Evers & Company, CPA's, L.L.C.
Certified Public Accountants and Consultants

Elmer L. Evers
Jerome L. Kauffman
Richard E. Elliott
Dale A. Siebeneck
Keith L. Taylor
Jo L. Moore
Wendy M. Renner

May 15, 2012

To the Board of Directors
Callaway County Ambulance District

We have audited the financial statements of Callaway County Ambulance District for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 2, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Callaway County Ambulance District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the useful life of fixed assets and the allowance for uncollectible accounts are based on an analysis of the useful lives of previously owned assets, and past experience with uncollectible patient accounts. We reevaluated the key factors and assumptions used to develop the current depreciation expense, accumulated depreciation and the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: adjusting accounts payable, sales tax receivable, CD balances, prepaid insurance, inventory and a prior period adjustment.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation dated May 15, 2012.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Callaway County Ambulance District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

Evers & Company, CPA's, L.L.C.
Certified Public Accountants and Consultants

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

In planning and performing our audit of the financial statements of **Callaway County Ambulance District** as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Callaway County Ambulance District's internal control over financial reporting (internal control) 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 Callaway County Ambulance District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Callaway County Ambulance District's internal control.

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

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

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 following deficiencies in Callaway County Ambulance District's internal control to be significant deficiencies:

CURRENT YEAR RECOMMENDATIONS:

Payroll Files

During current year testing it was noted that there were not I-9's for all employees and W-4's were either missing or not current. We recommend employees update W-4's annually and file in personnel files. We further recommend all employees complete an I-9 and all I-9's be kept together in a separate folder.

PRIOR YEAR RECOMMENDATIONS RESUBMITTED:

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.

Internal Control Structure

We are required to give consideration to the District's ability to prepare financial statements and related note disclosures, as well as the oversight of the financial reporting process by those charged with governance. The District does not have in place controls that would assure the preparation of internal financial statements and related note disclosures in accordance with generally accepted accounting principles. The District engages independent auditors to draft the financial statements, which includes drafting the primary financial statements and ensuring the disclosures are complete. Once drafted, the financial statements are submitted to the District for review and approval. While this practice is common and practical, we must inform those charged with governance that this must be considered a significant deficiency in internal control since the financial statement preparation cannot be performed in-house.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

May 15, 2012

CALLAWAY COUNTY AMBULANCE DISTRICT

Fulton, Missouri

INDEPENDENT AUDITORS' REPORT

For The Year Ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **Callaway County Ambulance District** as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Callaway County Ambulance District** as of December 31, 2011, and the respective changes in financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress information on pages 2 through 8 and 23 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Callaway County Ambulance District's financial statements as a whole. The budget comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. The budget comparison is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Evers & Company, CPA's, L.L.C.

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

May 15, 2012

Callaway County Ambulance District

311 Hickman Avenue
PO Box 246
Fulton, MO 65251
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Management's Discussion and Analysis
December 31, 2011 and 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, 2011. 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
- Request 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 44,332 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 was $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 2011 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 primarily 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 a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 11 to 22 of this report.

FINANCIAL ANALYSIS

Financial Highlights

- The total assets of the District exceeded the total liabilities by $4,295,003.38 *(net assets)*
- Net assets increased by $42,029.03 to $4,295,003.38
- Net capital assets decreased by $64,742 to $1,476,074.47
- Operating expenses increased by $361,548.07 to $3,140,738.96

Financial Position

The District's net assets increased by $42,029.03 during the year (see Table 1 below). The largest portion of the District's net assets (66%) or $2,818,928.91 represents its unrestricted net assets. Current assets were used to fund fixed asset purchases during the year.

Table 1
Net Assets
December 31, 2011 and 2010

	2011	2010
Current and other assets	$3,050,333	$2,915,218
Capital assets	1,476,075	1,540,817
Total assets	4,526,408	4,456,035
Current and other liabilities	124,986	67,187
Long term liabilities	106,419	96,798
Total liabilities	231,405	163,985
Net assets:		
Invested in capital assets, net of related debt	1,476,074	1,540,817
Unrestricted	2,818,929	2,751,233
Total net assets	$4,295,003	$4,292,050

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, 2011 and 2010

	2011	2010
Revenues:		
Ambulance service revenues (net)	$1,515,036	$1,479,155
Property taxes	4	206
Sales Tax	1,615,669	1,607,834
Other revenues	27,034	20,951
Total operating revenue	3,157,743	3,108,146
Expenses:		
Ambulance operations	2,865,261	2,548,734
Depreciation	275,479	230,457
Total operating expenses	3,140,740	2,779,191
Net operating income/ (loss)	17,003	328,955
Non operating income/ (loss)	25,025	23,113
Changes in net assets	42,028	352,068
Total net assets – beginning	4,292,050	3,939,982
Prior period adjustment	(39,075)	-0-
Total net assets – beginning, as restated	4,252,974	3,939,982
Total net assets – ending	$4,295,003	$4,292,050

The District's total operating revenues increased by $49,597 and total operating expenses increased by $361,549. The District's net assets for the year increased by $42,028.

CAPITAL ASSETS

The District had $1,476,074 (net of accumulated depreciation) invested in a broad range of capital assets as of December 31, 2011. 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 10 to the basic financial statements.

Table 3
Capital Assets, Net of Depreciation
December 31, 2011 and 2010

	2011	2010
Building	$ 900,421	$ 928,743
Equipment	547,582	566,709
Office Furniture	13,071	30,365
Land	15,000	15,000
Totals	$1,476,074	$1,540,817

LONG-TERM DEBT

Long term debt of $106,419 at December 31, 2011 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, 2011 through December 31, 2011.

During the course of fiscal year 2011, 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 $2,993,611; the final budget amount was $3,170,757, and the actual revenue was $3,157,743.

Budgeted revenues were adjusted to reflect an increase in patient care revenue due to a higher than expected call volume, an increase in sales tax revenue due to higher 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 $12,994 less than the final budgeted revenues.

Original budgeted expenditures for current operations of $3,011,399 were adjusted to a total of $3,158,520. Actual expenditures of $3,140,739 were under budget by $17,781, or 1.6%.

Budgeted expenses were adjusted in several line items. The most significant adjustments were made for insurance to reflect an increase in anticipated workers' compensation premiums, an increase in ambulance fuel costs, medical supplies cost, and a decrease in employee salaries.

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 at 642-7260 extension 23.

CALLAWAY COUNTY AMBULANCE DISTRICT
Fulton, Missouri

STATEMENT OF NET ASSETS
December 31, 2011

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 611,222.74
Certificate of Deposit	1,807,890.08
Accounts Receivable-Patient	399,064.30
Allowance for Doubtful Accts	(133,329.24)
Sales Tax Receivable	238,313.62
Inventory	81,975.89
Prepaid Insurance	45,196.00
Total Current Assets	3,050,333.39
FIXED ASSETS	
Equipment	1,348,442.74
Office Furniture	100,455.25
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	(1,217,390.63)
Net Fixed Assets	1,476,074.47
TOTAL ASSETS	$ 4,526,407.86

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	$ 98,855.89
Due From Payroll Deductions	1,575.76
Accrued Payroll	24,554.00
Total Current Liabilities	124,985.65
LONG TERM LIABILITIES	
Accrued Compensated Absences	106,418.83
Total Liabilities	231,404.48
NET ASSETS	
Invested in Capital Assets	1,476,074.47
Unrestricted	2,818,928.91
TOTAL NET ASSETS	$ 4,295,003.38

See accompanying notes to the financial statements.

CALLAWAY COUNTY AMBULANCE DISTRICT
Fulton, Missouri

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2011

OPERATING REVENUES	
Patient Care Revenue	$ 2,169,970.30
Less: Non-allowed charges	(654,933.95)
Property Tax Revenue	3.81
Sales Tax Revenue	1,615,668.94
Miscellaneous Income	27,033.76
Total Operating Revenues	3,157,742.86
OPERATING EXPENSES	
Salaries	1,331,472.44
Payroll Taxes	108,161.87
Fringe Benefits	359,094.17
Administrative Supplies	38,255.44
Travel	14,095.31
Education	25,337.94
Grounds/Buildings	28,538.97
Insurance	183,363.72
Utilities	20,117.77
Telephone	10,913.94
Purchased Services	90,284.98
Communications	11,188.27
Uniforms	17,604.66
Medical Supplies	85,224.26
Vehicle Fuel	82,598.94
Vehicle Maintenance	38,942.15
Board Member Compensation	2,100.00
Training Supplies	14,364.05
Depreciation Expense	275,479.27
Payment to TIF	27,817.18
Bad Debt Expense	375,783.63
Total Operating Expenses	3,140,738.96
Operating Income (Loss)	17,003.90
NONOPERATING REVENUES (EXPENSES)	
Investment Income	23,871.81
Net Gain/(Loss) Disposal of Assets	1,153.32
Total Nonoperating Revenues (Expenses)	25,025.13
Change in Net Assets	42,029.03
Net Assets, Beginning of Year	4,292,049.79
Prior Period Adjustment	(39,075.44)
Net Assets, Beginning of Year, as restated	4,252,974.35
Net Assets, End of Year	$ 4,295,003.38

See accompanying notes to the financial statements.

CALLAWAY COUNTY AMBULANCE DISTRICT
Fulton, Missouri

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

Cash Flows from Operating Activities:	
Receipts from patients	$ 1,155,467.88
Receipts from taxpayers	1,632,371.25
Receipts from others	27,033.76
Payments to suppliers	(682,245.38)
Payments to employees	(1,785,988.15)
Net Cash Provided (Used) by Operating Activities	346,639.36
Cash Flows from Capital and Related Financing Activities:	
Proceeds from sale of fixed asset	2,393.82
Acquisition of fixed assets	(211,977.25)
Net Cash Provided (Used) by Capital and Related Financing	(209,583.43)
Cash Flow from Investing Activities:	
Purchase of certificates of deposit	(1,807,890.08)
Proceeds from certificate of deposit	1,299,283.99
Receipts of interest	24,643.95
Net Cash Provided (Used) by Investing Activities	(483,962.14)
Net Increase (Decrease) in Cash and Cash Equivalents	(346,906.21)
Cash & Cash Equivalents at Beginning of Year	958,128.95
Cash & Cash Equivalents at End of Year	$ 611,222.74
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income	$ 17,003.90
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	275,479.27
(Increase) Decrease in:	
Accounts receivable, net	16,215.16
Taxes receivable, net	-
Sales Tax receivable	16,698.50
Inventory	(12,875.90)
Prepaid insurance	5,774.50
Increase (Decrease) in:	
Accounts payable	13,503.60
Payroll liabilities	1,575.76
Accrued payroll	3,643.52
Accrued vacation	9,621.05
Net Cash Provided (Used) by Operating Activities	$ 346,639.36

See accompanying notes to the financial statements.

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.

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

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.

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:

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

Basis of Presentation (Cont'd.)

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.

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 capitalization threshold.

Property Taxes: The District recognizes assets from imposed nonexchange 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 the first period that use is permitted. For example, for property taxes, 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 2011, 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.

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

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

Net Assets: Net assets comprise the various net earnings from operating income, nonoperating 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 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 assts 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 May 15, 2011.

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 2011:

Real estate	$ 338,227,532
Personal Property	101,811,349
	440,038,881
Less TIF	(19,634,027)
TOTAL.....	$ 420,404,854

The tax levy per $100 of assessed valuation of tangible taxable property for the calendar year 2011 was $ .0.

The receipts of taxes during the year ended December 31, 2011 is as follows:

Assessed valuation	$420,404,854
Levy per $100 of assessed valuation	0
Current taxes assessed	$ 0

NOTE 3 - DEPOSITS AND INVESTMENTS:

Custodial Credit Risk – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations that have a market value not less than the principal amount of the deposits. The District deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at December 31, 2011.

Investment Interest Rate Risk – The Organization has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

> Missouri Statutes and legal opinions authorize the District to invest in certain types of investments including, but not limited to, collateralized public deposits (certificates of deposit), U.S. Treasurer and federal agency securities, and repurchase agreements.
>
> Collateral is required for demand deposits and certificates of deposit. The market value of the collateral must equal at least 100% of deposits not covered by federal deposit insurance. Securities underlying a repurchase agreement must have a market value of at least 100% of the cost of the repurchase agreement. Obligations pledged to secure deposits are delivered to the bank's joint-custody account at the Federal Reserve Bank.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. At December 31, 2011, the District's balances were held at two financial institutions.

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 June 30th statutorily required contribution rate is 14.9% (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.

NOTE 5 – RETIREMENT PLAN: (Cont'd.)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$168,846
Interest on net pension obligation	0
Adjustment to annual required contribution	0
Annual pension cost	168,846
Actual contributions	168,846
Increase (decrease) in NPO	0
NPO beginning of year	0
NPO end of year	$ 0

The annual required contribution (ARC) was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% 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, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back for 0 years for men and 0 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 an open basis. The amortization period as of February 28, 2009 was 21 years for the General division. The amortization period as of February 28, 2010 was 16 years for the General division.

Three-Year Trend Information

Fiscal Year Ending 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	139,195	100%	-0-
2010	158,076	100%	-0-
2011	168,846	100%	-0-

NOTE 5 – RETIREMENT PLAN: (Cont'd.)

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	$ 1,742,197	$ 2,385,177	$ 642,980	73%	$ 1,082,789	59%

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 Travelers Insurance 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 members 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 renews automatically if neither party takes action to renegotiate the agreement. The agreement was amended January 1, 2010. The amended agreement states that it shall remain in effect for one year commencing January 1, 2010 and continuing until December 31, 2010, 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 not amended in 2011.

NOTE 8 – EMERGENCY OPERATIONS CONTRACT:

The District contracts with Callaway County Emergency Operations Center and Callaway County for dispatch services in the amount of $38,136. The current contract is in effect through 2012.

NOTE 9 – PRIOR PERIOD ADJUSTMENT:

The District remits a portion of amounts collected as sales tax by the South Business 54 TIF district to the City of Fulton. A prior period adjustment has been made to adjust for amounts collected in 2010 but remitted to the City in 2011 that was not booked as accounts payable by the predecessor auditor.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment and accumulated depreciation by major class are as follows at December 31, 2011:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 15,000.00	$ -	$ -	$ 15,000.00
Total capital assets, not being depreciated	15,000.00	-	-	15,000.00
Capital assets, being depreciated:				
Equipment	1,177,957.72	211,977.25	41,492.23	1,348,442.74
Office Furniture	108,987.77	-	8,532.52	100,455.25
Building	1,229,567.11	-	-	1,229,567.11
Total capital assets, being depreciated	2,516,512.60	211,977.25	50,024.75	2,678,465.10
Less accumulated depreciation for:				
Equipment	611,248.47	229,863.68	40,251.73	800,860.42
Office Furniture	78,623.24	17,293.61	8,532.52	87,384.33
Building	300,823.90	28,321.98	-	329,145.88
Total accumulated depreciation	990,695.61	275,479.27	48,784.25	1,217,390.63
Total capital assets, being depreciated, net	1,525,816.99	(63,502.02)	1,240.50	1,461,074.47
Business-type activities capital assets, net	$ 1,540,816.99	$ (63,502.02)	$ 1,240.50	$ 1,476,074.47

Total depreciation expense for 2011 was $275,479.27.

REQUIRED SUPPLEMENTARY INFORMATION

CALLAWAY COUNTY AMBULANCE DISTRICT
Fulton, Missouri

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability Entry Age	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-2)/c] UAL as a Percentage of Covered Payroll
02/28/09	1,271,219	2,108,137	836,918	60%	1,009,031	83
02/28/10	1,484,576	2,246,995	762,419	66%	1,126,204	68
02/28/11	1,742,197	2,385,177	642,980	73%	1,082,789	59

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

ADDITIONAL 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, 2011

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES			
Patient Care Revenue	$ 2,165,253.00	$ 2,169,970.30	$ 4,717.30
Less: Non-allowed charges	(655,887.00)	(654,933.95)	953.05
Property Tax Revenue	4.00	3.81	(0.19)
Sales Tax Revenue	1,632,367.00	1,615,668.94	(16,698.06)
Miscellaneous Income	29,000.00	27,033.76	(1,966.24)
Total Operating Revenues	3,170,737.00	3,157,742.86	(12,994.14)
OPERATING EXPENSES			
Salaries	1,340,851.00	1,331,472.44	9,378.56
Payroll Taxes	109,000.00	108,161.87	838.13
Fringe Benefits	360,569.00	359,094.17	1,474.83
Administrative Supplies	38,000.00	38,255.44	(255.44)
Travel	14,000.00	14,095.31	(95.31)
Education	26,000.00	25,337.94	662.06
Grounds/Buildings	28,000.00	28,538.97	(538.97)
Insurance	180,000.00	183,363.72	(3,363.72)
Utilities	21,000.00	20,117.77	882.23
Telephone	11,000.00	10,913.94	86.06
Purchased Services	91,000.00	90,284.98	715.02
Communications	12,000.00	11,188.27	811.73
Uniforms	18,000.00	17,604.66	395.34
Medical Supplies	100,000.00	85,224.26	14,775.74
Vehicle Fuel	83,000.00	82,598.94	401.06
Vehicle Maintenance	40,000.00	38,942.15	1,057.85
Board Member Compensation	2,100.00	2,100.00	0.00
Training Supplies	14,000.00	14,364.05	(364.05)
Depreciation Expense	276,000.00	275,479.27	520.73
Payment to TIF	40,000.00	27,817.18	12,182.82
Bad Debt Expense	354,000.00	375,783.63	(21,783.63)
Total Operating Expenses	3,158,520.00	3,140,738.96	17,781.04
Operating Income (Loss)	12,217.00	17,003.90	4,786.90
NONOPERATING REVENUES (EXPENSES)			
Investment Income	21,000.00	23,871.81	2,871.81
Net Gain/(Loss) Disposal of Assets	0.00	1,153.32	1,153.32
Total Nonoperating Revenues (Expenses)	21,000.00	25,025.13	4,025.13
Net Income	$ 33,217.00	42,029.03	$ 8,812.03
Net Assets, Beginning		4,292,049.79	
Prior Period Adjustment		(39,075.44)	
Net Assets, Ending		$ 4,295,003.38	