3,233,609)</u>	<u>(302,847)</u>	<u>-</u>	<u>(3,536,455)</u>

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

Total capital assets being depreciated, net:	2,846,881	(301,775)	-	2,545,106
Totals	\$3,494,741	(\$ 301,775)	\$ -	\$3,192,966

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	\$7,344,579
Record accumulated depreciation for buildings and improvements, equipment and furniture and fixtures	(616,229)
Remove equipment below the increased capitalization thresholds – See NOTE A	(3,233,609)
Capital assets as restated – January 1, 2004	\$3,494,741

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	\$ 1,432,185
	Dispatch Fund	108,164
		\$ 1,540,349
Pension Trust Fund	General Fund	\$ 41,327

NOTE E – RETIREMENT PLANS

Defined Contribution Plan

The defined contribution plan provides for individual participant accounts, is administered by the District and covers all employees. District contributions to the plan are allocated to participants in the proportion that the participant's compensation bears to the total compensation of all participants. Participants can not contribute to the plan.

During 2004, the District contributed a total of \$ 777,621 to the defined contribution plan. Under the provisions of the defined contribution plan, District contributions are discretionary; 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.

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

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

not available to employees until termination, retirement, death, or unforeseeable emergency

NOTE F - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2004	\$ <u>561,551,419</u>
Debt limit - 5% of assessed value	28,077,571
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	-
Less amount available in debt service fund	<u>-</u>
	<u>-</u>
Legal Debt Margin	\$ <u>28,077,571</u>

NOTE G - CONTRACTUAL AGREEMENTS

The District has a contractual agreement with Central County Emergency 911 for dispatching services. For 2004, the agreement required the District to pay fees equal to the amount that would be collected from a tax levy of five cents per one hundred dollars of assessed valuation of all taxable, tangible property within the District's boundaries.

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 - POST EMPLOYMENT HEALTH PLAN

The District has adopted a post employment health plan covering all union employees. The plan requires that the District withhold \$50 each pay period from each union employee's pay, to be deposited with the plan trustee. Assets of the plan are not reflected in the District's general purpose financial statements.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

NOTE J - FUND DEFICIT

The general purpose financial statements include the following funds with cumulative fund deficits at December 31, 2004:

<u>Fund</u>	<u>Deficit Amount</u>
Ambulance Special Revenue Fund	\$ 856,218

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.
- *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:

- *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 GASE Statement No. 34.

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

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

Fund Balances, as restated – Modified Accrual Basis, December 31, 2003	\$ 8,776,503
GASB 34 Adjustments:	
Capital assets, net of accumulated depreciation	3,494,741
Compensated absences	<u>(360,932)</u>
 Total Net Assets, December 31, 2003	 <u>\$ 11,910,312</u>

NOTE L – RESTATEMENTS OF FUND EQUITY/NET ASSETS

The beginning fund equity/net assets of the Dispatch and Pension Trust Funds have been restated to reflect the cumulative effect of reclassifying tax revenue previously recognized. The impact of the restatements on the fund balances/net assets as previously reported is presented below:

	<u>Dispatch Fund</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Fund balance/net assets, December 31, 2003, as previously reported	\$ 425,525	\$10,554,465	\$10,979,990
 Reclassification of prior year tax revenue	 (284,509)	 284,509	 -
 Fund balance/net assets, December 31, 2003, as restated	 <u>\$141,016</u>	 <u>\$10,838,974</u>	 <u>\$ 10,979,990</u>

NOTE L – TRANSFERS

Transfers for the year ended December 31, 2004 consisted of the following:

Transfers to Ambulance Fund from:	
General fund	\$ <u>541,852</u>
 Total	 \$ <u>541,852</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENT

NOTE M – CHANGES IN LONG-TERM OBLIGATIONS

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>
Compensated Absences	<u>\$ 360,932</u>	<u>\$ 17,241</u>	<u>\$ _____-</u>	<u>\$ 378,173</u>

Maryland Heights 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	\$ 4,440,047	\$ 4,440,047	\$ 5,168,493	\$ 728,446
Inspection and permit fees	75,000	75,000	88,353	13,353
Income from investments	250,000	250,000	87,243	(162,757)
Miscellaneous	-	-	12,008	12,008
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>4,765,047</u>	<u>4,765,047</u>	<u>5,356,097</u>	<u>591,050</u>
EXPENDITURES				
Personal services	3,370,506	3,371,906	3,132,962	(238,944)
Employee benefits	837,303	837,303	678,613	(158,690)
Supplies	14,500	14,500	5,092	(9,408)
Contractual services	35,500	39,275	32,701	(6,574)
Heat, light and power	29,000	43,000	25,374	(17,626)
Capital outlay	178,900	178,900	87,240	(91,660)
Building and mobile equipment	380,900	369,265	258,318	(110,947)
Miscellaneous	-	-	-	-
Administration	123,500	134,657	76,275	(58,382)
Total expenditures	<u>4,970,109</u>	<u>4,988,806</u>	<u>4,296,575</u>	<u>(692,231)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(205,062)</u>	<u>(223,759)</u>	<u>1,059,522</u>	<u>1,283,281</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(820,130)	(801,433)	(541,852)	(259,581)
Total Other Financing Sources (Uses)	<u>(820,130)</u>	<u>(801,433)</u>	<u>(541,852)</u>	<u>(259,581)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(1,025,192)</u>	<u>(1,025,192)</u>	<u>517,670</u>	<u>1,023,700</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>4,658,837</u>	<u>4,658,837</u>	<u>6,671,544</u>	<u>(2,012,707)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,633,645</u>	<u>\$ 3,633,645</u>	<u>\$ 7,189,214</u>	<u>\$ (989,007)</u>

Maryland Heights 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	\$ 622,086	\$ 622,086	\$ 725,207	\$ 103,121
EMS Transport Fees	120,000	120,000	152,933	32,933
Income from investments	3,000	3,000	2,834	(166)
Miscellaneous	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>745,086</u>	<u>745,086</u>	<u>880,974</u>	<u>135,888</u>
EXPENDITURES				
Personal services	918,916	918,916	854,033	(64,883)
Employee benefits	329,000	326,671	269,537	(57,134)
Supplies	30,500	30,500	26,296	(4,204)
Contractual services	-	-	-	-
Heat, light and power	13,500	13,500	11,941	(1,559)
Capital outlay	85,000	165,000	94,236	(70,764)
Building and mobile equipment	164,000	147,413	113,440	(33,973)
Miscellaneous	-	-	-	-
Administration	24,300	24,519	20,283	(4,236)
Total expenditures	<u>1,565,216</u>	<u>1,626,519</u>	<u>1,389,766</u>	<u>(236,753)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(820,130)</u>	<u>(881,433)</u>	<u>(508,792)</u>	<u>372,641</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	820,130	801,433	542,302	259,131
Total Other Financing Sources (Uses)	<u>820,130</u>	<u>801,433</u>	<u>542,302</u>	<u>259,131</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(80,000)</u>	<u>33,510</u>	<u>631,772</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>(1,214,355)</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ (1,180,845)</u>	<u>\$ 631,772</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	\$ 5,356,097	880,974
 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.	 (394,460)	 (45,347)
 Total revenue as reported on the statement of Revenue, Expenditures and Changes in Fund Balances-Governmental Funds	 \$ 4,961,637	 \$ 835,627
 Uses/outflows of resources		
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 4,296,578	\$ 1,389,766
 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.	 38,434	 20,276
 Total expenditures as reported on the statement of Revenue, Expenditures and Changes in Fund Balances-Governmental Funds	 \$ 4,335,012	 \$ 1,410,042

MARYLAND HEIGHTS 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 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.	\$5,000,000/Occurrence \$10,000,000/Products Completed Operation \$10,000,000 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 \$1,000,000 Personal & Advertising Injury \$5,000 Medical Expense (Any one person)
Emergency Services Management Liability	American Alternative Insurance Corp.	\$1,000,000 Each Wrongful Act \$3,000,000 Aggregate Limit
Commercial Property Buildings Contents Business Income Earthquake	American Alternative Insurance Corp.	Guaranteed Replacement Cost \$702,496 12 Months Actual Loss Sustained \$ 4,589,833 (All Buildings)
Commercial Crime Policy Employee Dishonesty	American Alternative Insurance Corp.	\$100,000/Blanket
Portable Equipment	American Alternative Insurance Corp.	Guaranteed Replacement Cost
Workers' Compensation	MoFAD	Statutory Limits

MARYLAND HEIGHTS FIRE PROTECTION DISTRICT
 SCHEDULE OF ASSESSED VALUATION, TAX RATE AND TAX LEVY
 Tax Year 2004

<u>ASSESSED VALUATION</u>	<u>2004</u>
Real estate	\$422,982,089
Personal property	138,569,330
Total Assessed Valuation	<u>\$561,551,419</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	.799	.800	.799	.800
Ambulance fund	.113	.150	.112	.118
Pension fund	.130	.122	.130	.130
Dispatching fund	.048	.050	.047	.050
Total Tax Rate	<u>1.090</u>	<u>1.122</u>	<u>1.088</u>	<u>1.098</u>

<u>TAX LEVY</u>	<u>2004</u>
From assessed valuation	\$ 6,127,191
From surtax levy	433,856
TOTAL LEVY	<u>\$ 6,561,047</u>

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