

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

Year Ended December 31, 2012

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS  
Year Ended December 31, 2012  
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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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each fund, and the aggregate remaining fund information of the District, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 36-38 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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information on pages 39-41 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 in considering the District's internal control over financial reporting and compliance.

*McCoy & Associates, LLC*

June 28, 2013

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

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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, 2012. 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

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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

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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 for the 5 funds for 2012 was \$1.2094/\$100 assessed value.
- 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%)
2013	\$372,194,205	% change	1.86%

**Estimated Increase from new Construction**

2009	\$ 6,860,270
2010	\$ 4,763,550
2011	\$ 3,810,450
2012	\$ 4,015,550

- 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. This is an ongoing process.
  - ✓ The review and update of the District's policy manual is an ongoing process.
  - ✓ To better insure that routine transactions and transfers are properly documented, review and approval of the Chief is required and documented.
- During the 4th quarter of 2012 the District changed ambulance fees billing company to Pro-Claims Inc. of St. Louis. The District believes that this more will increase collections and will provide tighter controls on the process, as well as a more transparent program.
- 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.

EUREKA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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- 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 SAR has done the necessary work to become a 501 c3 entity, in order to help with the ability to receive more donations. The District still acts as the fiscal agent. The Haas scholarship is privately funded but administrated by the District.
- The Fire District provides a Defined Benefit Pension Plan for its employees. This plan has been managed for the District by the Principal Financial Group. In 2012, the Trustees changed the holdings the John Hancock Inc. Cost for employee disability insurance and retiree health have been taken out of the Pension fund in the past. The Board of Directors has placed those expenses into the General revenue budget; estimated cost of these two items is \$40,000 annually. Additionally, in June of 2013 the Trustees changed the plan that plan participants hired after June 1 2013 will have a 10 year vesting time. Prior to that the period was 5 years. Also, the accrued benefit for future years of service was changed from 2 ½% to 2%. These changes were made after actuarial research and committee work. It is believed that these changes will improve the overall viability of the pension system. 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.
- In efforts to become more open to the Community we serve and Residents. The Eureka Fire District has started adding more information the Public section of our webpage. Items included on the page are Audit, Financial Statements, Board Meeting Minutes, budgets and Salary Schedules.

The District responded to 2066 incidents in 2012 this as compared to 2150 in 2011. This is a decrease of 4%. A 3 year comparison is below:

	<u>2010</u>		<u>2011</u>		<u>2012</u>	
Emergency Medical	1558	78%	1631	76%	1582	76.6%
Fire	469	22%	519	24%	484	23.4%
TOTAL	2027		2150		2066	

In 2012 the Fire District estimated Fire loss:

Value of property lost to fire	\$ 442,409
Value of property saved in those fires	\$ 11,498,700

Residential Fires	9	\$294,200 est. loss	66.5% of total loss
Commercial Fires	2	\$ 7,000 est. loss	01.6% of total loss
Vehicle Fires	4	\$141,209 est. loss	31.9% of total loss
Misc. fires	19	\$ 7,000 est. loss	00.0% of total loss

EUREKA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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In 2012 issued

Commercial construction permits	13
*Residential construction permits	77*
Miscellaneous permits	<u>41</u>
Total Permits	<u>131</u>

\*It is important to note in August 2012 Missouri Law changed and if a County or Municipality adopts and enforces residential building codes, a Fire District code becomes advisory only. The Fire District may not issue and charge for building permits in New Residential construction. The Eureka Fire District estimates this will cause a reduction of permit fees of approximately \$40,000 annually.

Fire Prevention Inspections conducted	1527
Community Services Events	327
People Contacted	7858
CPR Classes Conducted	26
Class participants	173
Car Seat Safety Checks	75
Neighborhood Paramedic Visits	68
Total Community Services hours	1489

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

Net Assets  
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Current Assets (net of inter-fund receivables)	\$ 4,994,410	\$ 5,491,529
Capital assets, net of depreciation	<u>4,751,922</u>	<u>4,149,356</u>
Total Assets	<u>\$ 9,746,332</u>	<u>\$ 9,640,885</u>
Current Liabilities (net of inter-fund payables)	\$ 522,609	\$ 595,713
Non-current Liabilities	<u>4,392,442</u>	<u>4,096,480</u>
Total Liabilities	<u>\$ 4,915,051</u>	<u>\$ 4,692,193</u>
Invested in capital assets, net of related debt	\$ 1,640,358	\$ 595,598
Unrestricted	1,074,748	1,173,543
Restricted	<u>2,116,175</u>	<u>3,179,551</u>
Total Net Assets	<u>\$ 4,831,281</u>	<u>\$ 4,948,692</u>
Total Liabilities and Net Assets	<u>\$ 9,746,332</u>	<u>\$ 9,630,827</u>

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

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As of December 31, 2012, the District's net assets were \$4.8 million, of which 34% represented investment in capital assets. The District's current assets totaled \$5.0 million, of which 58% represented cash and cash equivalents and 42% represented property taxes receivable. Total liabilities were \$4.9 million, of which 11% was current and 89% was non-current.

Total operating expenditures for 2012 were \$5.6 million. General operations represented 38% of the total operating expenditures, while Ambulance expenditures were 31%. Dispatching, debt service and capital project expenses made up the remaining 31%.

**Statement of Revenue, Expenditures, and Changes in Fund Balance  
For Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Revenue		
Tax revenue	\$ 3,919,878	\$ 4,062,612
Non-Resident ambulance billings	373,989	334,266
Inspection and permit revenue	47,011	63,276
Income from investments	13,187	19,649
Other	<u>28,011</u>	<u>94,196</u>
Total Revenues	4,382,076	4,573,999
Personal services	2,400,938	2,415,162
Employee benefits	339,262	343,370
Supplies	75,566	80,094
Heat, light and power	123,557	112,020
Capital outlay	1,027,270	782,885
Dispatching services	112,351	102,996
Building and equipment	278,174	289,969
Miscellaneous	80,434	43,199
Administration	139,468	141,898
Payments in lieu of insurance premiums	398,839	426,229
Debt service	<u>576,449</u>	<u>574,536</u>
Total Expenditures	<u>5,552,308</u>	<u>5,312,358</u>
Other Financing Sources	<u>80,153</u>	<u>-</u>
Excess Revenue and Other Financing Sources Over (Under) Expenditures	(1,090,079)	(738,359)
Fund Balances, Beginning of the Year	<u>4,886,891</u>	<u>5,625,250</u>
Fund Balances, End of Year	<u>\$ 3,796,812</u>	<u>\$ 4,886,891</u>

**FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS**

**General Fund**

General Fund revenues exceeded expenditures by \$48,816. The largest expenditure in the general fund related to salaries and benefits, which accounted for 62% (\$1.3 million) of the total general fund expenditures.

EUREKA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Special Revenue Funds**

Special revenue funds consist of two funds – ambulance and dispatching services. Ambulance and EMS expenditures exceeded revenues by \$67,899. Over 84% of ambulance expenditures are related to salaries. The Ambulance fund balance decreased by \$50,021 and included an operating transfer of \$325,000 from the general fund.

**Budget Analysis**

The overall budget and actual expense amounts were reasonably close:

	<u>Budget</u>	<u>Actual</u>
General Revenue	\$2,638,964	\$2,450,525
Ambulance	1,807,737	1,693,616
Pension	330,781	168,869
Communications	98,249	112,351
Bond Retirement	630,260	576,449

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

During 2012 the District ordered a New Fire engine from SMEAL corp. This unit was received and placed in service the first quarter of 2013 and it is located at Station 1. 2 New boats were purchased in 2012 and placed in service. An 18' deep well aluminum boat was placed in service at Station3 and a "Zodiac" inflatable was placed in service at Station 1. The District put in service air cascade equipment at Station1 and the Training Center. The District also, placed in service a Distance Learning/ Conferencing system as part of the Tri County Consortium and is connected within Charters Fiber network, additionally has connection to a Nationwide Private Digital network. Further, the phone systems have been converted to VOIP. These steps are part of unifying the Districts communications systems and further for continuity of Operations and business recovery we are moving information to a hosted environment with redundant backups.

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

	<u>2012</u>	<u>2011</u>
Land	\$ 177,440	\$ 177,440
Buildings and improvements	4,090,481	4,078,331
Ambulances and fire apparatus	2,881,556	2,370,431
Equipment and furnishings	<u>2,316,082</u>	<u>1,976,360</u>
Total	\$ 9,465,559	\$ 8,602,562
Less accumulated depreciation	<u>4,713,637</u>	<u>4,453,206</u>
Net capital assets	<u>\$ 4,751,922</u>	<u>\$ 4,149,356</u>

EUREKA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Personnel Issues**

In 2012, the District hired John Herr, Mike Nies and Josh Voigt. These individuals replaced Capt. Steve Pieper (retired), Tony Schrempf and Joe Sanchez.

**Long-Term Debt**

Maturities of bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 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>\$ 3,090,000</u>	<u>\$1,195,240</u>	<u>\$4,285,240</u>	Total

During the year ended December 31, 2012, the following changes occurred in Long-term Debt:

	<u>January 1,</u> <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2012</u>
2005 Series G.O Bonds	\$ 545,000	\$ -	\$ 230,000	\$ 315,000
2009 Series G.O Bonds	2,985,000	-	210,000	2,775,000
Retiree medical benefits	105,687	-	-	105,687
Net pension obligation	<u>900,793</u>	<u>256,544</u>	<u>-</u>	<u>1,157,337</u>
	<u>\$ 4,536,480</u>	<u>\$ 368,081</u>	<u>\$ 440,000</u>	<u>\$ 4,353,024</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, 2012

	Governmental Activities
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,903,357
Taxes receivable, net of allowance	2,091,053
Due from other funds	-
Capital assets:	
Land	177,440
Buildings	4,090,481
Equipment and other	5,197,638
Less accumulated depreciation	(4,713,637)
Total capital assets, net of depreciation	4,751,922
Total Assets	\$ 9,746,332
<b>LIABILITIES:</b>	
Accounts payable	385,793
Accrued wages and payroll taxes	136,816
Due to other funds	17,854
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	365,000
Accrued interest	21,564
Portion due or payable after one year:	
Bonds	2,725,000
Retiree medical benefits liability	105,687
Net pension obligation	1,157,337
Total Liabilities	4,915,051
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,640,358
Restricted for:	
Debt service	575,130
Capital projects	386,869
Ambulance and dispatching operations	1,154,176
Unrestricted	1,074,748
Total net assets	\$ 4,831,281

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

Eureka Fire Protection District  
Statement of Activities  
December 31, 2012

	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>	
Fire prevention and suppression	\$ 2,504,654
EMS operations	1,969,461
Dispatching service	112,351
Interest expense	134,255
Depreciation expense not allocated to programs	43,371
Loss on disposal of assets	-
Total program expenses	4,764,092
Program revenue:	
Charges for permit fees	47,011
Charges for ambulance calls	373,989
Total program revenue	421,000
Net program Expense	4,343,092
	-
General revenue:	
Taxes levied and contract protection	4,111,559
Gain on disposal of assets	80,153
Income from investments	13,187
Miscellaneous	20,782
Total general revenue	4,225,681
Decrease in Net Assets	(117,411)
Net assets-Beginning of year	4,948,692
Net assets-End of year	\$ 4,831,281

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

Eureka Fire Protection District  
Balance Sheet  
December 31, 2012

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Dispatch Fund	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 1,359,632	\$ 401,413	\$ 330,930	\$ 758,220	\$ 43,104	\$ 2,893,299
Property taxes receivable	1,255,080	505,433	280,277	-	50,263	2,091,053
Due from other Funds	6,549	245,074	-	5,696	458	257,777
Total Assets	<u>\$ 2,621,261</u>	<u>\$ 1,151,920</u>	<u>\$ 611,207</u>	<u>\$ 763,916</u>	<u>\$ 93,825</u>	<u>\$ 5,242,129</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 377,047	\$ -	\$ 377,047
Accrued wages and payroll taxes	52,613	84,203	-	-	-	136,816
Due to other funds	252,440	7,366	14,513	-	-	274,319
Deferred revenue	394,422	158,838	88,080	-	15,796	657,136
Total Liabilities	<u>699,475</u>	<u>250,407</u>	<u>102,593</u>	<u>377,047</u>	<u>15,796</u>	<u>1,445,318</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	901,513	508,614	386,869	78,029	1,875,025
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	1,921,786	-	-	-	-	1,921,786
Total Fund Balance	<u>1,921,786</u>	<u>901,513</u>	<u>508,614</u>	<u>386,869</u>	<u>78,029</u>	<u>3,796,811</u>
Total liabilities and fund balances	<u>\$ 2,621,261</u>	<u>\$ 1,151,920</u>	<u>\$ 611,207</u>	<u>\$ 763,916</u>	<u>\$ 93,825</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 \$ 9,465,559 and the accumulated depreciation is \$ 4,713,637.	4,751,922
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.	657,136
To recognize interest accrual to year-end on general obligation bonds	(21,564)
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	(3,090,000)
Retiree medical benefits actuarial accrued liability	(105,687)
Net pension obligation	<u>(1,157,337)</u>
	<u>(4,353,024)</u>
Net assets-governmental activities	<u>\$ 4,831,281</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, 2012

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Dispatch Fund	Total
<b>REVENUE</b>						
Property taxes	\$ 2,352,449	\$ 947,266	\$ 525,962	\$ -	\$ 94,201	\$ 3,919,878
Contract protection	4,339	1,747	969	-	174	7,229
Ambulance billings	-	373,989	-	-	-	373,989
Inspection and permit fees	47,011	-	-	-	-	47,011
Income from investments	5,953	1,344	690	5,102	98	13,187
Miscellaneous	20,262	520	-	-	-	20,782
Total Revenue	<u>2,430,014</u>	<u>1,324,866</u>	<u>527,621</u>	<u>5,102</u>	<u>94,473</u>	<u>4,382,076</u>
<b>EXPENDITURES</b>						
Personal services	1,146,098	1,254,840	-	-	-	2,400,938
Employee benefits	171,588	167,674	-	-	-	339,262
Supplies	41,383	34,183	-	-	-	75,566
Heat, light and power	123,557	-	-	-	-	123,557
Capital outlay	-	-	-	1,027,270	-	1,027,270
Dispatching service	-	-	-	-	112,351	112,351
Building and mobile equipment	257,465	20,709	-	-	-	278,174
Miscellaneous	58,770	21,664	-	-	-	80,434
Administration	139,468	-	-	-	-	139,468
Payments in lieu of insurance premiums	198,022	200,817	-	-	-	398,839
Debt service:						
Principal retirement	-	-	440,000	-	-	440,000
Interest and other charges	-	-	136,449	-	-	136,449
Total expenditures	<u>2,136,351</u>	<u>1,699,887</u>	<u>576,449</u>	<u>1,027,270</u>	<u>112,351</u>	<u>5,552,308</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	293,663	(375,021)	(48,828)	(1,022,168)	(17,878)	(1,170,232)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of fixed assets	80,153	-	-	-	-	80,153
Operating transfers in (out)	(325,000)	325,000	-	-	-	-
Total Other Financing Sources (Uses)	<u>(244,847)</u>	<u>325,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,153</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	48,816	(50,021)	(48,828)	(1,022,168)	(17,878)	(1,090,079)
FUND BALANCES AT BEGINNING OF YEAR	1,872,970	951,534	557,442	1,409,037	95,907	4,886,890
FUND BALANCES AT END OF YEAR	<u>\$ 1,921,786</u>	<u>\$ 901,513</u>	<u>\$ 508,614</u>	<u>\$ 386,869</u>	<u>\$ 78,029</u>	<u>\$ 3,796,811</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	\$	(1,090,079)
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 (\$1,026,194) exceeded depreciation expense (\$423,628).		602,566
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		440,000
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.		184,452
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.		2,194
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.		-
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.		(256,544)
Change in net assets of governmental activities	<u>\$</u>	<u>(117,411)</u>

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

Eureka Fire Protection District  
Statement of Net Assets  
Proprietary Funds  
December 31, 2012

	Internal Service Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,630
Due from other funds	14,732
Total Assets	19,362
 <b>LIABILITIES</b>	
Claims Payable	19,362
Due to other funds	-
Total Liabilities	19,362
 <b>NET ASSETS</b>	
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, 2012

	<u>Internal Service Funds</u>
<b>OPERATING REVENUE</b>	
Charges for services	\$ 442,315
Total operating revenue	<u>442,315</u>
<b>OPERATING EXPENDITURES</b>	
Insurance claims	322,118
Stop loss insurance	120,231
Administrative fees and miscellaneous	<u>0</u>
Total operating expenditures	<u>442,349</u>
<b>NONOPERATING REVENUE</b>	
Investment earnings	<u>34</u>
Total nonoperating revenue	<u>34</u>
<b>NET INCOME</b>	-
<b>NET ASSETS AT BEGINNING OF YEAR</b>	-
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ -</u></u>

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, 2012

	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Charges for services	\$ 398,793
Benefit and insurance payments	(431,731)
Administrative fees and miscellaneous	-
	<u>(32,938)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Subsidies	<u>27,476</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	<u>34</u>
Net increase in cash and cash equivalents	(5,428)
Cash and equivalents at beginning of year	10,058
Cash and equivalents at end of year	<u><u>\$ 4,630</u></u>

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

Eureka Fire Protection District  
Statement of Fiduciary Net Assets  
December 31, 2012

	Pension Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 199,908
Due from other funds	1,516
Property taxes receivable	168,727
Investments, at fair value	8,113,958
Total Assets	8,484,109
<b>LIABILITIES</b>	
Accounts Payable	730
Due to other funds	-
Deferred revenue	53,024
Total Liabilities	53,754
<b>NET ASSETS</b>	
Held in trust for benefits and employee welfare	\$ 8,430,355

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, 2012

	Pension Trust Fund
<b>ADDITIONS</b>	
Employer contribution - property taxes	\$ 316,223
Contract fee income	583
Investment earnings	966,353
Total Additions	1,283,159
 <b>DEDUCTIONS</b>	
Benefit payments	108,559
Disability Payments	-
Actuarial and consulting fees	19,634
Insurance	32,977
Plan administrative fees and miscellaneous	7,699
Total Deductions	168,869
Change in net assets	1,114,290
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
BEGINNING OF YEAR	7,316,065
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR	\$ 8,430,355

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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

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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

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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

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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 2012 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 2012 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

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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, 2012:

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash	\$ 2,903,357	\$ 199,908	\$ 3,639,334
Investments	-	8,113,958	8,113,958
<b>Total</b>	<b>\$2,903,357</b>	<b>\$ 8,313,866</b>	<b>\$11,217,223</b>

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, 2012, investments included the following:

	<u>Market Value</u>
<b>Fiduciary funds:</b>	
Mutual funds-Unallocated Separate Accounts	\$ 8,113,958

NOTE C - CAPITAL ASSETS

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

	January 1, 2012	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$ 177,440	\$ -	\$ -	\$ 177,440
<i>Capital assets being depreciated:</i>				
Buildings & improvements	4,078,331	12,150	-	4,090,481
Equipment & other	4,356,595	1,014,044	(173,001)	5,197,638
Total capital assets being depreciated:	8,434,926	1,026,194	(173,001)	9,288,119
Less accumulated depreciation for:				
Buildings & improvements	(1,449,056)	(102,110)	-	(1,551,166)
Equipment & other	(3,013,953)	(321,518)	173,001	(3,162,470)

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

Total accumulated depreciation	(4,463,009)	(423,628)	173,001	(4,713,636)
Total capital assets being depreciated, net:	3,971,917	602,566	-	4,574,483
Totals	<u>\$4,149,357</u>	<u>\$ 602,566</u>	<u>\$ -</u>	<u>\$4,751,923</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, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Ambulance Fund	General Fund	<u>\$ 245,074</u>
Capital Projects Fund	General Fund	<u>\$ 5,696</u>
Medical Insurance Fund	General Fund	<u>\$ 7,366</u>
Medical Insurance Fund	Ambulance Fund	<u>\$ 7,366</u>
Dispatch Fund	General Fund	<u>\$ 459</u>
General Fund	Debt Service Fund	<u>\$ 14,513</u>
Pension Fund	General Fund	<u>\$ 1,516</u>

NOTE E – RETIREMENT PLAN

***Defined Benefit Plan***

Plan Description

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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.

Plan Membership

The Plan's membership consisted of the following as of January 1, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Active employees	33	36
Retirees and beneficiaries currently receiving benefits	7	5
Terminated employees entitled to benefits not yet received	<u>12</u>	<u>12</u>
Total	<u>52</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 2012 were as follows:

Annual required contribution	\$ 563,518
Interest on net pension obligation	63,055
Adjustment to annual required contribution	<u>(85,029)</u>
Annual pension cost	541,544
Contributions made	<u>(285,000)</u>

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

Increase (decrease) in net pension obligation	256,544
Net pension obligation beginning of year	<u>900,793</u>
Net pension obligation end of year	<u>\$1,157,337</u>

The annual required contribution was determined as part of the January 1, 2013 actuarial valuation using the Entry Age Normal method. The actuarial assumptions included (a) 7.00% investment rate of return and (b) projected salary increases of 4.5% 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>	(1) <u>Actuarial Value of Assets</u>	(2) <u>Actuarial Accrued Liability (AAL)</u>	(3) <u>Unfunded AAL (UAAL) (2)-(1)</u>	(4) <u>Funded Ratio (1)/(2)</u>	(5) <u>Annual covered payroll</u>	(6) <u>UAAL as a % of Payroll [(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%
2013	7,800,229	9,812,628	2,012,399	79%	2,050,028	98%

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	285,000	50%

***Deferred Compensation Plan***

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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 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 District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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. 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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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, 2012	<u>\$372,670,485</u>
Debt limit - 5% of assessed value	\$ 18,633,524
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	3,090,000
Less amount available in debt service fund	<u>(508,614)</u>
	<u>2,581,386</u>
Legal Debt Margin	<u>\$ 16,052,138</u>

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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 2012, the District paid \$ 112,351 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, 2012 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 \$35,000 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 \$19,362 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.

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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>
\$ 240,000	\$ 6,825	\$ 246,825	2013
<u>75,000</u>	<u>1,313</u>	<u>76,313</u>	2014
<u>\$ 315,000</u>	<u>\$ 8,138</u>	<u>\$ 323,138</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>
\$ 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
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>\$ 2,775,000</u>	<u>\$1,187,002</u>	<u>\$3,962,102</u>	Total

During the year ended December 31, 2012, the following changes occurred in liabilities reported as Long-term Debt:

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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	<u>January 1,</u> <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2012</u>
2005 Series G.O Bonds	\$ 545,000	\$ -	\$ 230,000	\$ 315,000
2009 Series G.O Bonds	2,985,000	-	210,000	2,775,000
Retiree medical benefits	105,687	-	-	105,687
Net pension obligation	<u>900,793</u>	<u>256,544</u>	<u>-</u>	<u>1,157,337</u>
	<u>\$ 4,536,480</u>	<u>\$ 256,544</u>	<u>\$ 440,000</u>	<u>\$ 4,353,024</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.

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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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, 2012, 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 2012 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 325,000
Ambulance	325,000	-

**Eureka Fire Protection District  
Required Supplementary Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUE</b>				
Property taxes	\$ 2,451,964	\$ 2,451,964	\$ 2,420,259	\$ (31,705)
Contract protection	9,500	9,500	4,339	(5,161)
Inspection and Permit Fees	67,500	67,500	47,011	(20,489)
Income from Investments	35,000	35,000	5,953	(29,047)
Miscellaneous	25,000	25,000	20,262	(4,738)
Proceeds from sale of assets	50,000	50,000	80,153	30,153
Total Revenue	<u>2,638,964</u>	<u>2,638,964</u>	<u>2,577,977</u>	<u>(60,987)</u>
<b>EXPENDITURES</b>				
Personal services	1,225,945	1,225,945	1,135,273	(90,672)
Employee benefits	178,500	178,500	171,588	(6,912)
Supplies	85,800	85,800	41,383	(44,417)
Contractual services	-	-	-	-
Heat, light and power	79,510	79,510	123,557	44,047
Capital outlay	40,000	40,000	44,714	4,714
Building and mobile equipment	219,000	219,000	212,751	(6,249)
Miscellaneous	71,825	71,825	58,769	(13,056)
Administration	127,800	127,800	139,468	11,668
Payment in lieu of insurance premiums	190,000	190,000	198,022	8,022
Total expenditures	<u>2,218,380</u>	<u>2,218,380</u>	<u>2,125,525</u>	<u>(92,855)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	420,584	420,584	452,452	31,868
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(420,584)	(420,584)	(325,000)	95,584
Total Other Financing Sources (Uses)	<u>(420,584)</u>	<u>(420,584)</u>	<u>(325,000)</u>	<u>95,584</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>127,452</u>	<u>127,452</u>

**Eureka Fire Protection District  
Required Supplementary Information  
Budgetary Comparison Schedule - Ambulance Fund  
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUE</b>				
Property taxes	\$ 972,744	\$ 972,744	\$ 974,546	\$ 1,802
Contract protection	3,900	3,900	1,747	(2,153)
Ambulance charges	400,947	400,947	373,989	(26,958)
Inspection and Permit Fees	-	-	-	-
Income from Investments	9,000	9,000	1,344	(7,656)
Miscellaneous	562	562	520	(42)
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>1,387,153</u>	<u>1,387,153</u>	<u>1,352,146</u>	<u>(35,007)</u>
<b>EXPENDITURES</b>				
Personal services	1,342,442	1,342,442	1,248,569	(93,873)
Employee benefits	177,000	177,000	167,674	(9,326)
Supplies	36,500	36,500	34,183	(2,317)
Contractual services	-	-	-	-
Heat, light and power	-	-	-	-
Capital outlay	6,000	6,000	366	(5,634)
Building and mobile equipment	37,000	37,000	20,343	(16,657)
Miscellaneous	16,000	16,000	21,664	5,664
Administration	-	-	-	-
Payment in lieu of insurance premiums	192,795	192,795	200,817	8,022
Total expenditures	<u>1,807,737</u>	<u>1,807,737</u>	<u>1,693,616</u>	<u>(114,121)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(420,584)	(420,584)	(341,470)	79,114
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	420,584	420,584	325,000	(95,584)
Total Other Financing Sources (Uses)	<u>420,584</u>	<u>420,584</u>	<u>325,000</u>	<u>(95,584)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>				
	<u>-</u>	<u>-</u>	<u>(16,470)</u>	<u>(16,470)</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
<b>Sources/Inflows of resources</b>		
Total revenue (budgetary basis) from the budgetary comparison schedule	\$ 2,577,977	1,352,146
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.	(147,963)	(27,280)
	\$ 2,430,014	\$ 1,324,866
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 2,125,525	\$ 1,693,616
<b>Differences-budget to GAAP</b>		
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.	10,826	6,271
	\$ 2,136,351	\$ 1,699,887

EUREKA FIRE PROTECTION DISTRICT  
SCHEDULE OF INSURANCE IN FORCE  
December 31, 2012

<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
Fidelity Bond	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 2012

<u>ASSESSED VALUATION</u>	<u>2012</u>
Real estate	\$315,464,803
Personal property	<u>57,205,682</u>
Total Assessed Valuation	<u>\$372,670,485</u>

<u>TAX RATE (PER \$100 OF ASSESSED VALUATION)</u>	<u>2012</u> <u>Residential</u>	<u>2012</u> <u>Agricultural</u>	<u>2012</u> <u>Commercial</u>	<u>2012</u> <u>Personal</u> <u>Property</u>
General fund	.6717	.6717	.6717	.6717
Ambulance fund	.2705	.2705	.2705	.2705
Debt service fund	.1500	.1500	.1500	.1500
Pension fund	.0903	.0903	.0903	.0903
Dispatching fund	.0269	.0269	.0269	.0269
Total Tax Rate	<u>1.2094</u>	<u>1.2094</u>	<u>1.2094</u>	<u>1.2094</u>

<u>TAX LEVY</u>	<u>2012</u>
From assessed valuation	<u>\$ 4,409,162</u>
From TIF surplus	20,546
From surtax levy	29,830
TOTAL LEVY	<u>\$ 4,459,538</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, 2012

<u>OFFICE HOLDER</u>		<u>ANNUAL COMPENSATION</u>
Francis B. Oberkramer	President	\$ 2,400
Patrick D. Feder	Treasurer	\$ 2,500
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, 2012, 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.

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.

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. We did not identify any weaknesses in internal

control over financial reporting that we consider to be material weaknesses, as defined above. However, as described in the schedule of findings and responses, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. 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 obtaining a report on internal controls from the ambulance billing company 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*.

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 28, 2013

EUREKA FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2012

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.

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.