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Financial Report, 2004

Affton Fire Protection District

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

May 4, 2005

Board of Directors
AFFTON FIRE PROTECTION DISTRICT

In planning and performing our audit of the basic financial statements of **AFFTON FIRE PROTECTION DISTRICT** (the District) for the year ended December 31, 2004, 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 May 4, 2005 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

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AFFTON FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS

New finding 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, *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 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's Comment

The District's management is currently reviewing draft policies to develop an appropriate policy for the District.

New findings for the year ended December 31, 2003:

No new findings

Findings continued from the year ended December 31, 2002:

1. AMBULANCE SERVICE FEE RECONCILIATION

Finding

The District has not established a system for reconciling ambulance billings to actual amounts later collected or written off as uncollectible.

Recommendation

A detailed accounts receivable listing of ambulance services would ensure the District collects the maximum percentage of billings, and has an accurate balance for the amount receivable.

Management's Comment

The District's management will direct personnel to develop a policy to account for ambulance billings by its third party billing service.

AFFTON FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS

2. ACCOUNTING PROCEDURES MANUAL

Finding

We noted the District does not have an accounting procedures manual. Written procedures, instructions and assignments of duties in such a guide will help prevent misunderstandings, errors and duplicated or omitted procedures.

Recommendation

A well devised accounting manual can help ensure that all similar transactions are treated consistently, that accounting principles used are proper and that records are produced in the form desired by management. It will take some time and effort for management to develop a manual; however, we believe this time will be more than offset by time saved later in training and supervising. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

Management's Comment

The District will review the need for and scope of an accounting procedures manual. After review, the District will seek assistance in developing a manual which serves their needs.



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

**AFFTON FIRE
PROTECTION DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2004

AFFTON FIRE PROTECTION DISTRICT
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
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INDEPENDENT AUDITORS' REPORT

May 4, 2005

Board of Directors
AFFTON FIRE PROTECTION DISTRICT

We have audited the accompanying financial statements of the governmental activities and each major fund of the **AFFTON FIRE PROTECTION DISTRICT** (the District) as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 and each major fund of the District as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2005 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.

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The Management's Discussion and Analysis and Budgetary Comparison 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

AFFTON FIRE PROTECTION DISTRICT

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

The Management's Discussion and Analysis (MD&A) of the Affton Fire Protection District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the District's financial statements which begins on page 10.

FINANCIAL HIGHLIGHTS

- 1) The District's total net assets increased by \$126,699 as a result of this year's operations. The majority of this increase is attributable to the sale of Fire House 1 and increases in property tax revenue collections.
- 2) In the government-wide financial statements, the assets of the District exceeded its liabilities at December 31, 2004 by \$7,205,606 (net assets). Of this amount, \$98,870 represents the District's investment in capital assets, net of related debt, restricted for capital projects of \$862,787, and restricted for debt service of \$703,764, and the balance of \$5,540,185 will be used to meet the District's ongoing obligations to citizens and creditors.
- 3) As of December 31, 2004 the District's governmental funds reported combined ending fund balances of \$8,341,473, a decrease of \$1,735,114 in comparison with the prior year. The majority of this amount \$7,241,739 is unreserved and undesignated.
- 4) Unreserved fund balance for the General Fund was \$4,392,132 or 134% of General Fund expenditures and other financing uses. This fund balance is provided from property taxes both received and earned at December 31, 2004 and will be used to finance the next 11 months of operations.
- 5) At December 31, 2004, the unreserved fund balance of the Ambulance Fund was \$1,880,983 or 167% of Ambulance Fund expenditures and other financing uses. This fund balance will be used to finance the next 10 months of operations and charges for services will finance the balance of operations during 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide the reader with a broad overview of the District's finances, in a manner similar to a private-sector business.

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. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

AFFTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

The government-wide financial statements present activities of the District that are principally supported by taxes and charges for services. The District provides services for fire protection, emergency medical, fire prevention, safety, rescue, and hazardous materials response services.

The government-wide financial statements can be found on pages 10 and 11 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be 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 fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains 5 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 the General Fund, Ambulance Fund, Dispatch Fund, Pension Revenue Fund, and Capital Improvements Fund which are considered to be major funds.

The District adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Fiduciary funds. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements

**AFFTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements can be found on pages 16 and 17 of this report.

Notes to the basic 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. The notes to the basic financial statements can be found on pages 18 through 32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. Required supplementary information can be found on pages 34 through 39 of this report. Other supplemental information can be found on pages 41 through 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,205,606 at December 31, 2004. The condensed statement of net assets was as follows:

	<u>December 31</u> <u>2004</u>
ASSETS	
Current and other assets	\$ 9,351,099
Capital assets, net	<u>5,467,262</u>
Total Assets	<u>14,818,361</u>
LIABILITIES	
Current liabilities	556,930
Long-term liabilities	<u>7,055,825</u>
Total Liabilities	<u>7,612,755</u>
NET ASSETS	
Investment in capital assets, net of related debt	98,870
Restricted	1,566,551
Unrestricted	<u>5,540,185</u>
Total Net Assets	<u>\$ 7,205,606</u>

The portion of the District's net assets reflected in its investment in capital assets (e.g., land, buildings, fire and rescue equipment), less any related debt used to acquire those assets that is still outstanding was \$98,870. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining assets consist mainly of cash, investments, and property taxes receivable which are used to meet the District's ongoing obligations to its citizens.

The District's largest liability (84%) is for the repayment of certificates of participation.

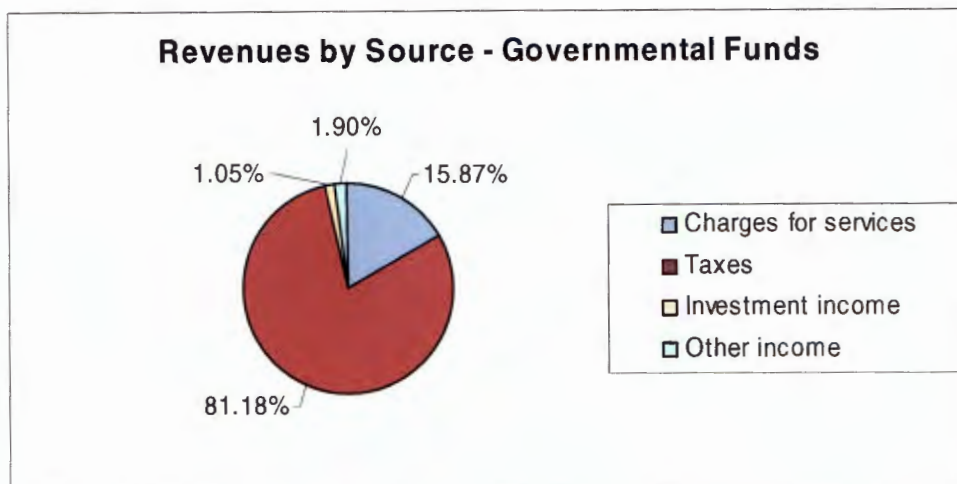
**AFFTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Governmental activities. This analysis focuses on the net assets and changes in net assets of the District's governmental activities. Governmental activities increased the District's net assets in the current year by \$126,699. The condensed statement of activities was as follows:

	<u>For The Year Ended December 31, 2004</u>
REVENUES	
Program revenue:	
Charges for services	\$ 813,174
General revenues:	
Taxes	4,159,343
Investment income	53,616
Gain on sale of capital assets	83,325
Other	<u>13,933</u>
Total Revenues	<u>5,123,391</u>
EXPENSES	
Public safety	4,586,890
Dispatch	129,979
Interest on long-term debt	<u>279,823</u>
Total Expenses	<u>4,996,692</u>
CHANGE IN NET ASSETS	126,699
NET ASSETS, JANUARY 1	<u>7,078,907</u>
NET ASSETS, DECEMBER 31	<u>\$7,205,606</u>

Comparative analysis will be provided in future years when prior year information is available.

REVENUES BY SOURCE GRAPH



**AFFTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2004, the District's governmental funds reported combined ending fund balances of \$8,341,473, a decrease of \$1,735,114 in comparison with the prior year. The majority of this total amount (92%) constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remainder of fund balance is designated for sick leave benefits and reserved for prepaid items.

General Fund. The General Fund is the chief operating fund of the District. As of December 31, 2004, unreserved and undesignated fund balance of the General Fund was \$4,392,132, while total fund balance reached \$4,733,972. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 134% of total General Fund expenditures and total fund balance also represents 144% of that same amount.

The fund balance of the District's General Fund increased by \$451,235, or 11%, during the current fiscal year. Key factors in this growth resulted from the sale of Fire House 1 and increased property tax revenue collections.

Ambulance Fund. The Ambulance Fund has an unreserved fund balance of \$1,880,983. As a measure of the Ambulance Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 167% of total Ambulance Fund expenditures.

The fund balance of the District's Ambulance Fund increased by \$177,865, or 10%, during the current fiscal year. Key factors in this growth resulted from increased property tax revenue collections. Revenues from our medical transports of patients increased by \$60,223, or 14%, from the prior year.

Dispatch Fund. The Dispatch Fund has an unreserved fund balance of \$105,837. Unreserved fund balance represents 81% of total Dispatch Fund expenditures. The fund balance of the District's Dispatch Fund decreased by \$4,352 due to increases in dispatching fees.

Pension Revenue Fund. The Pension Revenue Fund does not carry a fund balance. This fund collects the tax levy and passes the monies through to the Pension Trust Fund.

Capital Improvements Fund. The Capital Improvements Fund has an unreserved fund balance of \$862,787, which represents 36% of Capital Improvements Fund expenditures. The fund balance of the District's Capital Improvements Fund decreased \$2,359,862 due to the construction of new fire houses.

**AFFTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approved two budget amendments. Differences between the original budget and the final approved budget can be summarized as follows:

- \$340,500 increase in property tax revenue due to increased tax rates
- \$119,750 increase in other revenues and other financing sources due to the property sale of Fire House 1 and increased investment income
- \$87,120 increases in personnel expenses due to increased wages and benefit expenses
- \$11,150 decrease in administrative expenses due to decrease in public relations costs
- \$95,580 increase in general overhead expenses due to increases in maintenance and utilities due to the new fire houses
- \$12,200 net increase in professional fees
- \$10,700 decrease in other expenses due to decreases in training and education costs
- \$219,500 increase in capital outlays due to a deposit on a new pumper

During the year, all General Fund expenditures were within budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, fire apparatus and equipment, and office furniture and equipment. As of December 31, 2004, the District had invested \$5,467,262 in capital assets, net of depreciation, as shown in the following table:

	<u>December 31 2004</u>
Land and construction in progress	\$ 797,068
Buildings and improvements	4,277,194
Vehicles and rescue equipment	369,736
Radio equipment, furniture, and fixtures	<u>23,264</u>
Total	<u>\$5,467,262</u>

During the year, the District's investment in capital assets increased by \$2,195,337 which is net of depreciation expense of \$126,251, the sale of Fire House 1, and the completion of construction of the two new Fire Houses.

In 2004, the District entered into a purchase contract and put down a \$500,000 deposit for two new pumpers.

Additional information of the District's capital assets can be found in Note E on page 25 of this report.

Long-term debt. During the current year, the District's total debt decreased by \$150,943 due to the net effect of scheduled principal payments and increased compensated absences.

**AFFTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Ad valorem taxes
- 2) Interest income
- 3) Projects under consideration
- 4) Intergovernmental revenues (state and local grants)

The District is facing the same set of challenges common to many fire districts throughout St. Louis County - revenue growth that is surpassed by projected increased expenses, the combination of which may force more difficult future choices about benefits and service. The District has worked hard to reduce expenses wherever possible so that it would be more difficult in the future to find additional areas in which spending could be reduced.

The new fiscal squeeze on fire districts threatens the jobs, wages, and working conditions of all public employees working for them. With fewer human and other material resources available, remaining employees could find their job responsibilities to be much greater.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Affton Fire Protection District, 9282 Gravois Avenue, St Louis, MO, 63123.

AFFTON FIRE PROTECTION DISTRICT

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 4,202,056
Investments	1,834,372
Receivables:	
Taxes, net of allowance for uncollectible amounts	1,964,734
EMS fees, net of allowance for uncollectible amounts	257,794
City of Crestwood	286,876
Other	75,000
Net pension asset	60,602
Prepaid expenses	169,665
Deposits	500,000
Capital assets:	
Land and nondepreciable assets	797,068
Other capital assets, net of accumulated depreciation	4,670,194
Total Assets	<u>14,818,361</u>
LIABILITIES	
Accounts payable	99,505
Accrued interest payable	91,600
Accrued salaries, benefits, and payroll taxes	60,596
Due to Fiduciary Fund - Pension Trust Fund	305,229
Noncurrent liabilities:	
Due within one year	670,571
Due in more than one year	6,385,254
Total Liabilities	<u>7,612,755</u>
NET ASSETS	
Invested in capital assets, net of related debt	98,870
Restricted for capital projects	862,787
Restricted for debt service	703,764
Unrestricted	5,540,185
Total Net Assets	<u>\$ 7,205,606</u>

See notes to financial statements

AFFTON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Expenses	Program Revenue - Charges For Services	Net Revenues (Expenses) And Change In Net Assets
FUNCTIONS/PROGRAMS			
Governmental Activities			
Public safety	\$ 4,586,890	813,174	(3,773,716)
Dispatch	129,979	-	(129,979)
Interest on long-term debt	279,823	-	(279,823)
Total Governmental Activities	\$ 4,996,692	813,174	(4,183,518)
General Revenues			
Taxes			4,159,343
Investment income			53,616
Gain on sale of capital assets			83,325
Other			13,933
Total General Revenues			4,310,217
CHANGE IN NET ASSETS			126,699
NET ASSETS, JANUARY 1			7,078,907
NET ASSETS, DECEMBER 31			\$ 7,205,606

See notes to financial statements

AFFTON FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Pension Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Investments	\$ 2,680,065	1,457,627	64,364	-	-	4,202,056
Receivables:	624,000	-	-	-	1,210,372	1,834,372
Taxes, net of allowance for uncollectible amounts	1,460,908	335,260	50,570	117,996	-	1,964,734
EMS fees, net of allowance for uncollectible amounts	-	257,794	-	-	-	257,794
City of Crestwood	213,311	48,952	7,384	17,229	-	286,876
Other	-	-	-	-	75,000	75,000
Prepaid items	115,530	54,135	-	-	-	169,665
Deposits	250,000	-	-	-	250,000	500,000
Due from other funds	34,485	61,893	42,067	-	31,179	169,624
	<u>34,485</u>	<u>61,893</u>	<u>42,067</u>	<u>-</u>	<u>31,179</u>	<u>169,624</u>
Total Assets	<u>\$ 5,378,299</u>	<u>2,215,661</u>	<u>164,385</u>	<u>135,225</u>	<u>1,566,551</u>	<u>9,460,121</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 99,505	-	-	-	-	99,505
Accrued salaries, benefits, and payroll taxes	42,732	17,864	-	-	-	60,596
Deferred property tax revenue	246,947	56,671	8,548	-	-	312,166
Deferred ambulance fees	-	171,528	-	-	-	171,528
Due to other funds	255,143	34,485	50,000	135,225	-	474,853
Total Liabilities	<u>644,327</u>	<u>280,548</u>	<u>58,548</u>	<u>135,225</u>	<u>-</u>	<u>1,118,648</u>
Fund Balances						
Reserved for prepaid items	115,530	54,130	-	-	-	169,660
Reserved for debt service	-	-	-	-	703,764	703,764
Unreserved, designated for sick pay	226,310	-	-	-	-	226,310
Unreserved, reported in:						
General Fund	4,392,132	-	-	-	-	4,392,132
Special Revenue Funds	-	1,880,983	105,837	-	-	1,986,820
Capital Projects Fund	-	-	-	-	862,787	862,787
Total Fund Balances	<u>4,733,972</u>	<u>1,935,113</u>	<u>105,837</u>	<u>-</u>	<u>1,566,551</u>	<u>8,341,473</u>
Total Liabilities And Fund Balances	<u>\$ 5,378,299</u>	<u>2,215,661</u>	<u>164,385</u>	<u>135,225</u>	<u>1,566,551</u>	<u>9,460,121</u>

See notes to financial statements

AFFTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Total Fund Balances - Governmental Funds \$ 8,341,473

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 \$6,690,284 and the accumulated depreciation is \$1,223,022. 5,467,262

Net pension assets are not financial resources and, therefore, are not reported in the funds. 60,602

Other long-term assets (property taxes and ambulance fees not collected within 60 days of year-end) are not available to pay for current period expenditures and, therefore, are deferred in the funds. 483,694

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:

Accrued interest payable	(91,600)
Certificates of participation	(6,375,000)
Compensated absences	(680,825)
	(7,147,425)

Net Assets Of Governmental Activities \$ 7,205,606

AFFTON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Pension Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 3,402,519	779,542	117,985	249,833	-	4,549,879
EMS fees	-	466,579	-	-	-	466,579
Contractual services	213,310	48,952	7,384	17,229	-	286,875
Investment income	21,576	3,806	244	-	27,990	53,616
Other	10,785	3,134	14	-	-	13,933
Total Revenues	<u>3,648,190</u>	<u>1,302,013</u>	<u>125,627</u>	<u>267,062</u>	<u>27,990</u>	<u>5,370,882</u>
EXPENDITURES						
Current:						
Public safety	2,751,907	1,124,148	-	267,062	4,688	4,147,805
Dispatch	-	-	129,979	-	-	129,979
Capital outlay	13,499	-	-	-	2,383,164	2,396,663
Debt service:						
Principal	240,000	-	-	-	-	240,000
Interest	282,298	-	-	-	-	282,298
Total Expenditures	<u>3,287,704</u>	<u>1,124,148</u>	<u>129,979</u>	<u>267,062</u>	<u>2,387,852</u>	<u>7,196,745</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	360,486	177,865	(4,352)	-	(2,359,862)	(1,825,863)
OTHER FINANCING SOURCES						
Proceeds from sale of capital assets	90,749	-	-	-	-	90,749
NET CHANGES IN FUND BALANCES	451,235	177,865	(4,352)	-	(2,359,862)	(1,735,114)
FUND BALANCES, JANUARY 1	<u>4,282,737</u>	<u>1,757,248</u>	<u>110,189</u>	<u>-</u>	<u>3,926,413</u>	<u>10,076,587</u>
FUND BALANCES, DECEMBER 31	<u>\$ 4,733,972</u>	<u>1,935,113</u>	<u>105,837</u>	<u>-</u>	<u>1,566,551</u>	<u>8,341,473</u>

See notes to financial statements

AFFTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Net Change In Fund Balances - Governmental Funds \$ (1,735,114)

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 depreciation expense (\$126,251) is exceeded by capital outlays over the capitalization threshold \$2,329,012 in the current period.	2,202,761
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(7,424)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Decrease in deferred revenue.	(330,816)
The issuance of long-term debt (e.g. sick leave, certificates of participation) 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 these differences in the treatment of long-term debt:	
Compensated absences earned	(353,339)
Compensated absences payments	264,282
Certificates of participation principal payments	240,000
Net Adjustment	150,943
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.	
Accrued interest on bonds	2,475
Net pension asset	(156,126)
	(153,651)
Change In Net Assets Of Governmental Activities	\$ 126,699

See notes to financial statements

AFFTON FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND
DECEMBER 31, 2004

ASSETS

Investments, at fair value:

Equity securities	\$ 2,439,869
Corporate bonds	743,996
U.S. Government and Agency securities	549,395
Money market accounts	281,861

Total investments 4,015,121

Accrued interest receivable 21,646

Due from other funds 317,122

Total Assets 4,353,889

LIABILITIES

Due to other funds 11,893

NET ASSETS

Held in trust for pension benefits \$ 4,341,996

AFFTON FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

ADDITIONS

Investment income:	
Interest and dividends earned	\$ 92,809
Net appreciation in fair value of investments	113,339
Total Investment Income	<u>206,148</u>
Less - Investment management and custodial fees	26,342
Net Investment Income	<u>179,806</u>
Employer contribution	267,062
Total Additions	<u>446,868</u>

DEDUCTIONS

Distributions to participants and beneficiaries	<u>140,592</u>
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CHANGE IN NET ASSETS

306,276

NET ASSETS HELD IN TRUST FOR PENSION
BENEFITS, JANUARY 1

4,035,720

NET ASSETS HELD IN TRUST FOR PENSION
BENEFITS, DECEMBER 31

\$ 4,341,996

AFFTON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AFFTON 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 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 significant accounting policies applied by the District in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all component units for which the District may or may not be financially accountable and, as such, be includable within the District's financial statements. In accordance with GASB Statement No. 14, the District (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District does not have any component units.

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.

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 liability 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 is used to account for the funds to be utilized for promotion, maintenance, and improvements of emergency medical services.

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Dispatch Fund -- This fund is used to account for the funds to be utilized for dispatching services.

Pension Revenue Fund -- This fund is used to collect the tax levy for pension funding.

Capital Improvements Fund -- This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the District reports the following fund type:

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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. Allowance for Doubtful Accounts

Allowances for uncollectible receivable amounts by fund are as follows:

	December 31, 2004	
	Property Taxes	EMS Fees
General Fund	\$22,247	-
Pension Revenue Fund	1,797	-
Ambulance Fund	5,105	97,955
Dispatch Fund	770	-

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Inventories

Expenditures for fuel and other operating supplies are charged to operations when purchased. Inventories on hand at December 31, 2004 are not material.

6. 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 \$1,500 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:

Assets	Years
Buildings and improvements	7 - 50
Vehicles and rescue equipment	7 - 15
Radio equipment, furniture, and fixtures	5 - 7

7. Due 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.

8. Investments

Investments are carried at fair value.

9. 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.

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Property Taxes (Continued)

Property taxes levied for 2004 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 2004 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 2004 tax rates:

	2004 Tax Rates				Total
	General Fund	Ambulance Fund	Alarm Fund	Pension Fund	
Residential	.774	.176	.027	.062	1.039
Commercial	.794	.191	.029	.067	1.081
Agricultural	.794	.139	.000	.070	1.003
Personal property	.794	.182	.027	.064	1.067

10. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

11. 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.

12. 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.

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Long-Term Obligations (Continued)

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.

NOTE B - CASH AND INVESTMENTS

The District's bank deposits are required by state law to be collateralized in an amount at least equal to the uninsured deposits with the financial institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

As of December 31, 2004, the carrying amount of cash deposits amounted to \$4,202,056 and the bank balances totaled \$4,206,160. The bank balance was covered by Federal depository insurance in the amount of \$200,000 and \$4,006,160 was collateralized.

State statutes authorize the District to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The Pension Trust Fund is also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership, but excluding any debt of the District itself, and individual insurance policies.

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered for which the securities are 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 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.

The investment amounts are as follows:

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

	December 31, 2004			Carrying Amount/ Fair Value
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
Repurchase agreement	\$ -	624,000	-	624,000
Pension Trust Fund:				
Equity securities	-	-	2,439,869	2,439,869
U.S. Government and Agency Bonds	-	-	549,395	549,395
Corporate bonds	-	-	743,996	743,996
Subtotal	\$ -	624,000	3,733,260	4,357,260
Pension Trust Fund - money market accounts				281,861
Money market accounts				<u>1,210,372</u>
Total Investments				<u>\$5,849,493</u>

NOTE C - DEFERRED COMPENSATION PLAN

The District participates in a deferred compensation plan under Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan complies with Section 457 of the Internal Revenue Code. Trust provisions are incorporated so that plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. As a result, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

NOTE D - FIRE DISTRICT DIRECTORS' FEES AND RELATED EXPENSES

Directors' fees consisted of the following:

	For The Year Ended December 31 <u>2004</u>
Thomas D. Ascheman, Director and Chairman	\$5,500
Thomas R. Pollard, Director and Secretary	7,750
Terry Bader, Director and Treasurer	<u>7,550</u>
	<u>\$20,800</u>

No other related expenses were incurred by the District's Directors.

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E - CAPITAL ASSETS

Capital asset activity was as follows:

	<u>For The Year Ended December 31, 2004</u>			
	<u>Balance</u>		<u>Deletions</u>	<u>Balance</u>
	<u>December 31</u>	<u>Additions</u>	<u>And</u>	<u>December 31</u>
	<u>2003</u>		<u>Transfers</u>	<u>2004</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 37,405	764,068	4,405	797,068
Construction in progress	<u>2,739,623</u>	<u>2,291,263</u>	<u>5,030,886</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>2,777,028</u>	<u>3,055,331</u>	<u>5,035,291</u>	<u>797,068</u>
Capital assets being depreciated:				
Buildings and improvements	368,676	4,264,700	143,983	4,489,393
Vehicles and rescue equipment	1,282,316	25,652	-	1,307,968
Radio equipment, furniture, and fixtures	<u>83,758</u>	<u>12,097</u>	<u>-</u>	<u>95,855</u>
Total Capital Assets Being Depreciated	<u>1,734,750</u>	<u>4,302,449</u>	<u>143,983</u>	<u>5,893,216</u>
Less - Accumulated depreciation for:				
Buildings and improvements	318,515	36,766	143,082	212,199
Vehicles and rescue equipment	861,020	77,212	-	938,232
Radio equipment, furniture, and fixtures	<u>60,318</u>	<u>12,273</u>	<u>-</u>	<u>72,591</u>
Total Accumulated Depreciation	<u>1,239,853</u>	<u>126,251</u>	<u>143,082</u>	<u>1,223,022</u>
Total Capital Assets Being Depreciated, Net	<u>494,897</u>	<u>4,176,198</u>	<u>901</u>	<u>4,670,194</u>
Governmental Activities Capital Assets, Net	<u>\$3,271,925</u>	<u>7,231,529</u>	<u>5,036,192</u>	<u>5,467,262</u>

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

	<u>For The</u>
	<u>Year Ended</u>
	<u>December 31</u>
	<u>2004</u>
Governmental activities:	
Public safety	<u>\$126,251</u>

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE F - COMPENSATED ABSENCES

The District grants vacation to all employees at a rate based on years of experience and employees are scheduled to take vacation in the following year. The administration staff can carry over vacation days from year to year. In the event of termination, an employee is reimbursed for accumulated vacation days. The liability for accrued vacation at December 31, 2004 amounted to \$372,713 and is reflected in the government-wide financial statements.

The District also grants sick leave to all employees. Sick leave days are earned at various rates, depending on the employee's classification and the amount of sick leave already accumulated by the employee.

Upon termination of employment due to retirement or other reasons, 50% of the balance accumulated is paid to the employee at their current rate of pay. The amount paid depends on the number of service years attained and the reason for termination. The \$308,112 liability for accumulated sick leave is reflected in the government-wide financial statements.

NOTE G - LONG-TERM DEBT

A summary of changes in the long-term debt is as follows:

	<u>For The Year Ended December 31, 2004</u>			<u>Amounts Due Within One Year</u>	
	<u>Balance December 31 2003</u>	<u>Additions</u>	<u>Deletions</u>		<u>Balance December 31 2004</u>
	Certificates of participation	\$6,615,000	-		240,000
Compensated absences payable	<u>591,768</u>	<u>353,339</u>	<u>264,282</u>	<u>680,825</u>	
	<u>\$7,206,768</u>	<u>353,339</u>	<u>504,282</u>	<u>7,055,825</u>	

The District increased its beginning long-term debt balance by \$220,595 to record accumulated vacation. Compensated absences are generally liquidated by the General Fund and the Ambulance Fund.

Certificates of participation consisted of the following:

	<u>December 31 2004</u>
\$6,930,000 certificates of participation dated June 1, 2002 matures March 1, 2022 with interest ranging from 3% to 5%. Payments are due on March 1 and September 1 of each year from 2003 to 2022.	<u>\$6,375,000</u>

A summary of principal debt service requirements is as follows:

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

<u>For The Years</u> <u>Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 255,000	274,799	529,799
2006	230,000	267,524	497,524
2007	210,000	260,766	470,766
2008	220,000	253,719	473,719
2009	230,000	245,839	475,839
2010 to 2014	1,360,000	1,080,675	2,440,675
2015 to 2019	1,810,000	738,275	2,548,275
2020 to 2022	<u>2,060,000</u>	<u>191,750</u>	<u>2,251,750</u>
	<u>\$6,375,000</u>	<u>3,313,347</u>	<u>9,688,347</u>

NOTE H - PENSION PLAN

1. Plan Description

The District contributes to a single-employer, defined benefit pension plan (the Plan). The Plan provides retirement and death benefits to plan members and beneficiaries in accordance with the resolution establishing the Plan. The Plan may be amended under the provisions of the original resolution.

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the District's financial statements. Information about the Plan is provided in a summary plan description.

To be eligible, an employee must be full-time with at least 500 hours of service. Benefits begin to vest after three years of service, and full vesting is obtained after seven years of service. The Plan also provides death and disability benefits.

The District is required to contribute annually an actuarially determined amount. The District's total payroll and the payroll for employees covered by the Plan for the year ended December 31, 2004 were \$2,568,540 and \$2,176,643, respectively. Current membership in the Plan is comprised of the following:

<u>Group</u>	<u>December 31</u> <u>2004</u>
Retirees and beneficiaries currently receiving monthly benefits	8
Vested terminated employees	6
Active employees:	
Fully vested	20
Partially vested	14
Not vested	<u>2</u>
Total Membership	<u>50</u>

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H - PENSION PLAN (Continued)

1. Plan Description (Continued)

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2005
Actuarial cost method	Aggregate
Amortization method	No UAAL
Remaining amortization period	N/A
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5%

2. Annual Pension Cost

Current year annual pension costs are shown in the trend information. Annual required contributions were not made. There was no net pension obligation for the Plan.

3. 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 comparisons with other Public Employee Retirement Systems (PERS).

Pension Plan			
Valuation For The Actuarial Years Ended January 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL
2005	\$4,241,547	\$6,482,133	\$2,240,586
2004	3,963,284	6,227,641	2,264,357
2003	3,283,302	5,569,772	2,286,470
2002	3,952,125	4,970,867	1,018,742
2001	4,512,957	5,515,317	1,002,360
2002	5,842,267	5,899,440	57,173

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H - PENSION PLAN (Continued)

3. Trend Information (Continued)

<u>Valuation For The Actuarial Years Ended January 1</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL As A Percentage Of Covered Payroll</u>
2005	65.4%	\$2,176,643	102.9%
2004	63.6	2,017,638	112.2
2003	58.9	1,983,708	115.3
2002	79.5	1,564,864	65.1
2001	81.8	1,515,536	66.1
2000	99.0	1,512,502	3.8

Schedule Of Employer Contributions

<u>For The Years Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2004	\$416,494	\$260,695	62.6%
2003	418,908	257,600	61.5
2002	269,409	233,242	86.6
2001	232,057	238,352	102.7
2000	181,224	296,120	163.4

Pension Plan

<u>For The Years Ended December 31</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2004	\$416,821	62.5%	(\$60,602)
2003	418,979	61.5	(216,728)
2002	272,830	85.5	(378,108)
2001	235,472	101.2	(417,695)
2000	189,723	153.1	(414,815)

NOTE I - INSURANCE COVERAGE

The following insurance policies of the District with American Alternative Insurance Corporation were in force:

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE I - INSURANCE COVERAGE (Continued)

<u>Type Of Coverage</u>	<u>Coverage Limit</u> <u>December 31, 2004</u>
Automobile liability	\$1,000,000
Property and liability	3,000,000
Management/directors liability	1,000,000
Excess liability	3,000,000
Employee dishonesty bond	100,000

Settled claims have not exceeded the District's coverages in any of the past three fiscal years.

Self-insured workers' compensation coverage as of December 31, 2004:

The District participates in Missouri Fire and Ambulance Districts Insurance Trust (MoFAD), a public entity risk pool, for workers' compensation along with 27 other districts which distributes the cost of self-insurance over similar entities. The District's insurance coverage with MoFAD is in the amount of \$1 million per occurrence. The District pays an annual contribution to MoFAD for its insurance coverage. Should the contributions received not produce sufficient funds to meet obligations, MoFAD is empowered to make special assessments. Members of MoFAD are jointly and severally liable for all claims against MoFAD. The District's premium payment for 2004 to MoFAD was \$140,241.

NOTE J - DESIGNATED FUND BALANCES

The District has designated a portion of the available fund balances for future sick pay as described below:

	<u>December 31</u> <u>2004</u>
General Fund	
Future sick pay	\$226,310

NOTE K - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE K - INTERFUND ASSETS/LIABILITIES (Continued)

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>December 31 2004</u>
General Fund	Ambulance Fund	\$ 34,485
Capital Improvements Fund	General Fund	31,179
Pension Trust Fund	General Fund	181,897
Pension Trust Fund	Pension Revenue Fund	135,225
Ambulance Fund	Pension Trust Fund	11,893
Dispatch Fund	General Fund	42,067
Ambulance Fund	Dispatch Fund	<u>50,000</u>
		<u>\$486,746</u>

NOTE L - CENTRAL DISPATCHING SERVICE

The District contracts its dispatching through a central dispatching service (South County Fire Alarm Association). The District's tax levy for the dispatching service is collected by the District and an annual assessment is remitted to the dispatching service. The District's assessment paid to the Association for the year ended December 31, 2004 amounted to \$120,605. A director from the District is a representative on the dispatching services Board of Directors.

NOTE M - COMMITMENTS

At December 31, 2004, the District had entered into a contract to purchase two pumpers for \$689,980. During 2004, the District had put a \$500,000 deposit down on these pumpers.

NOTE N - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCE

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

GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the District's governmental activities on the statement of net assets and statement of activities. Additionally, the District's statement of net assets includes capital assets and

AFFTON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE N - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCE (Continued)

long-term liabilities of the District which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. In addition, the government-wide statement of activities reflects depreciation expense on the District's capital assets.

In addition to the government-wide financial statements, the District has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the District's governmental funds, which is similar to that previously presented for these funds in the District's financial statements, although the format of financial statements has been modified by GASB No. 34.

GASB No. 34 also includes, as required supplementary information, Management's Discussion and Analysis (MD&A), which provides an analytical overview of the District's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results.

GASB No. 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB No. 34. While this statement did not affect amounts reported in the financial statements of the District, certain note disclosures have been added and amended including descriptions of activities of major funds, future debt service and lease obligations in five year increments, and interfund balances and transactions.

These statements had a significant effect on the District's financial reporting model. All statements were retroactively applied to January 1, 2004. Restatement of net assets within the government-wide financial statements is as follows:

General Fund	\$ 4,282,737
Ambulance Fund	1,757,248
Dispatch Fund	110,189
Capital Improvements Fund	<u>3,926,413</u>
Total Fund Balance, December 31, 2003	10,076,587
Required GASB No. 34 adjustments:	
Capital assets, net accumulated depreciation	3,271,925
Noncurrent liabilities	(7,206,768)
Accrued interest payable	(94,075)
Deferred revenue	814,510
Net pension asset	<u>216,728</u>
Total Net Assets, December 31, 2003	<u>\$ 7,078,907</u>

AFFTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION SECTION

AFFTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real estate and personal property tax	\$ 3,062,500	3,403,000	3,402,519	(481)
Contractual services - annexed area	211,000	213,500	213,310	(190)
Investment income	13,000	34,500	21,576	(12,924)
Other	1,000	11,000	10,785	(215)
Total Revenues	<u>3,287,500</u>	<u>3,662,000</u>	<u>3,648,190</u>	<u>(13,810)</u>
EXPENDITURES				
Public safety:				
Personnel:				
Salaries	1,755,200	1,803,000	1,803,053	53
Social security contributions	135,550	145,100	143,625	(1,475)
Employee insurance	325,130	357,000	357,113	113
Employee relations	6,500	5,000	5,007	7
Reserve firefighters	28,000	29,000	29,398	398
Clothing allowance	7,800	6,200	6,166	(34)
Total Personnel	<u>2,258,180</u>	<u>2,345,300</u>	<u>2,344,362</u>	<u>(938)</u>
Administration:				
Directors' fees	20,000	20,250	20,246	(4)
Advertising	500	500	187	(313)
Office expense	12,000	10,000	10,003	3
Operating supplies	10,000	10,000	10,983	983
Public relations	11,500	3,400	3,613	213
Dues and subscriptions	4,500	3,200	3,162	(38)
Total Administration	<u>58,500</u>	<u>47,350</u>	<u>48,194</u>	<u>844</u>
General overhead:				
Gas and oil	6,700	7,900	7,856	(44)
Heat, light, and water	31,000	54,000	54,130	130
Telephone	9,000	12,700	12,967	267
Building maintenance	12,400	35,700	35,344	(356)
Equipment maintenance	22,000	42,700	42,856	156
Insurance and bond	132,320	156,000	155,742	(258)
Total General Overhead	<u>213,420</u>	<u>309,000</u>	<u>308,895</u>	<u>(105)</u>
Professional fees	<u>30,800</u>	<u>43,000</u>	<u>43,133</u>	<u>133</u>
Other:				
Training and education	11,500	1,450	1,455	5
Travel	2,500	2,000	2,026	26
Miscellaneous	3,900	3,750	3,842	92
Total Other	<u>17,900</u>	<u>7,200</u>	<u>7,323</u>	<u>123</u>
Total Public Safety	<u>2,578,800</u>	<u>2,751,850</u>	<u>2,751,907</u>	<u>57</u>

(Continued)

AFFTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
Debt service:				
Principal	240,000	240,000	240,000	-
Interest	282,500	282,500	282,298	(202)
Total Debt Service	<u>522,500</u>	<u>522,500</u>	<u>522,298</u>	<u>(202)</u>
Capital outlay:				
Building improvements	30,000	260,000	9,330	(250,670)
Office furniture and equipment	15,000	4,500	4,169	(331)
Total Capital Outlay	<u>45,000</u>	<u>264,500</u>	<u>13,499</u>	<u>(251,001)</u>
Total Expenditures	<u>3,146,300</u>	<u>3,538,850</u>	<u>3,287,704</u>	<u>(251,146)</u>
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES	141,200	123,150	360,486	237,336
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	5,000	90,750	90,749	(1)
NET CHANGE IN FUND BALANCE	<u>\$ 146,200</u>	<u>213,900</u>	451,235	<u>237,335</u>
FUND BALANCE, JANUARY 1			<u>4,282,737</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 4,733,972</u>	

AFFTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Real estate and personal property tax	\$ 702,800	780,000	779,542	(458)
EMS fees	450,000	466,500	466,579	79
Contractual services - annexed area	48,000	48,000	48,952	952
Investment income	10,000	3,800	3,806	6
Other	500	3,100	3,134	34
Total Revenues	<u>1,211,300</u>	<u>1,301,400</u>	<u>1,302,013</u>	<u>613</u>
EXPENDITURES				
Public safety:				
Personnel:				
Salaries	846,700	745,000	745,241	241
Social security contributions	64,770	52,000	51,961	(39)
Employee relations	1,500	1,500	1,840	340
Employee insurance	146,160	154,000	154,242	242
Clothing allowance	3,600	2,200	2,130	(70)
Total Personnel	<u>1,062,730</u>	<u>954,700</u>	<u>955,414</u>	<u>714</u>
Administration:				
Office expense	1,500	1,500	1,270	(230)
Operating supplies	35,400	34,600	34,898	298
Dues and subscriptions	100	3,800	3,807	7
Public relations	1,500	500	-	(500)
Total Administration	<u>38,500</u>	<u>40,400</u>	<u>39,975</u>	<u>(425)</u>
General overhead:				
Gas and oil	6,000	7,300	7,302	2
Telephone	2,500	100	100	-
Equipment maintenance	18,000	9,200	8,630	(570)
Insurance and bond	59,760	69,500	69,267	(233)
Service contracts	33,000	35,500	35,458	(42)
Total General Overhead	<u>119,260</u>	<u>121,600</u>	<u>120,757</u>	<u>(843)</u>
Other:				
Training and education	6,000	6,000	5,677	(323)
Travel	1,000	-	-	-
Miscellaneous	3,050	4,200	2,325	(1,875)
Total Other	<u>10,050</u>	<u>10,200</u>	<u>8,002</u>	<u>(2,198)</u>
Total Public Safety	<u>1,230,540</u>	<u>1,126,900</u>	<u>1,124,148</u>	<u>(2,752)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (19,240)</u>	<u>174,500</u>	177,865	<u>3,365</u>
FUND BALANCE, JANUARY 1			<u>1,757,248</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,935,113</u>	

AFFTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - DISPATCH FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real estate and personal property tax	\$ 105,300	118,000	117,985	(15)
Contractual services - annexed area	7,000	7,000	7,384	384
Investment income	100	250	244	(6)
Other	-	-	14	14
Total Revenues	<u>112,400</u>	<u>125,250</u>	<u>125,627</u>	<u>377</u>
EXPENDITURES				
Dispatch:				
Bank charges	-	100	38	(62)
Dispatching	118,000	121,000	120,605	(395)
Equipment maintenance	1,000	1,000	837	(163)
Telephone	4,000	8,500	8,499	(1)
Total Expenditures	<u>123,000</u>	<u>130,600</u>	<u>129,979</u>	<u>(621)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,600)</u>	<u>(5,350)</u>	(4,352)	<u>998</u>
FUND BALANCE, JANUARY 1			<u>110,189</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 105,837</u>	

AFFTON FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - PENSION REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real estate and personal property tax	\$ 263,000	250,000	249,833	(167)
Contractual services - annexed area	17,000	17,000	17,229	229
Total Revenues	<u>280,000</u>	<u>267,000</u>	<u>267,062</u>	<u>62</u>
EXPENDITURES				
Public safety:				
Pension contribution	<u>280,000</u>	<u>267,000</u>	<u>267,062</u>	<u>62</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	-	<u>-</u>
FUND BALANCE, JANUARY 1			<u>-</u>	
FUND BALANCE, DECEMBER 31			<u>\$ -</u>	

AFFTON 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, 2004

Budgets

Budgets are adopted on a modified accrual basis. Annual appropriated budgets are adopted for each governmental fund. All annual appropriations lapse at fiscal year-end.

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

- a. The Comptroller submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed operating expenditures, capital expenditures, and the means to finance them.
- b. The preliminary budget and proposed tax rates are presented at a public hearing to obtain comments from all interested parties.
- c. The final budget for the coming year is formally adopted on or before the last day of the current fiscal year by the Board of Directors.
- d. The legal level of control is at the activity level within an individual fund. Expenditures may not exceed budgeted appropriations at the activity level unless approved by the Board of Directors. Total fund expenditures may not legally exceed current year revenues plus prior year's unreserved fund balance. All budget revisions of any fund must be approved by the Board of Directors. This is done during a periodic review and analysis by the District.
- e. The budgets in this report include amendments approved by the Board of Directors.

AFFTON FIRE PROTECTION DISTRICT
OTHER SUPPLEMENTAL INFORMATION

OTHER SUPPLEMENTAL INFORMATION SECTION

AFFTON FIRE PROTECTION DISTRICT
OTHER SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 30,000	28,000	27,990	(10)
EXPENDITURES				
Public safety:				
Miscellaneous	10,000	5,000	4,688	(312)
Capital outlay:				
Building improvements	3,367,000	2,635,000	2,383,164	(251,836)
Total Expenditures	<u>3,377,000</u>	<u>2,640,000</u>	<u>2,387,852</u>	<u>(252,148)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,347,000)</u>	<u>(2,612,000)</u>	(2,359,862)	<u>252,138</u>
FUND BALANCE, JANUARY 1			<u>3,926,413</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,566,551</u>	

AFFTON FIRE PROTECTION DISTRICT
INTERNAL CONTROL AND COMPLIANCE

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***

May 4, 2005

Board of Directors
AFFTON FIRE PROTECTION DISTRICT

We have audited the financial statements of the governmental activities and each major fund of **AFFTON FIRE PROTECTION DISTRICT** (the District) as of and for the year ended December 31, 2004 and have issued our report thereon dated May 4, 2005. 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.

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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 provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated May 4, 2005.

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

Hochschild Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS