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1-1-2006

## Financial Report, 2005

Metro West Fire Protection District

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**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

June 8, 2006

Robert B. Offerman, CPA  
Hochschild, Bloom & Company LLP  
16100 Chesterfield Parkway West, Suite 125  
Chesterfield, MO 63017-4829

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

Fiscal Period: One Year Ended December 31, 2005 ✓

Dear Mr. Offerman:

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.

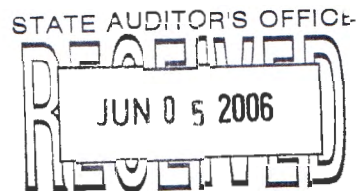
Sincerely,

CLAIRE C. McCASKILL  
STATE AUDITOR

Judy Buerky  
Local Government Analyst



**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors



May 31, 2006

Ms. Claire C. McCaskill  
State Auditor of Missouri  
P.O. Box 869  
Jefferson City, MO 65102

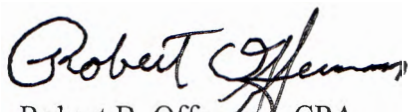
**RE: Metro West Fire Protection District**

Dear Ms. McCaskill:

Our Firm performed an audit of the financial statements of the Metro West Fire Protection District as of December 31, 2005 and for the year then ended.

Per the requirement of audits of Fire Protection Districts in St. Louis County (15CSR40-4(4)), we are submitting to you a copy of the completed audit report and management letter.

Sincerely yours,

  
Robert B. Offerman, CPA  
Partner

RBO/smm

Enclosures

cc: Chief Vincent T. Loyal



**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

March 22, 2006

Board of Directors  
**METRO WEST FIRE PROTECTION DISTRICT**

In planning and performing our audit of the basic financial statements of **METRO WEST FIRE PROTECTION DISTRICT** (the District) for the year ended December 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and improving operating efficiency.

The memorandum that accompanies this letter entitled "Internal Control and Management Comments and Recommendations" summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 22, 2006 on the basic financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel.

We wish to express our appreciation for the cooperation and courtesy extended to us by all personnel. We will be pleased to discuss these recommendations with you in greater detail at your convenience. Should you desire assistance in the implementation of these recommendations, please do not hesitate to contact us.

*Hochschild Bloom & Company LLP*  
**CERTIFIED PUBLIC ACCOUNTANTS**

☐ 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055  
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**METRO WEST FIRE PROTECTION DISTRICT**  
**INTERNAL CONTROL AND MANAGEMENT**  
**COMMENTS AND RECOMMENDATIONS**

---

**Findings for the year ended December 31, 2005:**

**1. INVESTMENT POLICY**

**Finding**

Although the District implemented a written investment policy for the Pension Plan, there is no policy for the District itself.

**Recommendation**

We recommend the District adopt an investment policy, other than the Pension Plan, covering credit risk and concentration of credit risk to minimize the risk of loss attributed to an investment not fulfilling its obligations or to the magnitude of the District's investment in a single issuer.

**Management Response**

The District is developing a more formalized investment policy for the District as a whole.

**2. DISTRICT EXPENSE REPORTS**

**Finding**

We noted expense reports are being approved internally by the Chief, but are not approved by the Board.

**Recommendation**

We recommend expense reports be updated to include a signature line for Board approval. All expense reports should have related receipts attached.

**Management Response**

The District's management will review and update expense reports.

**3. CHECK ISSUANCE PROCEDURES**

**Finding**

We noted the District has one individual responsible for preparing checks, receiving the bank statement, and completing the bank reconciliation.

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**METRO WEST FIRE PROTECTION DISTRICT**  
**INTERNAL CONTROL AND MANAGEMENT**  
**COMMENTS AND RECOMMENDATIONS**

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**3. CHECK ISSUANCE PROCEDURES (Continued)**

**Recommendation**

We recommend the District review its check issuance procedures and assess the need for better segregation of duties. This would include having different employees preparing checks and reconciling the bank account. The bank statements should also be opened by management, such as the Chief or a Board Member, and reviewed for unusual checks or other items.

**Management Response**

The District's management plans to review this and other internal control policies during 2006.

**4. PENSION TRUST FUNDING**

**Finding**

We noted that the District's Pension Trust Fund is funded at approximately 69%. This funded ratio is similar to 2004. The District has been contributing 100% of the tax revenues generated by the pension levy. This contribution has been covering the current year's normal costs, but is not sufficient to cover the amortization of the unfunded actuarial liability in addition to the current year's annual normal costs.

**Recommendation**

We recommend the District study its options for future funding, investment management, and benefits to insure that a plan of prudent long-term management of the fund is achieved.

**Management Response**

The District's management has had meetings with the actuary and investment manager to develop a plan that will achieve a safer funding level over time.

**Findings for the year ended December 31, 2004:**

**1. COMPLIANCE REPORTING POLICY**

**Finding**

The American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 99 (SAS 99), *Consideration of Fraud in a Financial Statement Audit* focuses on the auditor's consideration of fraud in an audit of financial statements. It is District management's

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**METRO WEST FIRE PROTECTION DISTRICT**  
**INTERNAL CONTROL AND MANAGEMENT**  
**COMMENTS AND RECOMMENDATIONS**

---

**1. COMPLIANCE REPORTING POLICY (Continued)**

responsibility to design and implement programs and internal controls to prevent, detect, and deter fraud. The District leadership sets the proper tone and creates and maintains a culture of honesty and high ethical standards.

**Recommendation**

In light of the issuance by the AICPA of SAS 99, we recommend the District's management consider developing a fraud detection program that provides for the procedures to be followed should anyone suspect that fraudulent activity is occurring at the District.

**Management Response**

The District's management is currently developing a policy.

**2. INVESTMENT POLICY**

**Finding**

We noted the District does not have a written investment policy.

**Recommendation**

We recommend the District adopt a written investment policy in order to communicate its policies, reduce risk, and maintain needed liquidity.

**Management Response**

The District implemented a formal investment policy for the Pension Plan during 2005.

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**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

**METRO WEST FIRE  
PROTECTION DISTRICT**

**FINANCIAL REPORT**  
(Audited)

Year Ended December 31, 2005



# METRO WEST FIRE PROTECTION DISTRICT

## FINANCIAL REPORT

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**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

## INDEPENDENT AUDITORS' REPORT

March 22, 2006

Board of Directors  
**METRO WEST FIRE PROTECTION DISTRICT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **METRO WEST FIRE PROTECTION DISTRICT** (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hochschild Bloom & Company LLP*  
CERTIFIED PUBLIC ACCOUNTANTS



# **METRO WEST FIRE PROTECTION DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2005**

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This section of the Metro West Fire Protection District's (the District) financial report presents Management's Discussion and Analysis (MD&A) of the District's financial activities during the fiscal year ended December 31, 2005. The MD&A is designed to focus on current activities, resulting changes, and currently known facts for the current year. Professional standards also require the inclusion of certain comparative information be included in the MD&A. Please read it in conjunction with the District's basic financial statements (pages 8 through 15) and the notes to financial statements (pages 16 through 34). Responsibility for the completeness and fairness of this information rests with the District.

#### **USING THIS ANNUAL REPORT**

The financial statements are reported using the reporting model under Governmental Accounting Standards Board Statement No. 34 (GASB 34), which focuses on the District as a whole. The District's basic financial statements are designed to emulate corporate presentation models whereby all District activities are consolidated into one total. The focus of the Statement of Net Assets is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Activities focus on both the gross costs and the net costs of the District's activities, which are supported mainly by property taxes and by other District revenues. This approach is intended to summarize and simplify the user's analysis of the costs of various District services to the public.

#### **FINANCIAL HIGHLIGHTS**

Assets exceeded liabilities (net assets) by \$23.2 million as of December 31, 2005. Of this amount, \$7.2 million is invested in capital assets (net of related debt), \$2.8 million is restricted for specific activities, and \$13.3 million is unrestricted and available to meet current and future obligations of the District.

**METRO WEST FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The condensed Statement of Net Assets was as follows:

	<b>December 31</b>	
	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Current assets	\$20,422,593	22,993,775
Capital assets, net of depreciation	<u>11,332,251</u>	<u>8,324,363</u>
Total Assets	<u>31,754,844</u>	<u>31,318,138</u>
<b>LIABILITIES</b>		
Current liabilities	2,274,592	1,344,255
Noncurrent liabilities	<u>6,256,753</u>	<u>6,940,630</u>
Total Liabilities	<u>8,531,345</u>	<u>8,284,885</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	7,185,152	7,218,925
Restricted	2,750,853	6,394,900
Unrestricted	<u>13,287,494</u>	<u>9,419,428</u>
Total Net Assets	<u>\$23,223,499</u>	<u>23,033,253</u>

As of December 31, 2005, the District's net assets were \$23.2 million, of which 31% represented investment in capital assets and 57% represented resources that are unrestricted and were available for the operation and support of the District. The District's current assets totaled \$20.4 million, of which 71% represented restricted cash and cash equivalents and 26% represented property taxes receivable. Total liabilities were \$8.5 million, of which 37% was current and 63% was noncurrent.

Operating revenues include activities that have the characteristics of exchange transactions, such as commercial and residential inspections and ambulance billings. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as local property taxes and investment earnings. Operating expenses are those expenses for the purpose of providing fire protection, emergency medical services, and operational activities of the District. The District's operating expenses are funded primarily through nonoperating revenues. Total revenues, net of operating expenses, at December 31, 2005 was \$0.2 million.

Total operating expenses at December 31, 2005 were \$15.7 million. Fire protection and prevention represented 55% of the total operating expense, while ambulance expenses were 41% and dispatch expenses represented 4%.

**Governmental activities.** This analysis focuses on the net assets and changes in net assets of the District's governmental activities. The condensed Statement of Activities was as follows:



**METRO WEST FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>For The Years</b>	
	<b>Ended December 31</b>	
	<b>2005</b>	<b>2004</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 483,004	308,269
General revenues:		
Taxes	15,015,680	15,107,640
Investment earnings	357,039	163,772
Other	26,144	139,402
Total Revenues	<u>15,881,867</u>	<u>15,719,083</u>
<b>EXPENSES</b>		
Fire protection and prevention	8,568,922	9,742,324
Ambulance and EMS services	6,371,865	4,768,635
Dispatch services	608,199	890,617
Interest on long-term debt	142,635	155,711
Total Expenses	<u>15,691,621</u>	<u>15,557,287</u>
<b>CHANGE IN NET ASSETS</b>	190,246	161,796
<b>NET ASSETS, JANUARY 1</b>	<u>23,033,253</u>	<u>22,871,457</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$23,223,499</u>	<u>23,033,253</u>

**FUND ANALYSIS**

**General Fund.** General Fund revenues exceeded expenditures by \$1,335,632. The largest expenditure in the General Fund related to salaries, which accounted for 75% (\$5.1 million) of the total General Fund expenditures. The fund balance increased from \$7.6 million to \$9.0 million or \$1.4 million.

**Ambulance Fund.** Ambulance and EMS expenditures exceeded revenue by \$876,382. Over 81% of ambulance expenditures are related to salaries. The fund balance decreased from \$5.0 million to \$4.1 million or \$0.9 million.

**Capital Projects Fund.** The Capital Projects Fund accounts for capital improvement expenditures. During 2005 the fund balance decreased from \$6.4 million to \$2.8 million. The replacement of two staff vehicles, two ladder trucks, and the renovation of Engine House #4 accounted for the majority of the capital expenditures.

**BUDGET ANALYSIS**

The District elected to conserve cash and improve operating cash by reducing deferring elective expenditures until the future. In addition, revenues were higher than expected for the fiscal year ended December 31, 2005.





**METRO WEST FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**CAPITAL ASSETS**

The District's capital assets increase is due to an increase in building improvements and equipment. Capital projects currently are in response to expanded growth needs of the District. During the fiscal year ended December 31, 2005, replacement of Station 4 continued and nears completion. Two new staff vehicles, two 75' Aerial Ladder trucks, and two Spartan Gladiator chassis were purchased.

As of December 31, 2005, the District had invested \$11,332,251 in capital assets, net of accumulated depreciation, as shown in the following table:

	<b>December 31</b>	
	<b>2005</b>	<b>2004</b>
Land	\$ 472,200	472,200
Buildings and improvements	6,216,435	6,178,798
Vehicles	5,294,424	4,606,835
Equipment	1,302,480	1,200,445
Construction in progress	3,203,140	634,530
	<u>16,488,679</u>	<u>13,092,808</u>
Less - Accumulated depreciation	<u>5,156,428</u>	<u>4,768,445</u>
Net Capital Assets	<u>\$11,332,251</u>	<u>8,324,363</u>

**LONG-TERM DEBT**

The District received voter approval in 2003 to issue bonds totaling \$14.9 million. The purpose of the bond is to fund apparatus replacement and facility replacement/renovations. Initial bond proceeds of \$7.3 million were received in July 2003 with the remaining bonds to be issued in the future. The outstanding bonds at December 31, 2005 totaled \$6,025,000 and repayment of principal and interest are as follows:

<b>For The Years Ended December 31</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2006	\$ 700,000	133,090	833,090
2007	710,000	118,990	828,990
2008	725,000	104,640	829,640
2009	740,000	89,620	829,620
2010 - 2013	<u>3,150,000</u>	<u>172,110</u>	<u>3,322,110</u>
	<u>\$6,025,000</u>	<u>618,450</u>	<u>6,643,450</u>

**METRO WEST FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**PERSONNEL ISSUES**

The District's professional staff consists of employees within Administration, Operations, Prevention, and Education Divisions. The District began 2005 with 100 full-time employees. The District had minimal turnover for 2005 that resulted from one retirement and two employees leaving the District for other opportunities, as a result the staff level decreased to 97 full-time employees at December 31, 2005. Consistent with the District's staffing level adjustments that have occurred over the past three years, these positions were not replaced. The District provides emergency services from five (5) fire and emergency medical service stations strategically located through the 57.5 square mile district in west St. Louis County. The District also maintains a reserve staff of approximately 20 firefighters and paramedics and an Explorer Post with 15 members.

The Board of Directors reached agreement with the Professional Firefighters of Eastern Missouri Local 2665 in May of 2004 in the District's first Memorandum of Understanding. The effective dates of the agreement are June 1, 2004 to December 31, 2006.

**ECONOMIC FACTORS**

The District serves over 125,000 residents and has contractual mutual aid agreements with virtually every fire district and fire department in the east central area of Missouri. While the District includes office buildings and regional and local shopping areas, it is primarily made up of growing bedroom communities and, therefore, is somewhat insulated from major changes in the economy.

**CONTACT INFORMATION**

This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of the District's financial operations. If the reader has questions or would like additional information about the District, please direct the request to Chief Vincent T. Loyal at 17065 Manchester Road, Wildwood, MO 63040.



# METRO WEST FIRE PROTECTION DISTRICT

## STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 14,469,120
Receivables:	
Taxes, net of allowance for uncollectible amounts	5,406,120
Ambulance billings, net of allowance for uncollectible amounts	213,023
Prepaid expenses	23,704
Prepaid dispatch services	310,626
Capital assets:	
Land	472,200
Construction in progress	3,203,140
Other capital assets, net of accumulated depreciation	7,656,911
Total Assets	<u>31,754,844</u>
<b>LIABILITIES</b>	
Accounts payable	127,638
Accrued interest payable	46,697
Accrued wages and payroll taxes	219,797
Due to Fiduciary Fund - Pension Trust Fund	730,257
Net pension obligation	1,150,203
Noncurrent liabilities:	
Due within one year	890,076
Due in more than one year	5,366,677
Total Liabilities	<u>8,531,345</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,185,152
Restricted for capital projects	2,750,853
Unrestricted	<u>13,287,494</u>
Total Net Assets	<u>\$ 23,223,499</u>

# METRO WEST FIRE PROTECTION DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Expenses</u>	<u>Program Revenues - Charges For Services</u>	<u>Net Revenues (Expenses) And Change In Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>			
<b>Governmental Activities</b>			
Fire protection and prevention	\$ 8,568,922	171,641	(8,397,281)
Ambulance and EMS services	6,371,865	311,363	(6,060,502)
Dispatch services	608,199	-	(608,199)
Interest on long-term debt	142,635	-	(142,635)
Total Governmental Activities	<u>\$ 15,691,621</u>	<u>483,004</u>	<u>(15,208,617)</u>
<b>General Revenues</b>			
Taxes			15,015,680
Investment income			357,039
Loss on sale of capital assets			(100,683)
Miscellaneous			126,827
Total General Revenues			<u>15,398,863</u>
<b>CHANGE IN NETS ASSETS</b>			190,246
<b>NET ASSETS, JANUARY 1</b>			<u>23,033,253</u>
<b>NET ASSETS, DECEMBER 31</b>			<u>\$ 23,223,499</u>

**METRO WEST FIRE PROTECTION DISTRICT**  
**BALANCE SHEET - ALL GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	<u>General</u>	<u>Ambulance</u>	<u>Pension Revenue</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments	\$ 7,729,412	2,651,879	-	2,777,402	1,310,427	14,469,120
Receivables:						
Taxes, net of allowance for uncollectible amounts	2,884,565	1,487,067	557,419	-	477,069	5,406,120
Ambulance billings, net of allowance for uncollectible amounts	-	213,023	-	-	-	213,023
Due from other funds	29,526	396,671	-	36,984	145,728	608,909
Prepaid items	11,852	11,852	-	-	-	23,704
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 10,655,355</u>	<u>4,760,492</u>	<u>557,419</u>	<u>2,814,386</u>	<u>1,933,224</u>	<u>20,720,876</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 48,278	15,827	-	63,533	-	127,638
Accrued wages and payroll taxes	92,439	127,358	-	-	-	219,797
Deferred revenue	787,357	525,624	-	-	145,045	1,458,026
Due to other funds	752,221	-	557,419	-	29,526	1,339,166
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>1,680,295</u>	<u>668,809</u>	<u>557,419</u>	<u>63,533</u>	<u>174,571</u>	<u>3,144,627</u>
<b>Fund Balances</b>						
Reserved for:						
Capital expenditures	-	-	-	2,750,853	-	2,750,853
Prepaid items	11,852	11,852	-	-	-	23,704
Unreserved, designated for:						
Subsequent year	7,382,394	3,806,288	-	-	635,975	11,824,657
Retirement of long-term debt	-	-	-	-	1,432,946	1,432,946
Unreserved:						
General	1,580,814	-	-	-	-	1,580,814
Special revenue	-	273,543	-	-	(310,268)	(36,725)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>8,975,060</u>	<u>4,091,683</u>	<u>-</u>	<u>2,750,853</u>	<u>1,758,653</u>	<u>17,576,249</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities And Fund Balances	<u>\$ 10,655,355</u>	<u>4,760,492</u>	<u>557,419</u>	<u>2,814,386</u>	<u>1,933,224</u>	<u>20,720,876</u>

See notes to financial statements



**METRO WEST FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

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Total Fund Balance - Governmental Funds \$ 17,576,249

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 \$16,488,677 and the accumulated depreciation is \$5,156,426. 11,332,251

Other long-term assets are not available to pay for current period  
expenditures:  
    Prepaid dispatch services 310,626

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. 1,458,026

Net pension obligations are not financial resources and, therefore,  
are not reported in the funds. (1,150,203)

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

Accrued interest payable	(46,697)
General obligation bonds	(6,025,000)
Accrued compensated absences	<u>(231,753)</u>

Net Assets Of Governmental Activities \$ 23,223,499

**METRO WEST FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Ambulance	Pension Revenue	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 7,714,102	3,977,504	1,488,998	-	1,258,496	14,439,100
Ambulance billings	-	311,363	-	-	-	311,363
Investment income	137,451	74,486	-	112,489	32,613	357,039
Building permits	171,641	-	-	-	-	171,641
Miscellaneous	126,827	-	-	-	-	126,827
Total Revenues	8,150,021	4,363,353	1,488,998	112,489	1,291,109	15,405,970
<b>EXPENDITURES</b>						
Current:						
Fire, ambulance, and EMS services:						
General operations	1,440,305	999,424	-	-	-	2,439,729
Fire prevention bureau	7,849	-	-	-	-	7,849
Fire investigation and public relations	5,117	-	-	-	-	5,117
Training	129,995	5,326	-	-	-	135,321
Salaries	5,112,814	4,219,975	-	-	-	9,332,789
Employer contributions to pension	-	-	1,488,998	-	-	1,488,998
Operating equipment	32,685	6,554	-	-	-	39,239
Dispatch services	-	-	-	-	677,140	677,140
Capital outlay	85,624	8,456	-	3,756,536	-	3,850,616
Debt service:						
Principal	-	-	-	-	685,000	685,000
Interest	-	-	-	-	147,201	147,201
Total Expenditures	6,814,389	5,239,735	1,488,998	3,756,536	1,509,341	18,808,999
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	1,335,632	(876,382)	-	(3,644,047)	(218,232)	(3,403,029)
<b>OTHER FINANCING SOURCES</b>						
Proceeds from sale of equipment	53,550	-	-	-	-	53,550
<b>NET CHANGES IN FUND BALANCES</b>	1,389,182	(876,382)	-	(3,644,047)	(218,232)	(3,349,479)
<b>FUND BALANCES, JANUARY 1</b>	7,585,878	4,968,065	-	6,394,900	1,976,885	20,925,728
<b>FUND BALANCES, DECEMBER 31</b>	\$ 8,975,060	4,091,683	-	2,750,853	1,758,653	17,576,249

See notes to financial statements

**METRO WEST FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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Net Change In Fund Balances - Governmental Funds \$ (3,349,479)

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 and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold \$3,836,663 exceeded depreciation (\$674,542) in the current period.

3,162,121

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Increase in deferred tax revenue.

576,580

The issuance of long-term debt and accumulated accrued benefits provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, it has no effect on net assets. This amount is the net effect of differences in the treatment of long-term debt:

Decrease in accrued compensated absences

(1,123)

General obligation bond principal payments

685,000

Net Adjustment

683,877

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

Decrease in accrued interest payable on bonds

4,566

Increase in prepaid dispatch services

68,943

Increase in net pension obligation

(802,129)

(728,620)

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

(154,233)

Change In Net Assets Of Governmental Activities

\$ 190,246

See notes to financial statements



**METRO WEST FIRE PROTECTION DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND**  
**DECEMBER 31, 2005**

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**ASSETS**

Investments	\$ 23,544,940
Due from other funds	<u>730,256</u>
Total Assets	<u>24,275,196</u>

**LIABILITIES**

-

**NET ASSETS**

Held in trust for pension benefits	<u><u>\$ 24,275,196</u></u>
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**METRO WEST FIRE PROTECTION DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS -**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**ADDITIONS**

Investment income:	
Dividend and interest income	\$ 723,215
Net appreciation in fair value of investments	327,531
Total Investment Income	1,050,746
Employer contributions	1,488,998
Total Additions	<u>2,539,744</u>

**DEDUCTIONS**

Benefit payments	701,940
Actuarial and consulting fees	8,136
Legal fees	354
Administrative fees	110,526
Total Deductions	<u>820,956</u>

<b>CHANGE IN NET ASSETS</b>	1,718,788
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, JANUARY 1	<u>22,556,408</u>
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, DECEMBER 31	<u><u>\$ 24,275,196</u></u>
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# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**METRO WEST FIRE PROTECTION DISTRICT** (the District) is a political subdivision duly organized under the laws of the State of Missouri to supply protection to persons and property against injuries and damage from fire and to give assistance in the event of an accident or emergency of any kind. The financial statements include all accounts for the District which are controlled by the Board of Directors.

The accounting policies and financial reporting practices of the District conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant accounting policies:

#### 1. Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

#### 2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liabil-



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

ity is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e. matured).

Property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Ambulance services are recorded at the time of service, net of allowances for uncollectible amounts. Inspection fees and other income are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income is recorded as earned since it is measurable and available.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The District reports the following major governmental funds:

**General Fund** -- This 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.

**Ambulance Fund** -- This fund receives tax revenue and disburses funds in order to provide ambulance services and emergency medical treatment for the District.

**Pension Revenue Fund** -- This fund is used to account for the collection of tax revenue to fund the Pension Trust Fund.



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

**Capital Projects Fund** -- This fund is used to account for the proceeds of long-term debt and other revenues restricted for acquisition or construction of major capital assets.

Additionally, the District reports the following fund type:

##### **Fiduciary Fund Type**

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

**Pension Trust Fund** -- This fund is used to account for assets held in a trustee capacity for the District's eligible employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include primarily charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### 4. Concentration of Credit Risk

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

#### 5. Allowance for Doubtful Accounts

Allowances for uncollectible receivable amounts by fund are as follows:

**METRO WEST FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Allowance for Doubtful Accounts (Continued)**

	<u>December 31, 2005</u>	
	<u>Property Taxes</u>	<u>Ambulance Fees</u>
General Fund	\$41,440	-
Ambulance Fund	21,355	109,740
Dispatch Fund	4,145	-
Pension Revenue Fund	8,913	-
Debt Service Fund	3,489	-

**6. Inventories**

Expenditures for fuel and other operating supplies are charged to operations when purchased. Inventories on hand at December 31, 2005 are not material.

**7. Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

<b>Assets</b>	<b>Years</b>
Buildings and improvements	15 - 50
Vehicles and equipment	5 - 20

**8. Advances To/From Other Funds**

Noncurrent portions of long-term interfund loans receivable (reported in "advances to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered "available spendable resources" and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and fiduciary activities are reported in the government-wide statements as "due to Fiduciary Fund - Pension Trust Fund".



**METRO WEST FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Investments**

Investments are carried at fair value.

**10. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before December 31. All unpaid taxes are delinquent January 1 of the following year.

Property taxes levied for 2005 are recorded as receivables, 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 2005 and prior tax years to be remitted to the District subsequent to year-end. The portion of taxes not collected and remitted to the District within 60 days of year-end is recorded as deferred tax revenue. The allowance for uncollectible taxes is estimated based on past experience. Property taxes are billed and collected by St. Louis County and remitted by the County to the District. The County's fee is 1.5% of the taxes collected. The following is a summary of the 2005 tax rates:

	<b>2005 Tax Rates</b>					<b>Total</b>
	<b>General Fund</b>	<b>Ambulance Fund</b>	<b>Pension Trust Fund</b>	<b>Dispatch Fund</b>	<b>Debt Service Fund</b>	
Real property:						
Residential	.499	.259	.095	.044	.038	.935
Commercial	.572	.280	.103	.045	.038	1.038
Agricultural	.618	.286	.105	.046	.038	1.093
Personal property	.561	.292	.106	.048	.038	1.045

Property tax rates for each of the above categories and for each fund type is levied per \$100 of assessed valuation which totaled \$1,560,793,739 for the District (real property \$1,341,528,414 and personal property \$219,265,325).

**11. Compensated Absences**

Vacation time unused at year-end expires, therefore, no liability exists at year-end.

Unused sick leave can be carried forward until 20 days are accumulated. The value of the days accumulated by employees is recorded as a liability in the government-wide financial statements. Employees may choose to be paid for any days unused and not accumulated at ½ of their value. This payment is usually made in January of the following year and is recorded as a liability in the fund financial statements.



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 12. Prepaid Items

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

#### 13. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those amounts.

#### 14. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 15. Fund Balance Reserves

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

#### 16. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as the enabling legislation adopted by the District or through external restrictions im-

# **METRO WEST FIRE PROTECTION DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **16. Net Assets (Continued)**

posed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **NOTE B - CASH AND INVESTMENTS**

#### **1. Bank Deposits**

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2005, the District's bank balances were entirely secured or collateralized with securities held by the District or by its agent in the District's name.

#### **2. Investments**

The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the District:



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS (Continued)

#### 2. Investments (Continued)

Maturities As Of December 31, 2005						
<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>
<b>Fiduciary Funds</b>						
Equity:						
Common stock	\$ 4,197,328	4,197,328	-	-	-	-
Collective invest- ments	6,992,621	6,992,621	-	-	-	-
Fixed Income:						
Corporate bonds	111,180	-	-	48,131	-	63,049
Municipal bonds	1,700,000	-	-	-	-	1,700,000
U.S. Treasury notes	61,632	-	-	61,632	-	-
U.S. Treasury bonds	67,764	-	-	-	-	67,764
Federal National Mortgage Association	155,597	-	-	96,509	59,088	-
Collective invest- ments	2,620,896	-	-	2,620,896	-	-
Money market funds	1,975,204	1,975,204	-	-	-	-
Certificate of deposits	<u>5,662,718</u>	<u>-</u>	<u>3,426,532</u>	<u>2,236,186</u>	<u>-</u>	<u>-</u>
Total Fidu- ciary In- vestments	<u>\$23,544,940</u>	<u>13,165,153</u>	<u>3,426,532</u>	<u>5,063,354</u>	<u>59,088</u>	<u>1,830,813</u>

The District's current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table:

Credit Rating By Investment As Of December 31, 2005					
<u>Credit Rating Level</u>	<u>Equity Investments</u>	<u>Certificates Of Deposit</u>	<u>Fixed Income - Other</u>	<u>Government Securities</u>	<u>Money Market Funds</u>
AAA	\$ -	-	-	1,984,993	-
BB+	-	-	19,294	-	-
B+	-	-	14,705	-	-
B	-	-	19,500	-	-
CCC+	-	-	29,050	-	-
Not rated	<u>11,189,949</u>	<u>5,662,718</u>	<u>2,649,527</u>	<u>-</u>	<u>1,975,204</u>
Total	<u>\$11,189,949</u>	<u>5,662,718</u>	<u>2,732,076</u>	<u>1,984,993</u>	<u>1,975,204</u>



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS (Continued)

#### 2. Investments (Continued)

##### Investments Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a written investment policy covering credit risk.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not have a written investment policy covering interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a written investment policy covering concentration of credit risk.

### NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended December 31, 2005			
	Balance December 31 2004	Additions	Deletions And Transfers	Balance December 31 2005
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 472,200	-		472,200
Construction in progress	634,530	2,568,610	-	3,203,140
Total Capital Assets Not Being Depreciated	1,106,730	2,568,610	-	3,675,340
Capital assets being depreciated:				
Buildings and improvements	6,178,798	37,637	-	6,216,435
Vehicles	4,606,835	1,128,381	440,792	5,294,424
Equipment	1,200,445	102,035	-	1,302,480
Total Capital Assets Being Depreciated	11,986,078	1,268,053	440,792	12,813,339
Less - Accumulated depreciation for:				
Buildings and improvements	1,997,415	184,546	-	2,181,961
Vehicles	2,154,699	302,426	286,559	2,170,566
Equipment	616,331	187,570	-	803,901
Total Accumulated Depreciation	4,768,445	674,542	286,559	5,156,428
Total Capital Assets Being Depreciated, Net	7,217,633	593,511	154,233	7,656,911
Governmental Activities Capital Assets, Net	\$ 8,324,363	3,162,121	154,233	11,332,251

# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

	<b>For The Year Ended December 31 <u>2005</u></b>
Governmental activities:	
Fire protection and prevention	\$570,282
Ambulance and EMS	<u>104,260</u>
	<u>\$674,542</u>

### NOTE D - CONTRACTUAL AGREEMENTS

The District has a contractual agreement with Central County Alarm System for dispatching services. The agreement calls for the District to remit tax revenues received currently a blended rate of 4.5¢ per \$100 valuation. The District is in compliance with the terms of this agreement. This agreement can be terminated January 1 of next year upon notice on or before the first day of October to be effective on January 1 of next year.

### NOTE E - SELF-INSURANCE PLAN

The District has a self-insured vision plan. This plan covers substantially all full-time employees of the District, and any employees who also have family coverage. The plan had 71 participants for the year ended December 31, 2005.

The vision plan is fully self-insured and carries a limit on claims per year of \$133 per person with a family cap of \$550. Claims are recognized as expenditures in the financial statements when paid. Actual vision claims paid during the year were approximately \$10,644. There has not been a liability established for claims incurred but not paid as of December 31, 2005. The estimated amounts of those claims were not considered significant to the financial statements.

In addition, the District has a partially self-insured medical and dental plan. The District pays the \$1,000 deductible per person per year on its employees and their family for the medical in addition to co-payment and co-insurance. The District pays a maximum of \$1,331 per person per year for the dental. There has not been a liability established for claims incurred but not paid as of December 31, 2005. The estimated amounts of those claims were not considered significant to the financial statements.

The medical and dental plans had 264 and 194 participants, respectively, for the year ended December 31, 2005. Actual medical and dental claims for the year were approximately \$135,957 and \$73,298, respectively.



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE F - LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	<u>For The Year Ended December 31, 2005</u>			<u>Amount</u>
	<u>Balance</u>		<u>Balance</u>	<u>Due</u>
	<u>December 31</u>	<u>Additions</u>	<u>December 31</u>	<u>Within</u>
	<u>2004</u>		<u>2005</u>	<u>One Year</u>
General obligation bonds	\$6,710,000	-	6,025,000	700,000
Compensated absences	<u>230,630</u>	<u>199,463</u>	<u>231,753</u>	<u>190,076</u>
	<u>\$6,940,630</u>	<u>199,463</u>	<u>6,256,753</u>	<u>890,076</u>

General obligation bonds consisted of the following:

	<u>December 31</u>
	<u>2005</u>
\$7,355,000 general obligation bonds, Series 2003 bonds, dated July 1, 2003, due in annual installments each March through March 2013, interest at 1.5% to 2.8%.	<u>\$6,025,000</u>

A summary of principal debt service requirements is as follows:

<u>For The</u>			
<u>Years Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31</u>			
2006	\$ 700,000	133,090	833,090
2007	710,000	118,990	828,990
2008	725,000	104,640	829,640
2009	740,000	89,620	829,620
2010 - 2013	<u>3,150,000</u>	<u>172,110</u>	<u>3,322,110</u>
	<u>\$6,025,000</u>	<u>618,450</u>	<u>6,643,450</u>

The bonds are to be liquidated by the Debt Service Fund. Also, compensated absences are generally liquidated by the General Fund.

### NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN

The District maintains a single-employer, defined benefit pension plan. The combined total of the actuarial accrued liability and actuarial value of assets for the Plan is as follows:



**METRO WEST FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)**

	<u>January 1</u> <u>2006</u>
Actuarial value of assets	\$24,288,569
Actuarial accrued liability	<u>35,113,315</u>
Unfunded Actuarial Accrued Liability	<u>\$10,824,746</u>

**Plan Description**

Effective 1995 all eligible full-time District employees are covered by a noncontributory defined-benefit retirement plan.

Plan assets are administered by Travelers in fixed income and large stock accounts; and by A.G. Edwards in growth funds, strategic/international, and real estate investment trust accounts.

The District's normal and current service cost for the year ended December 31, 2005 was \$1,324,608. The District contributed \$1,473,091 to the Plan for the year ended December 31, 2005.

**1. Principal Plan Provisions**

The Board of Directors established a noncontributory retirement system for all full-time salaried members of the organized fire department of the District by Ordinance #31 dated November 5, 1969. The Plan amendment effective January 1, 1989 provides all participants with the pre-1986 benefit formula.

The Plan was last amended by Ordinance #81 dated July 1993. Ordinance #77 enacted September 1990 codified all pension ordinances which were in force and effect as of that date.

In April 1999, the Board of Directors adopted Ordinance #95. The effects of certain provisions of this Ordinance are reflected in the note and cost estimates.

**Accrued Benefit**

For an employee included within the pension system, the monthly accrued benefit as of any date of determination is equal to 3% of a participant's average monthly earnings multiplied by the number of years of credited service (full year from hire date), but not exceeding 33⅓ years, so that no such benefit shall exceed 100% of that participant's average monthly earnings.

# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)

#### 1. Principal Plan Provisions (Continued)

##### **Additional Employee Protection for Permanent Disability or Occupational Death Protection While a Member of the Organized Fire Department**

The benefit would be calculated as if the employee was vested at the time of disability; and the length of service would be projected to normal retirement date with the benefit being adjusted in accordance with the date of hire of the individual as a full-time employee of the District. The benefit would progress from 20% of the calculated percent for service from hire date to two full years with 100% benefit after five (5) full years of service.

##### **Normal Pension**

**Eligibility Requirements** -- Age 55 with ten (10) years of credited service.

##### **Vesting of Benefits**

Every employee included within the pension system for retirement benefits who as accrued five (5) years of credited service shall be fully vested.

#### 2. Funding Status and Progress

The most recent actuarial valuation completed was January 1, 2006 for the Plan year ended December 31, 2005.

##### **a. Funding Method**

Entry Age Normal-Frozen Initial Liability Cost Method -- Under this method, the present value future normal costs equals the present value of benefits, less the sum of a) plan assets and b) the unfunded accrued liability.

The unfunded accrued liability resulted from increases and/or decreases in liability due to plan changes and changes in actuarial assumptions. These increases and decreases caused the Plan to establish amortization bases. Level annual payments are charges and/or credited to the Plan until the bases are fully amortized. The type of base and the date established determine the amount of the payment and the number of years to amortize.

The present value of future normal costs includes the current year normal cost and all future normal costs for the current participant group. These future costs are spread as a level percentage of current and future expected pay. The portion attributable to current pay is the current year normal cost.



**METRO WEST FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)**

**2. Funding Status and Progress (Continued)**

Experience gains and losses are included in the present value of future normal costs and, therefore, are spread over future pay as a level percentage.

**b. Significant Valuation Assumptions**

- 1) Valuation of assets -- all assets are valued at market value.
- 2) Mortality rates:  
  
Pre-retirement -- 1971 Group Annuity Mortality table for males set back six years for females.  
  
Post-retirement -- 1971 Group Annuity Mortality table for males set back six years for females.
- 3) Investment Earnings -- 7.5% per annum; compounded annually.
- 4) Economic Inflation Rate -- 5% per annum; compounded annually.
- 5) Salary Appreciation - Increase Rate -- 5% per annum; compounded annually.
- 6) Assumed Retirement Age -- Age 55 and the completion of ten (10) years of participation.
- 7) Termination Prior to Retirement Other than Death -- Assumed at rates that vary by age (T-1 Actuary's Table).
- 8) Expense Load -- Annual expense to administer is assumed to be \$56,000.

Membership of the plan is as follows:

Active participants	97
Inactive participants	<u>38</u>
	<u>135</u>

The present value of vested accrued benefits based on the valuation assumptions discussed above are as follows:

Retired members	\$ 7,639,821
Inactive members	248,844
Active members	<u>16,828,992</u>
	<u>\$24,717,657</u>



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)

#### 2. Funding Status and Progress (Continued)

<b>Schedule Of Employer Contributions</b>			
<b><u>For The Years Ended December 31</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage Contributed</u></b>
2005	\$2,280,138	\$1,473,091	64.6%
2004	2,116,464	1,426,527	67.4
2003	2,045,471	1,307,566	63.9
2002	1,675,691	1,389,841	82.9
2001	1,339,678	1,409,108	105.2
2000	1,008,440	1,287,740	127.7

<b>Pension Plan</b>			
<b><u>Valuation For The Actuarial Years Ended January 1</u></b>	<b><u>Actuarial Value Of Assets</u></b>	<b><u>Actuarial Accrued Liability (AAL)</u></b>	<b><u>Unfunded AAL (UAAL)</u></b>
2006	\$24,288,569	\$35,113,315	\$10,824,746
2005	22,539,751	32,689,199	10,149,448
2004	20,319,167	30,576,296	10,257,129
2003	17,518,333	27,875,629	10,357,296
2002	17,792,437	24,447,893	6,655,456
2001	17,967,144	21,669,160	3,702,016

<b><u>Valuation For The Actuarial Years Ended January 1</u></b>	<b><u>Funded Ratio</u></b>	<b><u>Covered Payroll</u></b>	<b><u>UAAL As A Percentage Of Covered Payroll</u></b>
2006	69.2%	\$6,793,848	159.3%
2005	69.0	6,778,940	149.7
2004	66.4	6,662,469	154.0
2003	62.8	6,357,812	162.9
2002	72.8	5,710,656	116.5
2001	82.9	5,382,149	68.8

#### Annual Pension Cost

Current year annual pension costs are shown in the trend information. The District contributed 65% of the Plan's annual required contribution (ARC). The District had a net pension obligation for the Plan shown below.

# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE G - EMPLOYEE RETIREMENT BENEFIT PLAN (Continued)

#### 2. Funding Status and Progress (Continued)

##### Trend Information

Historical trend information about the Plan is presented herewith as required supplementary information. This information is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparison with other Public Employee Retirement Systems (PERS).

<u>Pension Plan</u>			
<u>For The Years Ended December 31</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2005	\$2,275,221	64.7%	\$1,150,203
2004	2,120,922	67.3	348,074
2003	2,057,431	63.6	(346,321)
2002	1,688,289	82.3	(1,096,186)
2001	1,353,013	104.1	(1,394,635)
2000	1,018,864	126.4	(1,338,539)

<u>Schedule Of Development Of Net Pension Obligation (NPO)</u>							
<u>For The Years Ended December 31</u>	<u>(1) Annual Required Contri- bution (ARC)</u>	<u>(2) Interest On NPO (Asset)</u>	<u>(3) ARC Adjust- ment</u>	<u>(4) = (1+2+3) Annual Pension Cost</u>	<u>(5) Employer Contri- butions</u>	<u>(6) = (4) - (5) Change In NPO</u>	<u>Actual NPO (Asset) Balance</u>
2005	\$2,280,138	\$ 26,106	(\$ 31,023)	\$2,275,221	\$1,473,091	\$802,130	\$1,150,203
2004	2,116,464	(25,974)	30,432	2,120,922	1,426,527	694,395	348,074
2003	2,045,471	(82,214)	94,174	2,057,431	1,307,566	749,865	(346,321)
2002	1,675,691	(104,598)	117,196	1,688,289	1,389,840	298,449	(1,096,186)
2001	1,339,678	(100,390)	113,725	1,353,013	1,409,109	(56,096)	(1,394,635)
2000	1,008,440	(80,225)	90,649	1,018,864	1,287,740	(268,876)	(1,338,539)

### NOTE H - DIRECTORS' FEES

Directors' fees consist of the following:

	<u>For The Year Ended December 31, 2005</u>
Bob Reboulet, Chairman	\$ 7,700
Tim Flora, Treasurer	9,300
Ralph Starck, Secretary	<u>8,600</u>
	<u>\$25,600</u>

# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - INSURANCE COVERAGE

The following insurance policies of the District with the Agent, Perm, a division of Ricci Associates, Inc., were in force:

<u>Company</u>	<u>Type Of Coverage</u>	<u>December 31, 2005</u>
American Alternative CL-007147-7	Package Policy: Building and contents Portable equipment Limited pollution Boat, physical damage, and liability Systems breakdown General liability Personal and advertising injury Fire damage Medical expense Endorsement amended building and personal property limit	(Guaranteed replacement cost)    \$13,775 No limit \$3,000,000/\$3,000,000 \$1,000,000/\$1,000,000 \$1,000,000/fire \$5,000/person  \$1,030,000
American Alternative CU5003063-7	Umbrella	\$2,000,000 \$4,000,000 aggregate
American Alternative CM1006019-7	Auto liability and physical damage Uninsured motorist Underinsured motorist Comprehensive \$100 deductible; Collision \$250 deductible	\$1,000,000 \$1,000,000 \$1,000,000  
MO Employers 218391	Workers' compensation	\$1,000,000/\$1,000,000/\$1,000,000
American Alternative CL0007147-6	Management liability: Coverage A and B (wrongful act/ injunctive relief) Aggregate limit	   \$3,000,000 Coverage A - \$1,000,000 Coverage B - \$5,000
Federal Ins. Co. (Chubb) 81036663	Fiduciary liability	\$1,000,000/\$1,000,000
American MFRS (Kemper) RP0553481 RP0541618 RP0541618	Public official bond: (Reboulet) (Starck) (Flora)	 \$5,000 \$5,000 \$5,000



# METRO WEST FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - INSURANCE COVERAGE (Continued)

<u>Company</u>	<u>Type Of Coverage</u>	<u>December 31, 2005</u>
American Alternative CL-007147-7	Employee blanket Excess board members	\$50,000 \$450,000
Western Surety 14592415	Notary bond (Loyal) Errors and omission	\$10,000 \$10,000
Western Surety 14592412	Notary bond (Sagehorn) Errors and omission	\$10,000 \$10,000
Western Surety 14543181N	Notary bond (Perkins) Errors and omission	\$10,000 \$10,000
Old Republic RB50512484	Third party liability	\$25,000
National Union Fire VFP21260133	RESCUE VOLUNTEER STAFF ONLY Accident and sickness: Accidental death and specific disease: Principle sum Blanket medical exp. maximum benefit Educational benefits (annual max.): Child Spouse	   \$75,000 \$5,000  \$5,000 \$3,000

### NOTE J - EXPENDITURES EXCEEDING APPROPRIATIONS

The District had actual expenditures which exceeded appropriations as follows:

	<u>For The Year Ended December 31 2005</u>
Pension Trust Fund	\$166,037
Dispatch Fund	39,582

**METRO WEST FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE K - INTERFUND ASSETS/LIABILITIES**

Individual interfund assets and liabilities are as follows:

**Due from (to) other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>December 31 2005</u>
Ambulance Fund	General Fund	\$ 396,671
Dispatch Fund	General Fund	145,728
General Fund	Debt Service Fund	29,526
Pension Trust Fund	General Fund	172,837
Capital Projects Fund	General Fund	36,984
Pension Trust Fund	Pension Revenue Fund	<u>557,419</u>
		<u>\$1,339,165</u>

**NOTE L - RESTATEMENT OF PRIOR PERIOD NET ASSETS**

The previously stated net assets have been adjusted as follows:

	<u>Government-wide Net Assets</u>
Net assets, December 31, 2004, as previously reported	\$22,791,570
Restatement for prepaid dispatch services	<u>241,683</u>
Net Assets, December 31, 2004, As Restated	<u>\$23,033,253</u>

**METRO WEST FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**



**METRO WEST FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Actual</b>
<b>REVENUES</b>			
Taxes	\$ 7,455,629	7,631,279	175,650
Investment income	32,898	137,451	104,553
Building permits	189,603	171,641	(17,962)
Firefighters grant	-	70,499	70,499
Miscellaneous income	48,715	46,146	(2,569)
Rent property station #6	10,800	10,182	(618)
Total Revenues	<u>7,737,645</u>	<u>8,067,198</u>	<u>329,553</u>
<b>EXPENDITURES</b>			
General operations:			
Vehicle repairs and tires	148,000	145,587	(2,413)
Station maintenance supplies	43,500	39,670	(3,830)
Office supplies and contracts	31,000	8,359	(22,641)
Building up-keep	70,000	58,613	(11,387)
Repairs and maintenance	7,000	9,953	2,953
Utilities	137,500	106,940	(30,560)
Insurance	809,625	806,261	(3,364)
Miscellaneous employee expense	54,750	36,244	(18,506)
Professional services and contracts	72,500	70,654	(1,846)
Associations, dues, and subscriptions	4,525	3,581	(944)
Miscellaneous conferences and business trips	4,500	4,558	58
Miscellaneous disbursements	96,500	115,191	18,691
Total General Operations	<u>1,479,400</u>	<u>1,405,611</u>	<u>(73,789)</u>
Fire prevention bureau:			
Fire prevention material	4,000	3,198	(802)
Miscellaneous texts and fire codes	2,150	1,965	(185)
Association dues	875	504	(371)
Miscellaneous office supplies	2,500	2,182	(318)
Total Fire Prevention Bureau	<u>9,525</u>	<u>7,849</u>	<u>(1,676)</u>
Fire investigation and public relations:			
Dark room and supplies	500	784	284
Miscellaneous equipment and tools	1,100	817	(283)
Public relations	7,200	3,516	(3,684)
Total Fire Investigation And Public Relations	<u>8,800</u>	<u>5,117</u>	<u>(3,683)</u>

(Continued)

**METRO WEST FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Actual</u>
<b>EXPENDITURES (Continued)</b>			
Training:			
Supplies	2,250	1,835	(415)
Annual dues	425	125	(300)
Training schools	105,000	126,455	21,455
Audio visual equipment	2,500	1,290	(1,210)
Fire training literature	1,000	290	(710)
Total Training	<u>111,175</u>	<u>129,995</u>	<u>18,820</u>
Salaries	<u>5,306,089</u>	<u>5,101,794</u>	<u>(204,295)</u>
Operating equipment:			
Communications equipment	21,000	17,330	(3,670)
Miscellaneous fire equipment	6,500	6,326	(174)
Rescue and air equipment	4,500	2,850	(1,650)
Building in-out	3,000	1,325	(1,675)
Maintenance equipment and shop	4,000	4,854	854
Total Operating Equipment	<u>39,000</u>	<u>32,685</u>	<u>(6,315)</u>
Capital outlay	<u>110,500</u>	<u>85,624</u>	<u>(24,876)</u>
Total Expenditures	<u>7,064,489</u>	<u>6,768,675</u>	<u>(295,814)</u>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	673,156	1,298,523	625,367
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of equipment	<u>-</u>	<u>53,550</u>	<u>53,550</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>673,156</u>	<u>1,352,073</u>	<u>678,917</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>			
Revenue accrual adjustments	82,823	82,823	
Expenditure accrual adjustments	<u>(45,714)</u>	<u>(45,714)</u>	
	<u>37,109</u>	<u>37,109</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	710,265	1,389,182	
<b>FUND BALANCE, JANUARY 1</b>	<u>7,585,878</u>	<u>7,585,878</u>	
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 8,296,143</u>	<u>8,975,060</u>	

**METRO WEST FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - AMBULANCE FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Actual</u>
<b>REVENUES</b>			
Taxes	\$ 3,840,562	3,870,263	29,701
Nonresident ambulance billing	120,000	311,363	191,363
Investment income	22,000	74,486	52,486
Miscellaneous income	1,200	-	(1,200)
Total Revenues	<u>3,983,762</u>	<u>4,256,112</u>	<u>272,350</u>
<b>EXPENDITURES</b>			
General operations:			
Repairs and maintenance	84,200	77,725	(6,475)
Insurance	809,625	780,042	(29,583)
Miscellaneous employee expenses	52,750	40,480	(12,270)
Professional services and contracts	80,000	86,972	6,972
Associations, dues, and subscriptions	2,875	309	(2,566)
Total General Operations	<u>1,029,450</u>	<u>985,528</u>	<u>(43,922)</u>
Training	<u>18,500</u>	<u>5,326</u>	<u>(13,174)</u>
Salaries	<u>4,360,566</u>	<u>4,203,711</u>	<u>(156,855)</u>
Operating equipment:			
New equipment	8,500	5,145	(3,355)
Replacement equipment	4,000	1,409	(2,591)
Total Operating Equipment	<u>12,500</u>	<u>6,554</u>	<u>(5,946)</u>
Capital outlay	<u>11,750</u>	<u>8,456</u>	<u>(3,294)</u>
Total Expenditures	<u>5,432,766</u>	<u>5,209,575</u>	<u>(223,191)</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>(1,449,004)</u>	<u>(953,463)</u>	<u>495,541</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>			
Revenue accrual adjustments	107,241	107,241	
Expenditure accrual adjustments	<u>(30,160)</u>	<u>(30,160)</u>	
	<u>77,081</u>	<u>77,081</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	(1,371,923)	(876,382)	
FUND BALANCE, JANUARY 1	<u>4,968,065</u>	<u>4,968,065</u>	
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 3,596,142</u>	<u>4,091,683</u>	



**METRO WEST FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Budgets and Budgetary Accounting**

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

- a. Formal budgetary integration is employed as a management control device during the year for the General, Ambulance, Dispatch, Capital Projects, Debt Service, and Pension Trust Funds. These budgets are adopted on a cash basis of accounting.
- b. The Board of Directors approves the tax rate by Ordinance to fund District operations. Once this rate has been established, the Board of Directors approves the total budget appropriation and amendments.
- c. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by the Board of Directors.
- e. The District's budgetary process is based upon accounting for certain transactions on a basis other than U.S. generally accepted accounting principles (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the combined statement of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types in accordance with the budget basis of accounting. The differences between the budget and GAAP basis of accounting are that revenues are recorded when received in cash (budget) as opposed to when they are measurable and available (GAAP) and expenditures are recorded when paid (budget) as opposed to when the obligation is incurred (GAAP). In addition, tax revenue for budget purposes is reflected based on the prior year levy which is utilized to fund expenditures of the subsequent year.

**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION**

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**OTHER SUPPLEMENTAL INFORMATION SECTION**

# **METRO WEST FIRE PROTECTION DISTRICT**

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## **OTHER SUPPLEMENTAL INFORMATION**

### **NONMAJOR GOVERNMENTAL FUNDS**

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

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

### **CAPITAL PROJECTS FUND**

**Capital Projects Fund** -- This fund is used to account for the proceeds of long-term debt and other revenues restricted for acquisition or construction of major capital assets.

### **FIDUCIARY FUND**

**Pension Trust Fund** -- This fund is used to account for assets held in a trustee capacity for the District's eligible employees.



**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	<u>Dispatch</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	1,310,427	1,310,427
Receivables:			
Taxes, net of allowance for uncollectible amounts	258,737	218,332	477,069
Due from other funds	145,728	-	145,728
	<u>145,728</u>	<u>-</u>	<u>145,728</u>
Total Assets	<u>\$ 404,465</u>	<u>1,528,759</u>	<u>1,933,224</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deferred revenue	\$ 78,758	66,287	145,045
Due to other funds	-	29,526	29,526
Total Liabilities	<u>78,758</u>	<u>95,813</u>	<u>174,571</u>
<b>Fund Balances</b>			
Unreserved, designated for:			
Subsequent year	635,975	-	635,975
Retirement of long-term debt	-	1,432,946	1,432,946
Unreserved:			
Special revenue	(310,268)	-	(310,268)
Total Fund Balances	<u>325,707</u>	<u>1,432,946</u>	<u>1,758,653</u>
Total Liabilities And Fund Balances	<u>\$ 404,465</u>	<u>1,528,759</u>	<u>1,933,224</u>

**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Dispatch</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 664,294	594,202	1,258,496
Investment income	-	32,613	32,613
Total Revenues	<u>664,294</u>	<u>626,815</u>	<u>1,291,109</u>
<b>EXPENDITURES</b>			
Dispatch services	677,140	-	677,140
Debt service	-	832,201	832,201
Total Expenditures	<u>677,140</u>	<u>832,201</u>	<u>1,509,341</u>
<b>NET CHANGE IN FUND BALANCES</b>	(12,846)	(205,386)	(218,232)
<b>FUND BALANCES, JANUARY 1</b>	<u>338,553</u>	<u>1,638,332</u>	<u>1,976,885</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u><u>\$ 325,707</u></u>	<u><u>1,432,946</u></u>	<u><u>1,758,653</u></u>

**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DISPATCH FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Actual</u>
<b>REVENUES</b>			
Taxes	\$ 637,558	650,777	13,219
<b>EXPENDITURES</b>			
Dispatch services	<u>637,558</u>	<u>677,140</u>	<u>39,582</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	-	(26,363)	<u>(26,363)</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>			
Revenue accrual adjustments	<u>13,517</u>	<u>13,517</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	13,517	(12,846)	
<b>FUND BALANCE, JANUARY 1</b>	<u>338,553</u>	<u>338,553</u>	
<b>FUND BALANCE, DECEMBER 31</b>	<u><u>\$ 352,070</u></u>	<u><u>325,707</u></u>	



**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Actual</u>
<b>REVENUES</b>			
Taxes	\$ 1,248,550	1,276,066	27,516
Investment income	39,000	32,613	(6,387)
Total Revenues	<u>1,287,550</u>	<u>1,308,679</u>	<u>21,129</u>
<b>EXPENDITURES</b>			
Bond account administrative fees	500	261	(239)
Bond principal payments	685,000	685,000	-
Interest expense on debt service	146,940	146,940	-
Total Expenditures	<u>832,440</u>	<u>832,201</u>	<u>(239)</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	455,110	476,478	<u>21,368</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>			
Revenue accrual adjustments	<u>(681,864)</u>	<u>(681,864)</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	(226,754)	(205,386)	
<b>FUND BALANCE, JANUARY 1</b>	<u>1,638,332</u>	<u>1,638,332</u>	
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 1,411,578</u>	<u>1,432,946</u>	

**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Actual</u>
<b>REVENUES</b>			
Investment income	\$ 75,000	112,489	37,489
<b>EXPENDITURES</b>			
Capital outlay	<u>4,100,000</u>	<u>3,832,129</u>	<u>(267,871)</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	(4,025,000)	(3,719,640)	<u>305,360</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>			
Expenditure accrual adjustments	<u>75,593</u>	<u>75,593</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	(3,949,407)	(3,644,047)	
FUND BALANCE, JANUARY 1	<u>6,394,900</u>	<u>6,394,900</u>	
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 2,445,493</u>	<u>2,750,853</u>	

**METRO WEST FIRE PROTECTION DISTRICT**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PENSION TRUST FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>ADDITIONS</b>			
Employer contributions	\$ 1,384,577	1,591,270	206,693
Dividend and interest income	538,324	723,215	184,891
Net appreciation in fair value of investments	200,000	327,531	127,531
Total Additions	<u>2,122,901</u>	<u>2,642,016</u>	<u>519,115</u>
<b>DEDUCTIONS</b>			
Benefit payments	574,499	701,940	127,441
Actuarial and consulting fees	10,000	8,136	(1,864)
Legal fees	500	434	(66)
Administrative fees	70,000	110,526	40,526
Total Deductions	<u>654,999</u>	<u>821,036</u>	<u>166,037</u>
<b>NET CHANGE IN PLAN ASSETS - BUDGET BASIS</b>	<u>1,467,902</u>	<u>1,820,980</u>	<u>353,078</u>
<b>ADJUSTMENTS TO RECONCILE TO GAAP BASIS</b>			
Revenue accrual adjustments	(102,272)	(102,272)	
Expenditure accrual adjustments	80	80	
	<u>(102,192)</u>	<u>(102,192)</u>	
<b>NET CHANGE IN NET ASSETS - GAAP BASIS</b>	1,365,710	1,718,788	
PLAN NET ASSETS, JANUARY 1	<u>22,556,408</u>	<u>22,556,408</u>	
<b>PLAN NET ASSETS, DECEMBER 31</b>	<u>\$ 23,922,118</u>	<u>24,275,196</u>	



**METRO WEST FIRE PROTECTION DISTRICT**  
**INTERNAL CONTROL AND COMPLIANCE**

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**INTERNAL CONTROL AND COMPLIANCE SECTION**



**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

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

March 22, 2006

Board of Directors  
**METRO WEST FIRE PROTECTION DISTRICT**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **METRO WEST FIRE PROTECTION DISTRICT** (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provi-

sions 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 matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated March 22, 2006.

This report is intended solely for the information and use of the 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.

*Hochschild Bloom & Company LLP*  
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