

EUREKA FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
AND SUPPLEMENTARY INFORMATION
With report of independent auditors

Year Ended December 31, 2011

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
Year Ended December 31, 2011
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INDEPENDENT AUDITORS REPORT

To the Board of Directors
Eureka Fire Protection District
St. Louis and Jefferson Counties, Missouri

We have audited the accompanying financial statements of the governmental activities, each fund and the aggregate remaining fund information of the Eureka Fire Protection District (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each fund and the aggregate remaining fund information as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 39 through 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

McCoy & Associates, LLC

June 26, 2012

EUREKA FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Eureka Fire Protection District's Financial Report presents management's discussion and analysis of the District's financial activity during the fiscal year ended December 31, 2011. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements and the notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the District. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Government-wide statements

The government-wide statement reports information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Fiduciary funds - The District is the trustee, or fiduciary, for the Retirement Plan for Employees of the Eureka Fire Protection District. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

- Proprietary funds - The District uses an internal service fund (a kind of proprietary fund) to report activities of the District health plan.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The District operates 5 separate tax supported funds general revenue, ambulance service, pension, dispatch, and bond retirement. The total tax rate on the 5 funds for 2011 was \$1.1977/\$100 assessed value. These rates represent an increase of 3.7% or \$0.0434/ \$100 assessed value from the 2010 rates. The maximum allowable rate for 2011 would have been 1.208. The Board of Directors chose the lower rate to keep projected tax revenues at roughly the same level as those for the prior year.
- The District has seen a steady decline in assessed value since 2008, this even with some new construction the chart below reflects the changes;

Trending of Assessed values

2009	\$394,229,259		
2010	\$379,121,434	% change	3.84%
2011	\$380,496,366	% change	(0.37%)
2012	\$365,394,207	%change	(4.00%)

Estimated Increase from new Construction

2008	\$ 8,934,120
2009	\$ 6,860,270
2010	\$ 4,763,550
2011	\$ 3,810,450

- The District is working towards implementing a complete accounting guide for the District.
 - The District has implemented a procedure that the administrative staff review and update the Standard Operating Guidelines SOG's. These are reviewed by the administrative staff and updated as necessary.
 - The Districts Policy manual is currently being updated. The process includes the collaboration of the Chief and Deputy Chief of Support Service working to provide review and updates to proposed policy changes, seeking input from appropriate SME's (subject matter experts) when needed. Then proposed changes are submitted to the Board of Directors for review and approval. Ultimately, the process will allow that Policy is reviewed annually.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The District continues to try and improve accounting procedures and internal controls by providing that multiple individuals have process in key functions and that oversight is given to financial processes. In addition effort is being given for more transparency by making available financial statements etc. via our website.
- The District operates 3 internal service funds, medical claims, and capital improvement. In addition the District administers the funds for Explorer Post 2498, Eureka Equine SAR and the Haas Scholarship Fund. The Explorer Post and Equine SAR are funded mainly by fund raisers, done by those groups and donations. The Haas scholarship is privately funded but administered by the District.
- The Fire District provides a Defined Benefit Pension Plan for its employees. This plan is managed for the District by the Principal Financial Group. The District Board of Directors is the trustees of the plan. Currently the district is in the process of providing names to the Board of Directors to complete a new requirement in State law that requires a Pension Board to be in place of the 3 Board of Directors and 2 plan participants. . The Pension Board does meet and conducts training quarterly. Currently, the Board is investigating options to ensure the long term financial health of the system. In addition there is a Joint Labor Management Benefits Committee which monitors the plan and works with the Plan Administrator to make recommendations on the plan and its status.
- The District responded to 2,150 incidents in 2011 this as compared to 2,027 in 2010. This is an increase of 6%. A 3 year comparison is below:

	<u>2009</u>	<u>% of total</u>	<u>2010</u>	<u>% of total</u>	<u>2011</u>	<u>% of total</u>
Emergency Medical	1484	78%	1558	78%	1631	76%
Fire	<u>424</u>	22%	<u>469</u>	22%	<u>519</u>	24%
TOTAL	1908		2027		2150	

In 2011 the Fire District estimated;

Value of property lost to fire	\$ 114,550
Value of property saved in those fires	\$3,684,450

In 2011 issued

Commercial construction permits	15
Residential construction permits	120
Miscellaneous permits	<u>44</u>
Total Permits	179
Fire Prevention Inspections conducted	1392
Community Services Events	236
People Contacted	12,221
CPR Classes Conducted	31
Class participants	200

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Car Seat Safety Checks	47
Neighborhood Paramedic Visits	51
 Total Community Services hours	 4011

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets
As of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Current Assets (net of inter-fund receivables)	\$ 5,491,529	\$ 6,259,991
Capital assets, net of depreciation	<u>4,149,356</u>	<u>3,706,381</u>
Total Assets	<u>\$ 9,640,885</u>	<u>\$ 9,966,372</u>
 Current Liabilities (net of inter-fund payables)	 \$ 595,713	 \$ 583,562
Non-current Liabilities	<u>4,096,480</u>	<u>4,168,399</u>
Total Liabilities	<u>\$ 4,692,193</u>	<u>\$ 4,751,961</u>
 Net Assets		
Invested in capital assets, net of related debt	\$ 595,598	(\$ 274,523)
Unrestricted	1,173,543	1,926,572
Restricted	<u>3,179,551</u>	<u>3,562,362</u>
Total Net Assets	<u>\$ 4,948,692</u>	<u>\$ 5,214,411</u>
 Total Liabilities and Net Assets	 <u>\$ 9,630,827</u>	 <u>\$ 9,966,372</u>

As of December 31, 2011, the District's net assets were \$4.9 million, of which 84% represented investment in capital assets. The District's current assets totaled \$5.5 million, of which 63% represented cash and cash equivalents and 27% represented property taxes receivable. Total liabilities were \$4.7 million, of which 15% was current and 87% was non-current.

Total operating expenditures for 2011 were \$5.3 million. General operations represented 39% of the total operating expenditures, while Ambulance expenditures were 33%. Dispatching, Debt service and capital project expenses made up the remaining 28%.

Statement of Revenue, Expenditures, and Changes in Fund Balance
For Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue		
Tax revenue	\$ 4,062,612	\$ 3,977,591

**EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Non-Resident ambulance billings	334,266	371,605
Inspection and permit revenue	63,276	59,157
Income from investments	19,649	52,987
Other	<u>94,196</u>	<u>168,076</u>
Total Revenues	4,573,999	4,629,416
Personal services	2,415,162	2,391,635
Employee benefits	343,370	319,431
Supplies	80,094	83,244
Heat, light and power	112,020	87,793
Capital outlay	782,885	971,821
Dispatching services	102,996	94,426
Building and equipment	289,969	305,281
Miscellaneous	43,199	50,878
Administration	141,898	141,711
Payments in lieu of insurance premiums	426,229	385,201
Debt service	<u>574,536</u>	<u>556,718</u>
Total Expenditures	<u>5,312,358</u>	<u>5,388,139</u>
Other Financing Sources	<u>-</u>	<u>-</u>
Excess Revenue and Other Financing Sources Over (Under) Expenditures	(738,359)	(758,723)
Fund Balances, Beginning of the Year	<u>5,625,250</u>	<u>6,383,973</u>
Fund Balances, End of Year	<u>\$ 4,886,891</u>	<u>\$ 5,625,250</u>

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

General Fund

General Fund revenues exceeded expenditures by \$5,277. The largest expenditure in the general fund related to salaries and benefits, which accounted for 61% (\$1.3 million) of the total general fund expenditures.

Special Revenue Funds

Special revenue funds consist of two funds – ambulance and dispatching services. Ambulance and EMS revenue exceeded expenditures by \$22,305. Over 85% of ambulance expenditures are related to salaries. The Ambulance fund balance increased by \$27,186 and included an operating transfer of \$340,593 from the general fund.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Budget Analysis

The overall budget and actual expense amounts were reasonably close:

	<u>Budget</u>	<u>Actual</u>
General Revenue	\$2,613,462	\$2,564,083
Ambulance	1,809,638	1,775,595
Pension	330,004	133,593
Communications	98,026	102,966
Bond Retirement	682,603	574,536

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2011 the District received and placed in service the Fire Engine that was ordered in 2010 and a new brush unit. Both units respond out of Station 2 located at 1815 W. Fifth St. in Eureka. The 1997 E-One pumper (reserve unit) was sold to the Steelville FPD. The 1999 Ford F-250 that had been the Station 2 brush unit was reassigned as the Inspectors vehicle with the Technical Services Division. The previous inspectors unit, the Ford Ranger was sold by sealed bid. In addition a new staff vehicle was purchased from the State Bid and assigned to the Assistant Chief; this unit is a Chevrolet Tahoe. The Suburban that was assigned to the Assistant Chief was reassigned to technical Services Division and the Chevrolet Mini-van was sold by sealed bid.

These improvements are consistent with the District Capital Improvement schedule as approved by the Board of Directors

	<u>2011</u>	<u>2010</u>
Land	\$ 177,440	\$ 177,440
Buildings and improvements	4,078,331	4,018,193
Ambulances and fire apparatus	2,370,431	1,858,175
Equipment and furnishings	<u>1,976,360</u>	<u>1,848,316</u>
Total	\$ 8,602,562	\$ 7,902,124
Less accumulated depreciation	<u>4,453,206</u>	<u>4,195,743</u>
Net capital assets	<u>\$ 4,149,356</u>	<u>\$ 3,706,381</u>

Personnel Issues

In 2011 The Eureka Fire Protection had 2 members, Captains Robert Kilbreath and Steve Pieper, retire from full-time employment. The District conducted an evaluation Process and Brad Dickenson and Brian Dempsey were promoted (Jan 2011) to the rank of Lieutenant to the vacant officer positions.

**EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Further in 2011 The District hired Matt Torno, Brad Trower and Joe Sanchez as fire fighter/ paramedics. The following personnel left employment in 2011 Matt Gough and John Godfrey.

Long-Term Debt

Maturities of bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 440,000	\$ 135,900	\$ 575,900	2012
365,000	123,331	488,331	2013
275,000	113,101	388,101	2014
115,000	106,919	221,919	2015
150,000	102,519	252,519	2016
150,000	97,363	247,363	2017
130,000	92,463	222,463	2018
150,000	87,469	237,469	2019
<u>1,755,000</u>	<u>472,075</u>	<u>2,227,075</u>	Thereafter
<u>\$ 3,530,000</u>	<u>\$1,331,140</u>	<u>\$4,861,140</u>	Total

During the year ended December 31, 2011, the following changes occurred in liabilities reported in Long-term Debt:

	<u>January 1,</u> <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2011</u>
2005 Series G.O Bonds	770,000	\$ -	\$ 225,000	\$ 545,000
2009 Series G.O Bonds	3,185,000	-	200,000	2,985,000
Retiree medical benefits	-	105,687	-	105,687
Net pension obligation	<u>638,399</u>	<u>262,394</u>	<u>-</u>	<u>900,793</u>
	<u>\$ 4,593,399</u>	<u>\$ 368,081</u>	<u>\$ 425,000</u>	<u>\$ 4,536,480</u>

ECONOMIC FACTORS AND NEXT YEARS BUDGETS

The District covers 82 Sq. Miles in SW St. Louis and NW Jefferson Counties and services a resident population of approximately 25,000 people. But, with major attractions and an Interstate Highway the population can easily swell to 80,000 people at any time. The Eureka Fire Protection District has by no means been immune to the economic recession that has affected the United States and the world. We are currently seeing the existing retail vacancy rate rise to more than 15%. There are no large construction projects planned or rumored currently in the fire district.

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 contact the Chief of the District.

Eureka Fire Protection District
Statement of Net Assets
December 31, 2011

	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 3,469,675
Taxes receivable, net of allowance	2,021,854
Due from other funds	-
Capital assets:	
Land	177,440
Buildings	4,078,331
Equipment and other	4,346,791
Less accumulated depreciation	(4,453,206)
Total capital assets, net of depreciation	4,149,356
Total Assets	\$ 9,640,885
LIABILITIES:	
Accounts payable	8,746
Accrued wages and payroll taxes	121,175
Due to other funds	2,034
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	440,000
Accrued interest	23,758
Portion due or payable after one year:	
Bonds	3,090,000
Retiree medical benefits liability	105,687
Net pension obligation	900,793
Total Liabilities	4,692,193
NET ASSETS	
Invested in capital assets, net of related debt	595,598
Restricted for:	
Debt service	597,652
Capital projects	1,409,037
Ambulance and dispatching operations	1,172,862
Unrestricted	1,173,543
Total net assets	\$ 4,948,692

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

Eureka Fire Protection District
Statement of Activities
December 31, 2011

	Governmental Activities
FUNCTIONS/PROGRAMS	
Fire prevention and suppression	\$ 2,432,489
EMS operations	2,095,215
Dispatching service	102,996
Interest expense	147,210
Depreciation expense not allocated to programs	32,409
Loss on disposal of assets	-
Total program expenses	4,810,319
Program revenue:	
Charges for permit fees	63,276
Charges for ambulance calls	334,266
Total program revenue	397,542
Net program Expense	4,412,777
	-
General revenue:	
Taxes levied and contract protection	4,048,560
Gain on disposal of assets	28,598
Income from investments	19,649
Miscellaneous	50,251
Total general revenue	4,147,058
Decrease in Net Assets	(265,719)
Net assets-Beginning of year	5,214,411
Net assets-End of year	\$ 4,948,692

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

Eureka Fire Protection District
Balance Sheet
December 31, 2011

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Dispatch Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 1,225,306	\$ 410,900	\$ 361,787	\$ 1,403,341	\$ 58,283	\$ 3,459,617
Property taxes receivable	1,211,762	487,952	273,618	-	48,522	2,021,854
Due from other Funds	6,475	245,598	-	5,696	446	258,215
Total Assets	<u>\$ 2,443,543</u>	<u>\$ 1,144,450</u>	<u>\$ 635,405</u>	<u>\$ 1,409,037</u>	<u>\$ 107,251</u>	<u>\$ 5,739,686</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll taxes	42,336	78,839	-	-	-	121,175
Due to other funds	244,942	-	13,995	-	-	258,937
Deferred revenue	283,295	114,077	63,968	-	11,344	472,684
Total Liabilities	<u>570,573</u>	<u>192,916</u>	<u>77,963</u>	<u>-</u>	<u>11,344</u>	<u>852,796</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	951,534	557,442	1,409,037	95,907	3,013,920
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	1,872,970	-	-	-	-	1,872,970
Total Fund Balance	<u>1,872,970</u>	<u>951,534</u>	<u>557,442</u>	<u>1,409,037</u>	<u>95,907</u>	<u>4,886,890</u>
Total liabilities and fund balances	<u>\$ 2,443,543</u>	<u>\$ 1,144,450</u>	<u>\$ 635,405</u>	<u>\$ 1,409,037</u>	<u>\$ 107,251</u>	

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 8,602,562 and the accumulated depreciation is \$ 4,453,206.	4,149,356
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.	472,684
To recognize interest accrual to year-end on general obligation bonds	(23,758)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
General obligation bonds	(3,530,000)
Retiree medical benefits actuarial accrued liability	(105,687)
Net pension obligation	<u>(900,793)</u>
	(4,536,480)
Net assets-governmental activities	<u>\$ 4,948,692</u>

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

Eureka Fire Protection District
Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2011

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Dispatch Fund	Total
REVENUE						
Property taxes	\$ 2,432,333	\$ 981,373	\$ 551,358	\$ -	\$ 97,548	\$ 4,062,612
Contract protection	10,638	4,283	-	-	426	15,347
Ambulance billings	-	334,266	-	-	-	334,266
Inspection and permit fees	63,276	-	-	-	-	63,276
Income from investments	6,823	1,017	3,333	8,335	141	19,649
Miscellaneous	49,788	463	-	28,598	-	78,849
Total Revenue	<u>2,562,858</u>	<u>1,321,402</u>	<u>554,691</u>	<u>36,933</u>	<u>98,115</u>	<u>4,573,999</u>
EXPENDITURES						
Personal services	1,096,571	1,318,591	-	-	-	2,415,162
Employee benefits	168,407	174,963	-	-	-	343,370
Supplies	52,766	27,328	-	-	-	80,094
Heat, light and power	112,020	-	-	-	-	112,020
Capital outlay	-	-	-	782,885	-	782,885
Dispatching service	-	-	-	-	102,996	102,996
Building and mobile equipment	266,660	23,165	-	144	-	289,969
Miscellaneous	31,592	11,607	-	-	-	43,199
Administration	141,898	-	-	-	-	141,898
Payments in lieu of insurance premiums	216,717	209,512	-	-	-	426,229
Debt service:						
Principal retirement	-	-	425,000	-	-	425,000
Interest and other charges	-	-	149,536	-	-	149,536
Total expenditures	<u>2,086,631</u>	<u>1,765,166</u>	<u>574,536</u>	<u>783,029</u>	<u>102,996</u>	<u>5,312,358</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	476,227	(443,764)	(19,845)	(746,096)	(4,881)	(738,359)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Operating transfers in (out)	(470,950)	470,950	-	-	-	-
Total Other Financing Sources (Uses)	<u>(470,950)</u>	<u>470,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	5,277	27,186	(19,845)	(746,096)	(4,881)	(738,359)
FUND BALANCES AT BEGINNING OF YEAR	1,867,693	924,348	577,287	2,155,133	100,788	5,625,249
FUND BALANCES AT END OF YEAR	<u>\$ 1,872,970</u>	<u>\$ 951,534</u>	<u>\$ 557,442</u>	<u>\$ 1,409,037</u>	<u>\$ 95,907</u>	<u>\$ 4,886,890</u>

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

Eureka Fire Protection District
 Reconciliation of the Governmental Funds Statement of
 to the Statement of Activities

Total net change in fund balances - governmental funds	\$	(738,359)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$782,885) exceeded depreciation expense (\$339,909).		442,976
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		425,000
Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenue and are deferred in the governmental funds. Deferred tax revenue increased (decreased) by this amount this year.		(29,399)
Interest in long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest (increased) decreased by this amount this year.		2,144
Retiree medical benefits are measured by the amounts earned during the year in the statement of activities. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(105,687)
Pension benefits are measured by the amounts earned during the year in the statement of activities. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(262,394)
Change in net assets of governmental activities	<u>\$</u>	<u>(265,719)</u>

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

Eureka Fire Protection District
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Internal Service Funds
ASSETS	
Cash and Cash Equivalents	\$ 10,058
Due from other funds	-
Total Assets	10,058
 LIABILITIES	
Claims Payable	8,745
Due to other funds	1,313
Total Liabilities	10,058
 NET ASSETS	
Unrestricted - Designated for future catastrophe losses	\$ -

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

Eureka Fire Protection District
Statement of Revenue, Expenditures, and
Changes in Fund Net Assets - Proprietary Funds
For the Year Ended December 31, 2011

	Internal Service Funds
	Funds
OPERATING REVENUE	
Charges for services	\$ 448,793
Total operating revenue	448,793
OPERATING EXPENDITURES	
Insurance claims	317,430
Stop loss insurance	131,440
Administrative fees and miscellaneous	0
Total operating expenditures	448,870
NONOPERATING REVENUE	
Investment earnings	77
Total nonoperating revenue	77
NET INCOME	-
NET ASSETS AT BEGINNING OF YEAR	-
NET ASSETS AT END OF YEAR	\$ -

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

Eureka Fire Protection District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 420,794
Benefit and insurance payments	(448,870)
Administrative fees and miscellaneous	-
	<u>(28,076)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Subsidies	<u>22,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>78</u>
Net increase in cash and cash equivalents	(5,433)
Cash and equivalents at beginning of year	15,491
Cash and equivalents at end of year	<u><u>\$ 10,058</u></u>

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

Eureka Fire Protection District
Statement of Fiduciary Net Assets
December 31, 2011

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 169,659
Due from other funds	1,472
Property taxes receivable	162,894
Investments, at fair value	7,020,853
Total Assets	7,354,878
LIABILITIES	
Accounts Payable	730
Due to other funds	-
Deferred revenue	38,083
Total Liabilities	38,813
NET ASSETS	
Held in trust for benefits and employee welfare	\$ 7,316,065

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

Eureka Fire Protection District
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2011

	Pension Trust Fund
ADDITIONS	
Employer contribution - property taxes	\$ 327,489
Contract fee income	1,430
Investment earnings	28,921
Total Additions	357,840
DEDUCTIONS	
Benefit payments	71,338
Disability Payments	-
Actuarial and consulting fees	19,492
Insurance	35,604
Plan administrative fees and miscellaneous	7,159
Total Deductions	133,593
Change in net assets	224,247
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
BEGINNING OF YEAR	7,091,818
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR	\$ 7,316,065

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

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

The District reports the following governmental funds:

General Fund

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Special Revenue-Ambulance Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Special Revenue-Dispatching Fund

This fund is a special revenue fund that is used to account for the proceeds of a special tax levy which is restricted for the procurement of dispatching services for fire and ambulance calls.

The District reports the following fund types:

Internal Service Fund

These funds account for health, dental and vision insurance coverages provided to District departments on a cost-reimbursement basis.

Pension Trust Fund

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

Measurement Focus, Basis of Accounting

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, property taxes are recognized in the fiscal year for which the taxes are levied.

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

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

Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the internal service fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are generally stated at market value.

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

Budgets and Budgetary Accounting

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

1. Formal budgetary integration is employed as a management control device during the year for all governmental funds. The budgets are adopted on a cash basis of accounting.
2. The Board of Directors approves the tax rate by ordinance. Once this rate has been established, the Board approves the total budget appropriation and amendments.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

3. Unused appropriations lapse at the end of the year.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by December 31. Property taxes not collected by January 1 of the subsequent year are delinquent. The county collectors collect the property tax and remit it to the District. The counties' fee for this service is 1.5% of the taxes collected.

Property taxes levied for 2011 are recorded as receivable, net of estimated uncollectibles, as are prior year levies which are reevaluated annually. Taxes receivable represent estimated amounts to be collected by the County Collector of Revenue for 2011 and prior tax years, to be remitted to the District subsequent to December 31. The portion of taxes not collected and remitted to the District within 60 days of year-end is recorded as deferred tax revenue.

Capital Assets

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

The estimated useful lives and capitalization limits are as follows:

	<u>Estimated Lives</u>	<u>Capitalization Limit</u>
Buildings & improvements	40 years	\$5,000
Ambulances	5 years	\$5,000
Fire apparatus	10 years	\$5,000
Furniture & fixtures	10 years	\$5,000
Communications & computers	7 years	\$5,000
Firefighting & medical equipment	7 years	\$5,000
Staff vehicles	5 years	\$5,000
Boats	7 years	\$5,000

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Deferred Property Tax Revenue

The District reports deferred property tax revenue on its combined balance sheets. Deferred revenues arise when 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, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheets and revenue is recognized.

Compensated Absences

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

The vacation period is January 1, through December 31, with no carry over into subsequent years. Duty staff (those full-time employees who regularly work a twenty-four hour rotating shift schedule) accrue sick pay at one working day per month, up to a maximum of thirty workdays. Administrative personnel working eight-hour days shall accrue two workdays per month, up to a maximum of sixty-five workdays. On December 1 of each year, the unused sick leave that is over the maximum number of days as set forth above shall be paid on a one hour for every four-hour basis.

Estimates

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

NOTE B – DEPOSIT AND INVESTMENT BALANCES

Deposits

Following is a reconciliation of the District’s deposit and investment balances as of December 31, 2011:

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash	\$ 3,469,675	\$ 169,659	\$ 3,639,334
Investments	-	7,020,853	7,020,853
Total	\$3,469,675	\$ 7,190,512	\$10,660,187

At year-end, the carrying amount of the District's cash deposits was \$ 3,639,334 and the bank balance was \$ 3,669,502. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions. Such collateral was held by the pledging financial institutions agents in the District's name.

State statutes require that cash deposits must be insured or collateral must be pledged by the custodian bank in an amount sufficient to cover the amounts on deposit. The collateral is required to be held in safekeeping by the trust department of a financial institution other than the pledging bank.

Investments

At December 31, 2011, investments included the following:

	<u>Market Value</u>
Fiduciary funds:	
Mutual funds-Unallocated Separate Accounts	\$ 7,020,853

NOTE C - CAPITAL ASSETS

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

	January 1, 2011	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$ 177,440	\$ -	\$ -	\$ 177,440
<i>Capital assets being depreciated:</i>				
Buildings & improvements	4,018,193	60,138	-	4,078,331
Equipment & other	3,706,491	722,747	(82,447)	4,346,791
Total capital assets being depreciated:	7,724,684	782,885	(82,447)	8,425,122
Less accumulated depreciation for:				
Buildings & improvements	(1,347,835)	(101,221)	-	(1,449,056)
Equipment & other	(2,847,908)	(238,688)	82,447	(3,004,149)

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Total accumulated depreciation	(4,195,743)	(339,909)	82,447	(4,453,205)
Total capital assets being depreciated, net:	3,528,941	442,976	-	3,971,917
Totals	<u>\$3,706,381</u>	<u>\$ 442,976</u>	<u>\$ -</u>	<u>\$4,149,357</u>

NOTE D – INTERFUND TRANSACTIONS

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the concurrent portion of interfund loans).

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

The composition of interfund balances as of December 31, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Ambulance Fund	General Fund	<u>\$ 244,942</u>
Capital Projects Fund	General Fund	<u>\$ 5,696</u>
General Fund	Medical Insurance Fund	<u>\$ 656</u>
Ambulance Fund	Medical Insurance Fund	<u>\$ 656</u>
Dispatch Fund	General Fund	<u>\$ 446</u>
General Fund	Debt Service Fund	<u>\$ 13,995</u>
Pension Fund	General Fund	<u>\$ 1,472</u>

NOTE E – RETIREMENT PLAN

Defined Benefit Plan

Plan Description

The Eureka Fire Protection District of St. Louis County Pension Plan (the Plan) is a single-employer defined benefit pension plan administered by District management. The plan provides retirement and death benefits to plan members and beneficiaries. The

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

District has delegated the authority to manage plan assets to The Principal Mutual Life Insurance Company.

Plan Membership

The Plan's membership consisted of the following as of January 1, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Active employees	36	37
Retirees and beneficiaries currently receiving benefits	5	4
Terminated employees entitled to benefits not yet received	<u>12</u>	<u>12</u>
Total	<u>53</u>	<u>53</u>

Benefit Provisions

The Plan covers each employee who will have completed five years of credited service by age 55. Eligibility to participate commences on date of employment. Normal retirement begins at age 55 with a monthly benefit equal to 2.5% of average monthly pay multiplied by years of service, not to exceed 30 years. Early retirement provisions require 10 years of service at 50 years of age.

Accounting Policies

Contributions to the Plan are funded with the proceeds of a special pension tax levy. Plan members do not contribute to the plan. The authority for the provision of pension benefits and the levy of taxes to fund the pension plan is established by the Revised Statutes of Missouri, Section 321.600 RSMo.

Pension expenditures are recognized when paid.

Valuation of Investments

The Plan's investments include unallocated and allocated separate accounts valued at fair value.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for 2011 were as follows:

Annual required contribution	\$ 557,436
Interest on net pension obligation	47,880
Adjustment to annual required contribution	<u>(62,622)</u>
Annual pension cost	542,694
Contributions made	<u>(280,300)</u>
Increase (decrease) in net pension obligation	262,394

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Net pension obligation beginning of year	<u>638,399</u>
Net pension obligation end of year	<u>\$ 900,793</u>

The annual required contribution was determined as part of the January 1, 2012 actuarial valuation using the Entry Age Normal method. The actuarial assumptions included (a) 7.00% investment rate of return and (b) projected salary increases ranging from 4.18% to 7.40% per year. The assumptions did not include postretirement benefit increases.

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).

Schedule of Funding Progress

<u>Valuation date</u>	<u>(1)</u> <u>Actuarial Value of Assets</u>	<u>(2)</u> <u>Actuarial Accrued Liability (AAL)</u>	<u>(3)</u> <u>Unfunded AAL (UAAL)</u> <u>(2)-(1)</u>	<u>(4)</u> <u>Funded Ratio</u> <u>(1)/(2)</u>	<u>(5)</u> <u>Annual covered payroll</u>	<u>(6)</u> <u>UAAL as a % of Payroll</u> <u>[(2)-(1)]/(5)</u>
<u>January 1:</u>						
2007	5,697,363	5,437,757	(259,606)	105%	1,661,190	(15%)
2008	6,473,657	6,106,755	(366,902)	106%	1,880,432	(20%)
2009	5,482,584	7,039,378	1,556,794	78%	2,103,888	74%
2010	6,637,578	8,009,414	1,371,836	83%	2,175,185	63%
2011	6,850,259	8,763,344	1,913,085	78%	2,292,551	83%
2012	7,034,167	9,145,452	2,111,285	77%	2,116,979	100%

Schedule of Employer Contributions

<u>Year Ended December 31:</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2007	257,667	291,398	113%
2008	279,086	269,000	96%
2009	507,166	265,000	52%
2010	496,422	278,646	56%
2011	557,436	280,300	50%
2012	563,518		

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. The deferred

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

The District has established a trust to hold all amounts in the plan to ensure that the assets in the plan were protected from District creditors and that they are used exclusively to pay benefits to plan participants and/or beneficiaries.

NOTE F – POSTRETIREMENT HEALTHCARE PLAN

Plan Description. Eureka Fire Protection District Retiree Health Benefits (ERHB) is a single-employer defined benefit healthcare plan administered by the Eureka Fire Protection District. ERHB provides medical, dental and vision benefits to eligible retirees and their families.

Funding Policy. The plan operates on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The District’s annual other postemployment benefit (OPEB) cost (expense) based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover annual cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to ERHB:

Annual required contribution/cost	\$ 109,394
Contributions made	<u>3,707</u>
Increase (decrease) in net pension obligation	105,687
Net pension obligation beginning of year	<u>-</u>
Net pension obligation end of year	<u>\$ 105,687</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 was as follows:

<u>Year Ended</u> <u>December 31:</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2010	109,394	3.4%	\$105,687

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$ 815,954, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 815,954.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

The covered payroll (annual payroll of active employees covered by the plan) was \$2,339,103, and the ratio of the UAAL to the covered payroll was 34.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010, actuarial valuation, age-weighted medical costs were used, based on 1994 Average Annual Expenditures per Consumer Unit for Health Care. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and an annual initial healthcare cost trend rate of 9.0%, graded down 1.0% each year until an ultimate rate of 4.0% is reached for the year 2015 and beyond. The actuarial assumptions assume a retirement age of 57, 20 years of service, 75% married when retired. Life expectancies were based on mortality tables from the 1994 Group Annuity Reserving Table Female ages set back 6 years.

Schedule of Funding Progress

<u>Valuation date</u>	<u>(1)</u> <u>Actuarial Value of Assets</u>	<u>(2)</u> <u>Actuarial Accrued Liability (AAL)</u>	<u>(3)</u> <u>Unfunded AAL (UAAL)</u> <u>(2)-(1)</u>	<u>(4)</u> <u>Funded Ratio</u> <u>(1)/(2)</u>	<u>(5)</u> <u>Annual covered payroll</u>	<u>(6)</u> <u>UAAL as a % of Payroll</u> <u>[(2)-(1)]/(5)</u>
January 1:						
2010	0	815,954	815,954	0.0%	2,339,103	34.9%

NOTE G - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2011	\$ <u>365,794,157</u>
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EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Debt limit - 5% of assessed value	\$ 18,289,708
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	3,530,000
Less amount available in debt service fund	<u>(557,442)</u>
	<u>2,972,558</u>
Legal Debt Margin	<u>\$ 15,317,150</u>

NOTE H - CONTRACTUAL AGREEMENTS

The District entered into an agreement with South County Fire Alarm Association (the Association) for dispatching services. The agreement renews at the Association's discretion from year to year. Either party can terminate the agreement at any time upon 90 days written notice to the other party. For 2011, the District paid \$ 102,966 for dispatching services. The agreement provides that the fee shall be adjusted each calendar year based on the Association's budget and the District's assessed valuation.

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other districts to form a group of self-insurers for workers' compensation, a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation claims. The District pays an annual premium to the pool for its insurance coverage. The agreement for formation of the Missouri Fire and Ambulance Districts' Insurance Trust (MOFAD) provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$2,000,000 for each insured event. The District continues to carry commercial insurance for other risks of loss. The pooling agreement allows for the pool to use 5% of assessments to make the pool self-sustaining for supplemental aggregate reinsurance coverage. This coverage will be funded until the cumulative balance reaches \$2,000,000. MOFAD has published its own financial report for the year ended December 31, 2011 that can be obtained from MOFAD.

The District self-insures for employee medical claims up to predetermined maximums. Under the program, the internal service fund provides coverage for 100% of routine services (e.g. Dr. Office visits, physical exams, etc.). In addition, the internal service fund provides coverage for up to an annual maximum of \$30,000 per occurrence. The District purchases commercial insurance for claims in excess of coverage provided by the internal service fund. The claims liability, reflected in the internal service fund as accrued expenses in the amount of \$8,745 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE J – ADVANCE DEBT REFUNDINGS

On August 28, 2007, the District used \$455,885 of debt service fund monies to purchase U.S. government securities to advance refund \$ 440,000 of outstanding 2005 general obligation bonds with an average interest rate of 3.625%. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments and redeem \$440,000 of the 2005 bonds having maturities on and after March 1, 2015, inclusive. As a result, \$ 440,000 of the 2005 general obligation bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

On July 29, 2008, the District used \$252,598 of debt service fund monies to purchase U.S. government securities to advance refund \$250,000 of outstanding 2005 general obligation bonds with an average interest rate of 3.594%. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments and redeem \$250,000 of the 2005 bonds having maturities on and after March 1, 2014, inclusive. As a result, \$250,000 of the 2005 general obligation bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

NOTE K – LONG-TERM DEBT

In August 2005, proceeds of \$1,836,851 were received from the sale of general obligation refunding bonds. The interest rate on these bonds ranges from 3% to 3.625%.

Maturities of the bonds, after the 2007 and 2008 advance refundings (See NOTE J) are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 230,000	\$ 15,050	\$ 245,050	2012
240,000	6,825	246,825	2013
<u>75,000</u>	<u>1,313</u>	<u>76,313</u>	2014
<u>\$ 545,000</u>	<u>\$ 23,188</u>	<u>\$ 568,188</u>	

In March 2009, proceeds of \$3,616,528 were received from the sale of general obligation capital improvement bonds. The interest rate on these bonds ranges from 2.5% to 5%.

Maturities of the bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 210,000	\$ 120,850	\$ 330,850	2012
125,000	116,506	241,506	2013
200,000	111,788	311,788	2014
115,000	106,919	221,919	2015
150,000	102,519	252,519	2016

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

150,000	97,363	247,363	2017
130,000	92,463	222,463	2018
150,000	87,469	237,469	2019
<u>1,755,000</u>	<u>472,075</u>	<u>2,227,075</u>	Thereafter
<u>\$ 2,985,000</u>	<u>\$1,307,952</u>	<u>\$4,292,952</u>	Total

During the year ended December 31, 2011, the following changes occurred in liabilities reported as Long-term Debt:

	<u>January 1,</u> <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2011</u>
2005 Series G.O Bonds	\$ 770,000	\$ -	\$ 225,000	\$ 545,000
2009 Series G.O Bonds	3,185,000	-	200,000	2,985,000
Retiree medical benefits	-	105,687	-	105,687
Net pension obligation	<u>638,399</u>	<u>262,394</u>	<u>-</u>	<u>900,793</u>
	<u>\$ 4,593,399</u>	<u>\$ 368,081</u>	<u>\$ 425,000</u>	<u>\$ 4,536,480</u>

NOTE L – NET ASSETS/FUND BALANCES

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

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets*-This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by laws through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the District, not restricted for any project or other purpose.

In the fund financial statements, the District reports fund balances for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of this classification precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

From time to time, the Board may commit fund balances by a majority vote in a scheduled meeting. The Board’s commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board.

The Board may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

When The District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to unrestricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged to committed, then assigned, and lastly unassigned balances.

As of December 31, 2011, restricted fund balance is as follows:

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

NOTE M – INTERFUND TRANSFERS

Operating transfers in and out that occurred during 2011 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 470,950
Ambulance	470,950	-

NOTE N – PRIOR-PERIOD ADJUSTMENT

Net assets were decreased, and long term liabilities increased, by \$900,793 from amounts previously reported to record the net pension obligation as of December 31, 2010.

**Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 2,442,241	\$ 2,442,241	\$ 2,443,241	\$ 1,000
Contract protection	9,500	9,500	10,638	1,138
Inspection and Permit Fees	99,500	99,500	63,276	(36,224)
Income from Investments	35,000	35,000	6,823	(28,177)
Miscellaneous	10,000	10,000	47,288	37,288
Proceeds from sale of assets	15,000	15,000	2,500	(12,500)
Total Revenue	<u>2,611,241</u>	<u>2,611,241</u>	<u>2,573,766</u>	<u>(37,475)</u>
EXPENDITURES				
Personal services	1,162,500	1,162,500	1,101,785	(60,715)
Employee benefits	178,500	178,500	169,695	(8,805)
Supplies	85,800	85,800	52,766	(33,034)
Contractual services	-	-	-	-
Heat, light and power	76,910	76,910	112,020	35,110
Capital outlay	50,000	50,000	40,963	(9,037)
Building and mobile equipment	230,000	230,000	225,697	(4,303)
Miscellaneous	93,147	93,147	31,592	(61,555)
Administration	123,800	123,800	141,898	18,098
Payment in lieu of insurance premiums	190,000	190,000	216,717	26,717
Total expenditures	<u>2,190,657</u>	<u>2,190,657</u>	<u>2,093,133</u>	<u>(97,524)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	420,584	420,584	480,633	60,049
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(420,584)	(420,584)	(470,950)	(50,366)
Total Other Financing Sources (Uses)	<u>(420,584)</u>	<u>(420,584)</u>	<u>(470,950)</u>	<u>(50,366)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>9,683</u>	<u>9,683</u>

**Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - Ambulance Fund
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 969,749	\$ 969,749	\$ 985,715	\$ 15,966
Contract protection	3,900	3,900	4,283	383
Ambulance charges	400,000	400,000	334,266	(65,734)
Inspection and Permit Fees	-	-	-	-
Income from Investments	9,000	9,000	1,017	(7,983)
Miscellaneous	562	562	463	(99)
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>1,383,211</u>	<u>1,383,211</u>	<u>1,325,744</u>	<u>(57,467)</u>
EXPENDITURES				
Personal services	1,331,500	1,331,500	1,309,020	(22,480)
Employee benefits	177,000	177,000	174,963	(2,037)
Supplies	38,500	38,500	27,328	(11,172)
Contractual services	-	-	-	-
Heat, light and power	-	-	-	-
Capital outlay	8,000	8,000	888	(7,112)
Building and mobile equipment	37,000	37,000	22,277	(14,723)
Miscellaneous	19,000	19,000	11,607	(7,393)
Administration	-	-	-	-
Payment in lieu of insurance premiums	192,795	192,795	209,512	16,717
Total expenditures	<u>1,803,795</u>	<u>1,803,795</u>	<u>1,755,595</u>	<u>(48,200)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(420,584)	(420,584)	(429,851)	(9,267)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	420,584	420,584	470,950	50,366
Total Other Financing Sources (Uses)	<u>420,584</u>	<u>420,584</u>	<u>470,950</u>	<u>50,366</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
	<u>-</u>	<u>-</u>	<u>41,099</u>	<u>41,099</u>

Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI

Explanation of differences between budgetary inflows and outflows
and GAAP revenue and expenditures

	General Fund	Ambulance Fund
Sources/Inflows of resources		
Total revenue (budgetary basis) from the budgetary comparison schedule	\$ 2,573,766	1,325,744
Tax Revenue-levy on the budgetary basis recognizes revenue based on when the taxes are collected. For financial reporting purposes, the revenue is recognized on a modified accrual basis.	(10,908)	(4,342)
	<u>\$ 2,562,858</u>	<u>\$ 1,321,402</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 2,093,133	\$ 1,755,595
Differences-budget to GAAP		
Amounts accrued for accounts payable and accrued wages and payroll taxes for financial reporting purposes are not outflows of budgetary resources in the current year.	(6,502)	9,571
	<u>\$ 2,086,631</u>	<u>\$ 1,765,166</u>

EUREKA FIRE PROTECTION DISTRICT
 SCHEDULE OF INSURANCE IN FORCE
 December 31, 2011

<u>INSURANCE IN FORCE</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Commercial Automobile Policy Liability Auto Medical Payments Uninsured Motorists Comprehensive Coverage Collision	American Alternative Insurance Corp.	\$1,000,000 Liability/Accident \$5,000/Person \$1,000,000/Accident Actual Cash Value/Cost of Repair Actual Cash Value/Cost of Repair
Commercial Umbrella	American Alternative Insurance Corp.	\$2,000,000/Occurrence \$4,000,000/Products Completed Operation \$4,000,000 General Aggregate \$10,000 Retained Limit
Commercial General Liability	American Alternative Insurance Corp.	\$ 1,000,000/Occurrence \$ 3,000,000/Products Completed Operation \$ 3,000,000 General Aggregate \$ 1,000,000 Personal Injury \$ 1,000,000 Fire Damage Legal Liability
Management Liability	American Alternative Insurance Corp.	\$1,000,000 Each Wrongful Act \$3,000,000 Aggregate Limit
Commercial Property Buildings Business Personal Property Business Income	American Alternative Insurance Corp.	Guaranteed Replacement Cost Scheduled Value 12 Months Actual Loss Sustained
Commercial Crime Policy Employee Dishonesty	American Alternative Insurance Corp.	\$20,000/Director
Portable Equipment	American Alternative Insurance Corp.	Guaranteed Replacement Cost
Workers' Compensation	MoFAD	Statutory Limits

EUREKA FIRE PROTECTION DISTRICT
 SCHEDULE OF ASSESSED VALUATION, TAX RATE AND TAX LEVY
 Tax Year 2011

<u>ASSESSED VALUATION</u>	<u>2011</u>
Real estate	\$313,622,721
Personal property	52,171,436
Total Assessed Valuation	<u>\$365,794,157</u>

<u>TAX RATE (PER \$100 OF ASSESSED VALUATION)</u>	<u>2011</u> <u>Residential</u>	<u>2011</u> <u>Agricultural</u>	<u>2011</u> <u>Commercial</u>	<u>2011</u> <u>Personal</u> <u>Property</u>
General fund	.6643	.6643	.6643	.6643
Ambulance fund	.2675	.2675	.2675	.2675
Debt service fund	.1500	.1500	.1500	.1500
Pension fund	.0893	.0893	.0893	.0893
Dispatching fund	.0266	.0266	.0266	.0266
Total Tax Rate	<u>1.1977</u>	<u>1.1977</u>	<u>1.1977</u>	<u>1.1977</u>

<u>TAX LEVY</u>	<u>2011</u>
From assessed valuation	\$ 4,296,544
From TIF surplus	39,049
From surtax levy	29,798
TOTAL LEVY	<u>\$ 4,365,391</u>

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

EUREKA FIRE PROTECTION DISTRICT
SCHEDULE OF PRINCIPAL OFFICE HOLDERS
December 31, 2011

<u>OFFICE HOLDER</u>		<u>ANNUAL COMPENSATION</u>
Francis B. Oberkramer	President	\$ 1,900
Patrick D. Feder	Treasurer	\$ 2,300
Charles E. Kuhn	Secretary	\$ 2,100

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

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



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REPORT ON 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*

To the Board of Directors
Eureka Fire Protection District
St. Louis and Jefferson Counties, Missouri

We have audited the accompanying financial statements of the governmental activities, each fund and the aggregate remaining fund information of the Eureka Fire Protection District (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Eureka Fire Protection District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency with respect to nonroutine and nonsystematic transactions to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency with respect to fraud risk assessment and ambulance billings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eureka Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 immaterial instances of noncompliance that we have reported to management of Eureka Fire Protection District in a separate letter dated June 26, 2012.

The District's response to the findings identified in our audit is described in the schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

McCoy & Associates, LLC

June 26, 2012

EUREKA FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2011

NONSYSTEMIC AND NONROUTINE TRANSACTIONS

Proper internal controls dictate that nonsystemic and nonroutine transactions, e.g. journal entries, are subject to review and approval as they often have a material impact on reported financial statement amounts. We noted that journal entries do not require approval by appropriate supervisory personnel.

We recommend that all nonsystemic and nonroutine transactions require the approval of appropriate supervisory personnel.

District Response: The District has been striving to better insure that these transactions are properly documented and approved by the Chief. We are asking the auditor to provide details to those that are being missed and the District will establish a written guideline.

FRAUD RISK ASSESSMENT

We noted that a fraud risk assessment is not performed. Proper internal controls dictate that a fraud risk assessment be performed periodically. A fraud risk assessment requires that a review be performed to identify potential risks of fraud, and that appropriate internal controls are modified or adopted to address such risks.

We recommend that the District perform a fraud risk assessment at least biennially.

District Response: The District intends to conduct a biennial fraud risk assessment.

AMBULANCE BILLINGS

Proper internal controls for billed revenue, e.g. ambulance fees, dictate that controls address the completeness, accuracy and cut-off of billed revenues. When such controls are to be addressed by a service provider, e.g., ambulance billing company, assurance should be obtained that the controls are functioning as planned. We noted that the District's policies and procedures do not adequately address the completeness, accuracy and cut-off of ambulance billings.

We recommend that ambulance policies and procedures be reviewed to ensure that the accounting objectives are being met. With respect to service organizations, we recommend that a report on the effectiveness of the organizations controls be obtained.

District Response: The District will address the ambulance billing issues with the billing company and together we will prepare a process to ensure that controls are sufficient.