

Callaway County Ambulance District

Fulton, Missouri

Independent Auditors' Report  
For The Year Ended December 31, 2010

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Independent Auditor's Report

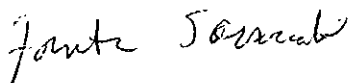
To the Board of Directors of  
Callaway County Ambulance District  
Fulton, Missouri

We have audited the accompanying financial statements of the Callaway County Ambulance District as of December 31, 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Callaway County Ambulance District as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis, budgetary comparison information and schedule of funding progress are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Fountain & Associates, LLP  
Kansas City, Missouri  
April 18, 2011

# Callaway County Ambulance District

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## Management's Discussion and Analysis December 31, 2010

This section presents management's analysis of the Callaway County Ambulance District's (the District's) financial condition and activities as of and for the year ended December 31, 2010. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section.

The information in this MDA is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis
- Capital Assets
- Requests for Information

### **ORGANIZATION AND BUSINESS**

The District provides pre-hospital emergency medical services. The district provides advanced life support to 100% of Callaway County, Missouri. The District serves approximately 42,000 permanent residents of the County along with a large transient population. Services are provided regardless of race color, creed, national origin, sexual preference or financial status. Services outside of the District are provided in accordance with mutual aid agreements.

The District is organized pursuant to RSMo Chapter 190. The District is divided into six (6) election districts with one (1) board member elected from each election district. Each board member is elected to a three (3) year term pursuant to RSMo Chapter 190. The Board of Directors is responsible for District operations, finances, and policy. The Board of Directors employs a Director, who is responsible for the daily operation of the District. The Director reports directly to the Board of Directors.

The District has a property tax levy ceiling of \$0.12 per one-hundred dollars of assessed valuation of all real and personal property within the county. In 2007, the tax rate computed pursuant to Article X, Section 22 of the Missouri Constitution and Section 137.073, RSMo is \$0.1172. In addition, the District collects a ½ cent sales tax. Merchants began collecting this tax on October 1, 2005, with distribution to the District beginning in November 2005. In 2008, this sales tax reduced the District's property tax rate by \$0.1172, so the property tax levied in 2008, 2009 and 2010 was \$0.00. The District also charges user fees to those persons using the District's services. The money collected from these fees is deposited into the District's General Revenue Fund.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's basic financial statements are comprised of two components:

- 1) Fund Financial Statements
- 2) Notes to Basic Financial Statements

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

**Proprietary Funds.** The District's proprietary fund consists of one enterprise fund, the Ambulance service. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primary through user charges.

The District's proprietary fund statements include:

The *statement of net assets* presents information on the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

While the statement of net assets provides information about the nature and amount of resources and obligations at year-end using the accrual basis of accounting, the *statement of revenues, expenses, and changes in net assets* presents the results of the District's operations over the course of the fiscal year and information as to how the *net assets* changed during the year. This statement can be used as an indicator of the extent to which the District has successfully recovered its costs through user fees, property taxes and other charges. All changes in net assets are reported during the period in which the underlying event giving rise to the change occurs using the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expense of employee earned but unused vacation leave.

The *statement of cash flows* presents changes in cash and cash equivalents resulting from operation, capital, non-capital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipts and excludes non-cash accounting measures of depreciation or amortization of assets.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 11 to 21 of this report.

## FINANCIAL ANALYSIS

### *Financial Highlights*

- Total assets of the District exceeded the total liabilities by \$4,299,395.25 (net assets)
- Net assets increased by \$359,413
- Capital assets increased by \$64,521
- Operating expenses increased by \$152,665.26

### *Financial Position*

The District's net assets increased by \$359,413 during the year (see Table 1 below). The largest portion of the District's net assets (64%) or \$2,751,232.80 represents its unrestricted net assets. Current assets were used to fund fixed asset purchases during the year.

**Table 1**  
**Net Assets**  
December 31, 2010 and 2009

	2010	2009
Current and other assets	\$ 2,915,217.91	\$ 2,642,471.70
Capital Assets	1,540,816.99	1,483,641.60
Total assets	<u>4,456,034.90</u>	<u>4,126,113.30</u>
Current and other liabilities	67,187.33	86,272.40
long term liabilities	96,797.78	99,858.63
Total liabilities	<u>163,985.11</u>	<u>186,131.03</u>
Net assets:		
invested in capital assets, net of related debt	1,540,816.99	1,483,641.60
Unrestricted	2,751,232.80	2,456,340.41
	<u>\$ 4,292,049.79</u>	<u>\$ 3,939,982.01</u>

## Results of Operations

The following table (Table 2) shows changes in the District's net assets for the year.

**Table 2**  
**Changes in Net Assets**  
December 31, 2010 and 2009

	2010	2009
Revenues:		
Ambulance Services Revenues	\$ 1,479,154.97	\$ 1,290,964.56
Property taxes	206.16	529.35
Sales Tax	1,607,834.30	1,581,454.79
Grant Funds	2,736.00	43,782.00
Other Revenues	18,214.71	6,007.62
Total operating Revenues	<u>3,108,146.14</u>	<u>2,922,738.32</u>
Expenses:		
Ambulance Operations	2,548,733.72	2,393,928.58
Depreciation	230,457.17	186,371.10
Total operating expenses	<u>2,779,190.89</u>	<u>2,580,299.68</u>
Net operating Income (Loss)	328,955.25	342,438.64
Non operating income (loss)	<u>23,112.53</u>	<u>34,429.62</u>
Changes in net assets	352,067.78	376,868.26
Total net assets - beginning	3,939,982.01	3,563,113.75
Total net assets - ending	<u>\$ 4,292,049.79</u>	<u>\$ 3,939,982.01</u>

The District's total operating revenues increased by \$185,407.82 and total operating expenses increased by \$198,891.21. The District's net assets for the year increased by \$352,067.78.

## CAPITAL ASSETS

The District had \$1,540,816.99 (net of accumulated depreciation) invested in a broad range of capital assets as of December 31, 2010. The investment in capital assets includes land, buildings, ambulance equipment and office equipment. The District's net revenues are used to finance capital investments. More detailed information about the District's capital assets is presented in Note 9 to the basic financial statements.

**Table 3**  
**Capital Assets, Net of Depreciation**  
December 31, 2010 and 2009

	2010	2009
Building	\$ 928,743	\$ 959,139
Equipment	566,709	459,558
Office Furniture	30,365	49,948
Land	15,000	15,000
Totals	\$ 1,540,817	\$ 1,483,645

**LONG-TERM DEBT**

Long term debt of \$96,797.78 at December 31, 2010 consisted of amounts accrued for compensated absences owed to district employees.

**BUDGET**

The District adopts an annual operating budget for its enterprise fund that is prepared according to Missouri State Statutes. The fiscal year represented is from January 1, 2010 through December 31, 2010.

During the course of fiscal year 2010, the District amended its operating budget. All recommendations for a budget change are presented by the Director to the Board of Directors. The enterprise fund is monitored closely, looking for possible revenue shortfalls or over spending by individual departments.

Original budget revenues for the enterprise fund were \$2,969,398; the final budget amount was \$3,017,269 and the actual revenue was \$3,108,146.

Budgeted revenues were adjusted to reflect an increase in patient care revenue due to a higher than expected call volume, an decrease in sales tax revenue due to a lower than anticipated collections throughout the year, and a decrease in investment income due to lower interest rates being paid on the District's certificates of deposit. Actual revenues were \$90,877 more than the final budget revenues.

Original budgeted expenditures for current operations of \$2,955,804 were adjusted to a total of \$2,990,183. Actual expenditures of \$2,779,189 were under budget by \$210,995 or 7.1%.

Budgeted expenses were adjusted in several line items. The most significant adjustments were made for insurance to reflect a reduction in anticipated workers' compensation premiums and an increase in ambulance fuel costs. Actual expenses were \$238,080 less than the final budget revenues.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide taxpayers and creditors with a general overview of the District's finances and demonstrate the District's ability for the monies it receives. If you have any questions about this report or need additional information, please contact the Director, Charles Anderson, Callaway County Ambulance District, 311 Hickman Avenue, PO Box 246, Fulton, MO 65251, or 573-642-7260 extension 23.

**CALLAWAY COUNTY AMBULANCE DISTRICT**  
 Fulton, Missouri  
**STATEMENT OF NET ASSETS**  
 December 31, 2010

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	958,128.95
Certificate of Deposit		1,299,283.99
Accounts Receivable - Patient		427,577.79
Allowance for Doubtful Accounts		(145,627.57)
Property Taxes Receivable		1,437.94
Allowance for Uncollectible Tax		(1,437.94)
Sales Tax Receivable		255,012.12
Interest Receivable		772.14
Inventory		69,099.99
Prepaid Insurance		50,970.50
<b>Total Current Assets</b>		<b>2,915,217.91</b>

**FIXED ASSETS**

Equipment		1,177,957.72
Office Furniture		108,987.77
Station 1		816,841.54
Station 2		235,033.66
Station 3		171,037.66
Land		15,000.00
Equipment Building - Auxvasse		6,654.25
Less: Accumulated Depreciation		(990,695.61)
<b>Net Fixed Assets</b>		<b>1,540,816.99</b>

**TOTAL ASSETS**

**4,456,034.90**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable		46,276.85
Accrued Payroll		20,910.48
<b>Total Current Liabilities</b>		<b>67,187.33</b>

**LONG TERM LIABILITIES**

Accrued Compensated Absences		96,797.78
<b>Total Liabilities</b>		<b>163,985.11</b>

**NET ASSETS**

Invested in Capital Assets		1,540,816.99
Unrestricted		2,751,232.80
<b>TOTAL NET ASSETS</b>		<b>4,292,049.79</b>

See Accompanying notes to the financial statements.

CALLAWAY COUNTY AMBULANCE DISTRICT  
 Fulton, Missouri  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
 For the Year Ended December 31, 2010

<b>OPERATING REVENUES</b>	2,098,295.80
Patient Care Revenue	(619,140.83)
Less: Non-allowed charges	206.16
Property Tax Revenue	1,607,834.30
Sales Tax Revenue	2,736.00
Firefighters Grant	18,214.71
Miscellaneous Income	<u>3,108,146.14</u>
<b>Total Operating Revenues</b>	
<b>Operating Expenses</b>	1,321,448.26
Salaries	106,104.78
Payroll Taxes	354,781.19
Fringe Benefits	32,245.43
Administrative Supplies	6,884.11
Travel	26,328.21
Education	23,600.46
Grounds/Buildings	83,871.98
Insurance	19,421.93
Utilities	10,402.37
Telephone	109,757.40
Purchased Services	9,881.04
Communications	7,243.57
Uniforms	64,872.42
Medical Supplies	55,038.38
Vehicle Fuel	33,024.88
Vehicle Maintenance	2,281.19
Training Supplies	230,457.17
Depreciation Expense	37,766.43
Payment to TIF	243,779.69
Bad Debt Expense	<u>2,779,190.89</u>
<b>Total Operating Expenses</b>	<u>328,955.25</u>
<b>Operating Income (Loss)</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>	18,626.45
Investment Income	4,486.08
Net Gain (Loss) Disposal of Assets	<u>23,112.53</u>
<b>Total Nonoperating Revenue (Expenses)</b>	<u>352,067.78</u>
<b>Change in Net Assets</b>	
<b>Net Assets, Beginning of Year</b>	<u>3,939,982.01</u>
<b>Net Assets, End of Year</b>	<u><u>4,292,049.79</u></u>

See Accompanying notes to the financial statements.

CALLAWAY COUNTY AMBULANCE DISTRICT  
 Fulton, Missouri  
**STATEMENT OF CASH FLOWS**  
 For the Year Ended December 31, 2010

<u>Cash Flows from Operations:</u>		
Net Income		\$ 328,955.25
Depreciation	230,457.17	
Decrease (Increase) in accounts receivable	(58,141.82)	
Decrease (Increase) in sales taxes receivable	(18,695.11)	
Decrease (Increase) in Interest receivable	273.94	
Decrease (Increase) in Inventory	(12,333.31)	
Decrease (Increase) in Prepaid Insurance	(1,688.99)	
Increase (decrease) in accounts payable	(21,155.55)	
Increase (decrease) in Accrued Payroll	(990.37)	
Net cash flow from operating activities	117,725.96	446,681.21
 <u>Cash flows from Capital and Related Financing Activities:</u>		
Gain on Disposal of Fixed Asset	4,486.08	
Acquisition of Fixed assets	(287,632.82)	
Net cash flows from investing activities	(283,146.74)	
 <u>Cash flows provided by or used in Investing Activities:</u>		
Interest Income	18,626.45	
Net cash flows from financing activities	18,626.45	
Net increase (decrease) in cash and cash equivalents		182,160.92
Cash and cash equivalents, December 31, 2009		2,075,252.02
Cash and cash equivalents, December 31, 2010		2,257,412.94

See accompanying notes to the financial statements.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General Statement

Callaway County Ambulance District is a political subdivision of the State of Missouri. The basic operations of the District are financed by revenues for services provided and a ½ cent sales tax.

The accounting and reporting policies of the District relating to the fund included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the District are described below.

The accompanying financial statements include all transactions of the District for which the District is financially accountable. Financial accountability is defined as appointment of a majority of a component unit's board and either the ability to impose the will of the District or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. Based on these criteria, the District has determined that there are no component units which come under the criteria for inclusion. The District is not a component unit of any other government entity.

Reporting Entity

The District's financial statements include the accounts of all District operations. The following criteria regarding manifestation of oversight were considered by the District in its evaluation of District organizations and activities:

Election of government authority - The locally elected Board of Directors is exclusively responsible for all public decisions and accountable for the decisions it makes.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Cont'd.)

Reporting Entity (Cont'd.)

Designation of management – The Board of Directors appoints the Director. The Director hires other members of District management. The activities under the purview of management are within the scope of the reporting entity and management is accountable to the Board of Directors for the activities being managed.

Ability to significantly influence operations – The Board of Directors has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts and developing the programs to be provided.

Accountability of fiscal matters – The responsibility and accountability over all funds is vested in the District management.

Basis of Presentation

The accounts of the District are organized on a fund basis which is considered to be a separate accounting entity. The transactions of the fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses. Funds for governmental entities are ordered into three major categories: governmental, proprietary and fiduciary. The fund used by the District is shown below:

Proprietary Fund

Proprietary Funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet. The following is the District's Proprietary Fund type:

Enterprise Fund

The Enterprise Fund is used for activities which are financed and operated in a manner similar to provide business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The fund included is the Ambulance Fund.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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**NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**  
(Cont'd.)

Basis of Accounting: The accrual basis of accounting is followed. Under this basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

Capital Assets: Property, ambulance and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset (ranging from 5 to 39 years). The District has established a \$1,000.00 capitalize threshold.

Property Taxes: The District recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or for the first period that use is permitted. For example, for property taxes it is the period for which they are levied. Resources received or recognized as receivable before the time requirements are met are reported as deferred revenues. The District's budget is based on the previous year's assessed valuation and tax levies. Recording deferred tax revenue allows recognition of the revenue in the period for which it was budgeted. For 2009 the District tax levy was set at \$-0- because of a ½ cent sales tax approved by voters.

Accounts Receivable: The District has adopted the policy of estimating and expensing doubtful accounts and contractual adjustments in the current period.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory: Inventory consists of medical supplies. Inventory costs are stated at market.

Net Assets: Net assets comprise the various net earnings from operating income, non-operating revenues and expenses, capital contributions, and special items. Net assets are classified in the following three components:

*Invested in Capital Assets, Net of Related Debt* – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**  
(Cont'd.)

Net Assets (Cont'd)

portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

*Restricted* – This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions of enabling legislation.

*Unrestricted Net Assets* – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the District’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events:

The District evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 6, 2011.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended December 31, 2010

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**NOTE 2 – ASSESSED VALUATION, TAX LEVY AND TAXES RECEIVABLE:**

Property taxes are levied by Callaway County each March 1, based on property values assessed as of the previous January 1. Property taxes are considered past due on January 1 following the levy date at which time the applicable property is subject to lien and penalties and interest are assessed. Callaway County bills and collects property taxes on behalf of the District.

The assessed valuation of the tangible taxable property for the calendar year 2010:

Real estate	\$548,551.447
Personal Property	<u>159,644,322</u>
	708,195,769
Less TIF	<u>(19,368,390)</u>
TOTAL.....	<u>\$688,827,379</u>

The tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2009 was \$.12.

The receipts of taxes during the year ended December 31, 2010 is as follows:

Assessed valuation	\$688,827.379
Levy per \$100 of assessed valuation	<u>0</u>
Current taxes assessed	<u>\$ 0</u>

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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NOTE 3 - DEPOSITS AND INVESTMENTS:

State law and the District's practice is to limit deposits and investments to insured and/or collateralized demand deposit accounts, certificates of deposit, U.S. Treasury bills, or obligations of other U.S. Agencies for which the principal and interest is guaranteed by U.S. Government. The District does not enter into reverse repurchase agreements.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000.00
Collateral held by the pledging bank in the District's name	<u>1,813,595.13</u>
Total Deposits	<u>\$ 2,063,595.13</u>

The District does not have a deposit policy for custodial credit risk, but follows State Statute which requires all deposits in financial institutions to be fully collateralized. As of December 31, 2010, the District's bank balance of \$2,063,595.13 was fully collateralized and/or insured.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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**NOTE 4 - CONTINGENCIES:**

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Violation of regulatory body's rules and regulations
- Violation of federal and/or state laws

No accrual for potential contingent liabilities, such as, but not limited to, those described above are reflected in the accompanying financial statements.

**NOTE 5 - RETIREMENT PLAN:**

A. Plan Description

The Callaway County Ambulance District participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Callaway County Ambulance District's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 12.7% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

**NOTE 5 – RETIREMENT PLAN:** (Cont'd)

C. Annual Pension Cost

For 2010, the political subdivision's annual pension cost of \$158,076 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2009 and/or February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2010 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, and (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table, set back -0- years for men and -0- years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000, set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed bases. The amortized period at February 28, 2010 was 16 years.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/08	126,608	100%	-0-
06/30/09	139,195	100%	-0-
06/30/10	158,076	100%	-0-

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

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**NOTE 6 – 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 purchases commercial insurance for all risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

The District is also insured by Missouri Rural Services Workers' Compensation Insurance Trust for potential worker related accidents. This insurance pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

**NOTE 7 – UNION CONTRACT:**

The District has entered into an agreement with the International Association of Firefighters Local 3739. The initial agreement covered the period January 1, 2001 to January 1, 2002 and the contract renew automatically if neither party takes action to renegotiate the agreement. The agreement was amended January 1, 2005. The amended agreement states that it shall remain in effect for one year commencing January 1, 2005 and continuing until December 31, 2005, provided that if the contract has not been extended by written agreement prior to the latter date, the agreement shall continue in full force and effect under the same terms and conditions. The contract was amended and became effective January 1, 2009. The contract was also amended January 1, 2010.

**NOTE 8 – EMERGENCY OPERATIONS CONTRACT:**

The District contracts with Callaway County Emergency Operations Center and Callaway County for dispatch services in the amount of \$36,320. The contract is renegotiated and renewed annually.

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri

NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended December 31, 2010

**NOTE 9 – PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment and accumulated depreciation by major class are as follows at December 31, 2010:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				15,000.00
Land	15,000.00	-	-	
Total capital assets, not being depreciated	15,000.00	-	-	15,000.00
Capital assets, being depreciated:				1,177,957.72
Equipment	1,069,439.04	287,788.44	179,269.76	108,987.77
Office Furniture	109,141.65	6,660.50	6,814.38	1,229,567.11
Building	1,229,567.11	-	-	
Total capital assets, being depreciated	2,408,147.80	294,448.94	186,084.14	2,516,512.60
Less accumulated depreciation for:				611,248.47
Equipment	609,920.89	180,441.46	179,113.88	78,623.24
Office Furniture	65,855.23	19,582.39	6,814.38	300,823.90
Building	270,429.23	30,394.67	-	990,695.61
Total accumulated depreciation	946,205.35	230,418.52	185,928.26	
<b>Total capital assets, being depreciated, net</b>	<u>1,461,942.45</u>	<u>64,030.42</u>	<u>155.88</u>	<u>1,525,816.99</u>
<b>Business-type activities</b>	<u>1,476,942.45</u>	<u>64,030.42</u>	<u>155.88</u>	<u>1,540,816.99</u>

Total depreciation expense for 2010 was \$230,457.17.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

CALLAWAY COUNTY AMBULANCE DISTRICT  
Fulton, Missouri  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - BUDGET TO ACTUAL  
For The Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Patient Care Revenue	1,802,090.00	1,900,375.51	98,285.51
Less: Non-allowed charges	(600,000.00)	(609,410.95)	(9,410.95)
Property Tax Revenue	-	529.35	529.35
Sales Tax Revenue	1,600,000.00	1,581,454.79	(18,545.21)
Fireman's Grant Revenue	-	43,782.00	43,782.00
Miscellaneous Income	30,000.00	6,007.62	(23,992.38)
<b>Total Operating Revenues</b>	<u>2,832,090.00</u>	<u>2,922,738.32</u>	<u>90,648.32</u>
<b>Operating Expenses</b>			
Salaries	1,250,000.00	1,272,450.83	(22,450.83)
Payroll Taxes	115,799.00	104,523.22	11,275.78
Fringe Benefits	340,587.00	323,841.32	16,745.68
Administrative Supplies	37,000.00	36,095.53	904.47
Travel	10,000.00	5,846.24	4,153.76
Education	15,000.00	14,065.49	934.51
Grounds/Buildings	32,000.00	14,065.49	8,121.68
Insurance	89,062.00	23,878.32	4,601.16
Utilities	21,000.00	84,460.84	1,874.72
Telephone	11,000.00	19,125.28	626.65
Purchased Services	104,548.00	10,373.35	(278.51)
Communications	15,000.00	104,826.51	5,563.06
Uniforms	16,000.00	9,436.94	7,410.76
Medical Supplies	80,000.00	8,589.24	1,618.61
Vehicle Fuel	45,000.00	78,381.39	2,381.29
Vehicle Maintenance	30,000.00	42,618.71	5,555.36
Training Supplies	5,000.00	24,444.64	4,033.00
Depreciation Expense	5,000.00	967.00	(18,370.51)
Payment to TIF	168,000.00	186,370.51	18,616.24
Bad Debt Expense	48,000.00	29,383.76	225,943.03
<b>Total Operating Expenses</b>	<u>2,859,560.00</u>	<u>2,580,300.09</u>	<u>279,259.91</u>
<b>Operating Income (Loss)</b>	(27,470.00)	342,438.23	(188,611.59)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	30,000.00	34,188.62	4,188.62
Net Gain (Loss) Disposal of Assets	-	241.00	241.00
<b>Total Nonoperating Revenue (Expenses)</b>	<u>30,000.00</u>	<u>34,429.62</u>	<u>4,429.62</u>
<b>Net Income</b>	<u>2,530.00</u>	<u>376,867.85</u>	<u>(184,181.97)</u>
<b>Net Assets, Beginning of Year</b>		<u>3,563,114.46</u>	
<b>Net Assets, End of Year</b>		<u>3,939,982.31</u>	

CALLAWAY COUNTY AMBULANCE DISTRICT  
 Fulton, Missouri  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
 For the Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Patient Care Revenue	\$ 2,082,742	\$ 2,098,296	\$ 15,554
Less: Non-allowed charges	(675,000)	(619,141)	55,859
Property Tax Revenue	-	206	206
Sales Tax Revenue	1,566,527	1,607,834	41,307
Fireman's Grant Revenue	-	2,736	2,736
Miscellaneous Income	43,000	18,215	(24,785)
<b>Total Operating Revenues</b>	<u>3,017,269</u>	<u>3,108,146</u>	<u>90,877</u>
<b>Operating Expenses</b>			58,552
Salaries	1,380,000	1,321,448	3,530
Payroll Taxes	109,635	106,105	3,530
Fringe Benefits	390,000	354,781	35,219
Administrative Supplies	32,000	32,246	(246)
Travel	8,000	6,884	1,116
Education	25,000	26,328	(1,328)
Grounds/Buildings	25,000	23,600	1,400
Insurance	100,000	83,872	16,128
Utilities	21,000	19,422	1,578
Telephone	11,000	10,402	598
Purchased Services	104,548	109,757	(5,209)
Communications	11,000	9,881	1,119
Uniforms	10,000	7,244	2,756
Medical Supplies	80,000	64,872	15,128
Vehicle Fuel	60,000	55,038	4,962
Vehicle Maintenance	55,000	33,025	21,975
Training Supplies	5,000	2,281	2,719
Depreciation Expense	230,000	230,457	(457)
Payment to TIF	48,000	37,766	10,234
Bad Debt Expense	285,000	243,780	41,220
<b>Total Operating Expenses</b>	<u>2,990,183</u>	<u>2,779,189</u>	<u>210,995</u>
<b>Operating Income (Loss)</b>	27,086	328,957	(120,118)
<b>NONOPERATING REVENUES (EXPENSES)</b>			626
Investment Income	18,000	18,626	626
Net Gain (Loss) Disposal of Assets	-	4,486	4,486
<b>Total Nonoperating Revenue (Expenses)</b>	<u>18,000</u>	<u>23,112</u>	<u>5,112</u>
<b>Net Income</b>	<u>\$ 45,086</u>	352,069	<u>\$ (115,006)</u>
<b>Net Assets, Beginning of Year</b>		<u>3,939,982</u>	
<b>Net Assets, End of Year</b>		<u>\$ 4,292,051</u>	

See Accompanying notes to the financial statements.

**CALLAWAY COUNTY AMBULANCE DISTRICT**  
Fulton, Missouri

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
For The Year Ended December 31, 2010

Schedule of Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	[(b-2)/c] UAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Liability (UAL)	Funded Ratio	Annual Covered Payroll	
2/28/2008	1,389,787	1,906,546	516,759	73%	1,054,376	49
2/28/2009	1,271,219	2,029,298	758,079	63%	1,009,031	75
2/28/2009 *	1,271,219	2,108,137	836,918	60%	1,009,031	83
2/28/2010	1,484,576	2,246,995	762,419	66%	1,126,204	68

\* After Benefit Changes

Note: The above assets and actuarial accrued liability do not include assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fun. The actuarial assumptions were changed in conjunction with the February 28, 2009 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.