

***MONARCH FIRE PROTECTION DISTRICT***

***FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2012***

# ***MONARCH FIRE PROTECTION DISTRICT***

## **CONTENTS**

### **PAGE**

#### **FINANCIAL SECTION:**

Independent Auditors' Report	1
Management's Discussion And Analysis	3
Basic Financial Statements:	
Statement Of Net Position	9
Statement Of Activities	10
Balance Sheet - Governmental Funds	11
Reconciliation Of The Statement Of Net Position Of Governmental Funds To The Balance Sheet	12
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	13
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	14
Proprietary Fund - Statement Of Net Position	15
Proprietary Fund - Statement Of Revenue, Expenses, And Change In Net Position	16
Proprietary Fund - Statement Of Cash Flows	17
Fiduciary Fund - Statement Of Net Position	18
Fiduciary Fund - Statement Of Changes In Net Position	19
Notes To Financial Statements	20
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	33
Budgetary Comparison Schedule - Ambulance Fund	34
Budgetary Comparison Schedule - Dispatch Fund	35
Budgetary Comparison Schedule - Pension Fund	36
Note To Required Supplementary Information	37
Supplementary Information:	
Budgetary Comparison Schedule - Debt Service Fund	38
Budgetary Comparison Schedule - Capital Projects Fund	39
Schedule Of Insurance In Force	40
Schedule Of Directors' Fees	41
Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government</i> <i>Auditing Standards</i>	42

## INDEPENDENT AUDITORS' REPORT



Members of the Board of Directors of  
**MONARCH FIRE PROTECTION DISTRICT**

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Monarch Fire Protection District, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the Monarch Fire Protection District, as of December 31, 2012, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

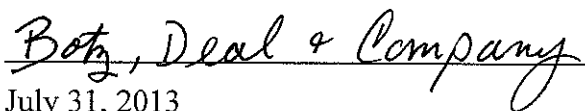
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 33 through 37, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Monarch Fire Protection District's basic financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, 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 as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013 on our consideration of Monarch Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of our audit.

  
July 31, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Monarch Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2012. Please read this narrative in conjunction with the basic financial statements and the accompanying notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$36,282,770 (net position). Of this amount, \$15,486,513 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$24,666,309, a decrease of \$913,383 as a result of current year's operations. The Board used reserves to purchase equipment, which accounted for a majority of decrease in ending fund balance.
- At the end of the current fiscal year, fund balances in the General Fund and Ambulance Fund were a combined \$22,993,269.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Responsibility for the completeness and fairness of this information rests with the District. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A). The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and additional supplementary information in addition to the basic financial statements themselves.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to those used by private-sector companies. The two government-wide statements, Statement of Net Position and Statement of Activities, report the District's net position and how it has changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those normally associated with the operation of a government such as fire and ambulance services. Business-type activities are those activities of the government that are designed to be self-supporting. The District had no business-type activities at fiscal year-end.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the differences between the two reported as net position. Increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating. The statement of net position also provides information on unrestricted and restricted amounts and the net investment in capital assets.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. Thus, revenues and expenses are purported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused compensated absences, etc.). To assess the overall health of the District one needs to consider additional non-financial factors such as changes in the District's property tax base or the condition of the District's fixed asset system.

The Government-wide financial statements report functions of the District that are principally supported by taxes and charges for services. The governmental activities of the District include fire protection, ambulance services, dispatching services, pension, and debt service activities.

### **Fund Financial Statements**

A *fund* is an accounting device that the District uses to keep track of specific sources of funding and spending for particular purposes. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Monarch Fire Protection District adopts annual appropriated budgets for its general, ambulance, dispatch, pension, debt service and capital projects funds. Budgetary comparison statements are provided for each fund to demonstrate compliance with these budgets.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required and other supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary presentations of budget to actual amounts.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$36,282,770 as of December 31, 2012 (See Table 1). Of this amount, \$10,980,586 is invested in capital assets (net of related debt), \$9,815,671 is restricted for specific activities, and \$15,486,513 is unrestricted and available to meet current and future obligations of the District.

**Table 1**  
**Statement of Net Position as of December 31,**

	<i>Governmental Activities</i>		Increase (Decrease)
	2012		
Current and other assets	\$ 28,110,204	\$ 29,774,914	\$ (1,664,710)
Capital assets	10,980,586	11,192,557	(211,971)
<b>Total Assets</b>	<b>39,090,790</b>	<b>40,967,471</b>	<b>(1,876,681)</b>
Other liabilities	1,058,607	1,045,555	13,052
Long-term liabilities	1,749,413	2,460,612	(711,199)
<b>Total Liabilities</b>	<b>2,808,020</b>	<b>3,506,167</b>	<b>(698,147)</b>
Net investment in capital assets	10,980,586	10,567,067	413,519
Restricted	9,815,671	10,515,863	(700,192)
Unrestricted	15,486,513	16,378,374	(891,861)
<b>Total Net Assets</b>	<b>\$ 36,282,770</b>	<b>\$ 37,461,304</b>	<b>\$ (1,178,534)</b>

The largest portion of the District's net position, 43%, reflects unrestricted balances which may be used to meet the District's ongoing obligations to citizens and creditors as well as to fund future capital assets needs. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and long-term liabilities decreased in 2012 compared to 2011 due to the payment of debt principal totaling \$625,000 and a reduction in compensated absences and OPEB liability of \$85,000.

**Table 2**  
**Statement of Activities for the Years Ended December 31**

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for service	\$ 503,559	\$ 395,377	\$ 108,182
General revenues:			
Taxes	19,363,663	19,725,405	(361,742)
Interest income	27,455	25,715	1,740
Miscellaneous	6,012	42,454	(36,442)
Gain on disposal of capital assets	19,100	-	19,100
Total revenues	<u>19,919,789</u>	<u>20,188,951</u>	<u>(269,162)</u>
Expenses:			
Public safety	20,109,587	20,146,712	(37,125)
Dispatching	984,194	975,514	8,680
Interest and fiscal charges	4,542	29,336	(24,794)
Total expenses	<u>21,098,323</u>	<u>21,151,562</u>	<u>(53,239)</u>
Change in net position	(1,178,534)	(962,611)	(215,923)
Net position, beginning of year	37,461,304	38,423,915	(962,611)
Net position, end of year	<u>\$ 36,282,770</u>	<u>\$ 37,461,304</u>	<u>\$ (1,178,534)</u>

**Governmental activities.** As reflected in Table 2, governmental activities decreased the District's net position by \$1,178,534 indicating an overall decrease in financial position. Program revenue includes activities that have the characteristics of exchange transactions, such as commercial and residential inspections and ambulance billings. General revenues include activities that have the characteristics of non-exchange transactions, such as local property taxes and investment earnings. The District's expenses are funded primarily through non-operating revenue. Tax revenue decreased \$361,742 because the total tax rate decreased 1.5% due to the change in the debt service tax rate. Public Safety expenses decreased \$53,239 or 0.2%. This small increase is mostly attributable to flat personnel costs in 2012 compared to 2011. Personnel cost accounts for approximately 85% of the expenses.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements.



**General Fund.** The General Fund is the chief operating fund of the District. As of the end of the current fiscal year, the District's General Fund reported an ending fund balance of \$15,971,723. Of the total fund balance, \$702,305 is non-spendable for prepaid items and is therefore not available for the District to spend. The unassigned fund balance of \$15,269,418 would cover 137% of 2012 expenditures.

Expenditures exceeded revenues in the District's General Fund by \$660,660, however after transfers in of \$966,426 the change in fund balance was \$315,686 during the current fiscal year.

**Ambulance Fund.** Fund balance in the Ambulance Fund must be used for ambulance services. As of the end of the current fiscal year, the District's Ambulance Fund reported an ending fund balance of \$7,021,546. Of the total fund balance, \$526,937 is non-spendable for prepaid items and is therefore not available for the District to spend. The restricted fund balance of \$7,021,546 would cover 109% of 2012 expenditures.

Revenues exceeded expenditures in the District's Ambulance Fund by \$120,497 during the current fiscal year.

## BUDGET ANALYSIS

There were no changes to the original budget during the year ended December 31, 2012.

## CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

**Capital assets.** The District's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$10,980,586 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, furniture and equipment. (See Table 3)

Capital asset balances are as follows as of December 31:

**Table 3**  
**Monarch Fire Protection District's Capital Assets**

	2012	2011	Increase (Decrease)
Land	\$ 2,469,167	\$ 2,469,167	\$ -
Construction in progress	71,707	71,707	-
Buildings and improvements	12,475,235	12,437,237	37,998
Equipment and vehicles	9,134,566	8,631,304	503,262
Total			
Less: Accumulated depreciation	(13,170,089)	(12,416,858)	(753,231)
Net Capital Assets	\$ 10,980,586	\$ 11,192,557	\$ (211,971)

The District's major capital expenditures included a new ladder truck totaling \$656,495.

**Long-term debt.** The District issued \$4,300,000 in General Obligation bonds in 2004. The purpose of the bonds was to fund apparatus replacement and facility replacements/renovations. The District fully retired the bonds with a final payment \$625,000 in principal in 2012.

More detailed information regarding capital asset (Note 4) and long-term debt (Note 5) activity may be found in the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES**

- The District is subject to the Missouri State Hancock Amendment. This restricts the amount of growth the District may have in revenue in any given year to the rate of inflation certified by the State of Missouri plus new construction. The revenue, aside from new construction, may grow at a maximum of 5%, with other restrictions within the law. Actual allowable revenue growth has been less than 5%.
- The continuing rise in the cost of providing medical coverage to employees has caused the District to begin looking at the plan design in order to mitigate the ongoing increases.
- The continuing rise in the cost of workers compensation insurance to cover its employees has caused the District to begin looking internally for ways to improve the health and safety procedures established. In 2012 the District took actions to address the workers compensation cost increase, these actions included on-site training, the implementation of a light duty program and prepared a RFP for a district wide wellness program.

In 2013, the District expects to maintain and improve its services through several primary means.

- Continued hiring and retention of highly qualified personnel.
- Training of existing personnel in the latest breakthroughs in fire suppression, emergency medicine, and other related topics.
- Fire prevention programs and educational events for the community.
- Ongoing updates and replacement of equipment and research of the latest technology related to fire suppression and emergency medicine.
- The overall economic conditions of the St. Louis metro area appear reflective of the nation as a whole; consumer spending is down, inflation is potentially a concern, interest rates have dropped over the course of 2011 and 2012, with uncertainty about what the next twelve months will bring.
- The cost of fuel has risen dramatically over the last two years. The market for fuel continues to be unstable, with many price fluctuations.
- 2013 is likely to be somewhat volatile nationwide. The District has unreserved undesignated funds in place for such uncertain times and is monitoring revenues and expenditures on a regular basis in order to track any pressure from overall economic trends.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, 13725 Olive Blvd. Chesterfield, Missouri 63017.

**MONARCH FIRE PROTECTION DISTRICT****STATEMENT OF NET POSITION****DECEMBER 31, 2012**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 16,247,140
Receivables:	
Property taxes	10,468,325
Ambulance billings	43,990
Other	1,716
Due to other funds	119,791
Prepaid expenses	1,197,442
Inventory	31,800
Capital assets - net:	
Nondepreciable	2,540,874
Depreciable	<u>8,439,712</u>
TOTAL ASSETS	<u>39,090,790</u>
<b>LIABILITIES</b>	
Accounts payable	472,798
Accrued wages	585,809
Noncurrent liabilities:	
Due in one year	70,000
Due in more than one year	<u>1,679,413</u>
TOTAL LIABILITIES	<u>2,808,020</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,980,586
Restricted for:	
Ambulance services	7,791,994
Dispatch services	119,264
Pension benefits	1,723,959
Bond retirement	180,454
Unrestricted	<u>15,486,513</u>
TOTAL NET POSITION	<u>\$ 36,282,770</u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>			
Public safety	\$ 20,109,587	\$ 503,559	\$ (19,606,028)
Dispatching	984,194	-	(984,194)
Interest and fiscal charges	4,542	-	(4,542)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 21,098,323</u>	<u>\$ 503,559</u>	<u>(20,594,764)</u>
Property taxes			19,363,663
Investment income			27,455
Gain on sale of assets			19,100
Other miscellaneous revenue			6,012
<b>TOTAL GENERAL REVENUES</b>			<u>19,416,230</u>
<b>CHANGE IN NET POSITION</b>			<u>(1,178,534)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>			<u>37,461,304</u>
<b>NET POSITION - END OF YEAR</b>			<u>\$ 36,282,770</u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	General Fund	Ambulance Fund	Dispatch Fund	Pension Fund	Capital Projects Fund	Debt Service Fund	Total
<b>ASSETS</b>							
Cash and investments	\$ 10,052,301	\$ 4,960,067	\$ 45,503	\$ 1,008,517	\$ -	\$ 180,752	\$ 16,247,140
Receivables:							
Property taxes	5,599,500	3,344,173	517,750	1,006,289	-	613	10,468,325
Ambulance billings	-	43,990	-	-	-	-	43,990
Other	-	1,716	-	-	-	-	1,716
Inventory	-	31,800	-	-	-	-	31,800
Prepaid items	702,305	495,137	-	-	-	-	1,197,442
Due from (to) other funds	1,327,681	(866,496)	(49,636)	(290,847)	-	(911)	119,791
<b>TOTAL ASSETS</b>	<b>\$ 17,681,787</b>	<b>\$ 8,010,387</b>	<b>\$ 513,617</b>	<b>\$ 1,723,959</b>	<b>\$ -</b>	<b>\$ 180,454</b>	<b>\$ 28,110,204</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 72,402	\$ 6,043	\$ 394,353	\$ -	\$ -	\$ -	\$ 472,798
Accrued wages	373,459	212,350	-	-	-	-	585,809
<b>TOTAL LIABILITIES</b>	<b>445,861</b>	<b>218,393</b>	<b>394,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,058,607</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - taxes	1,264,203	770,448	119,264	231,373	-	-	2,385,288
<b>FUND BALANCES</b>							
Non-spendable prepaid	702,305	526,937	-	-	-	-	1,229,242
Restricted:							
Ambulance services	-	6,494,609	-	-	-	-	6,494,609
Pension	-	-	-	1,492,586	-	-	1,492,586
Debt service	-	-	-	-	-	180,454	180,454
Undesignated	15,269,418	-	-	-	-	-	15,269,418
<b>TOTAL FUND BALANCES</b>	<b>15,971,723</b>	<b>7,021,546</b>	<b>-</b>	<b>1,492,586</b>	<b>-</b>	<b>180,454</b>	<b>24,666,309</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 17,681,787</b>	<b>\$ 8,010,387</b>	<b>\$ 513,617</b>	<b>\$ 1,723,959</b>	<b>\$ -</b>	<b>\$ 180,454</b>	<b>\$ 28,110,204</b>

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

***MONARCH FIRE PROTECTION DISTRICT***  
**RECONCILIATION OF THE STATEMENT OF NET POSITION  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
DECEMBER 31, 2012**

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

Total fund balance per balance sheet	\$ 24,666,309
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,980,586
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	2,385,288
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	<u>(1,749,413)</u>
Net position of governmental activities	<u><u>\$ 36,282,770</u></u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Ambulance Fund	Dispatch Fund	Pension Fund	Capital Projects Fund	Debt Service Fund	Total
<b>REVENUES</b>							
Property taxes	\$10,555,336	\$6,375,922	\$ 983,981	\$1,922,117	\$ -	\$ 36,650	\$19,874,006
Ambulance billings	-	148,132	-	-	-	-	148,132
Interest	18,136	8,296	213	454	-	339	27,438
Permits and reports	355,427	-	-	-	-	-	355,427
Miscellaneous income	2,585	3,427	-	-	-	-	6,012
<b>TOTAL REVENUES</b>	<b>10,931,484</b>	<b>6,535,777</b>	<b>984,194</b>	<b>1,922,571</b>	<b>-</b>	<b>36,989</b>	<b>20,411,015</b>
<b>EXPENDITURES</b>							
Current:							
Public safety	10,800,429	6,376,490	-	1,893,490	-	-	19,070,409
Dispatching	-	-	984,194	-	-	-	984,194
Capital outlay	791,715	38,790	-	-	-	-	830,505
Debt service:							
Principal, interest and fiscal charges	-	-	-	-	-	636,615	636,615
<b>TOTAL EXPENDITURES</b>	<b>11,592,144</b>	<b>6,415,280</b>	<b>984,194</b>	<b>1,893,490</b>	<b>-</b>	<b>636,615</b>	<b>21,521,723</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(660,660)</b>	<b>120,497</b>	<b>-</b>	<b>29,081</b>	<b>-</b>	<b>(599,626)</b>	<b>(1,110,708)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from sale of assets	10,100	9,000	-	-	-	-	19,100
Operating transfer in (out)	966,246	6,209	-	-	(794,230)	-	178,225
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>976,346</b>	<b>15,209</b>	<b>-</b>	<b>-</b>	<b>(794,230)</b>	<b>-</b>	<b>197,325</b>
<b>CHANGE IN FUND BALANCE</b>	<b>315,686</b>	<b>135,706</b>	<b>-</b>	<b>29,081</b>	<b>(794,230)</b>	<b>(599,626)</b>	<b>(913,383)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>15,656,037</b>	<b>6,885,840</b>	<b>-</b>	<b>1,463,505</b>	<b>794,230</b>	<b>780,080</b>	<b>25,579,692</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$15,971,723</b>	<b>\$7,021,546</b>	<b>\$ -</b>	<b>\$1,492,586</b>	<b>\$ -</b>	<b>\$ 180,454</b>	<b>\$24,666,309</b>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

Change in fund balance-total governmental funds	\$ (913,383)
The acquisition of capital assets requires the use of current financial resources but has no effect on net position.	767,932
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(976,903)
Revenues that do not provide current financial resources are not included in the fund financial statements.	(510,343)
In the statement of revenues, expenses and changes in net position, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold.	(3,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(25,832)
Bond issue costs and bond premiums are amortized over the life of the bonds on the statement of activities.	(479)
The payment of certain liabilities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds:	
Compensated absences	29,558
Other post-employment benefits	56,151
Interest payable	7,552
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	625,000
An internal service fund is used by management to charge the costs of dental and vision insurance to individual funds. The change in net position of the internal service fund is reported with governmental activities.	<u>(234,787)</u>
Change in net position of governmental activities	<u>\$ (1,178,534)</u>

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



**MONARCH FIRE PROTECTION DISTRICT**  
**PROPRIETARY FUND - STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Cash and investments	\$           -
<b>LIABILITIES</b>	
Claims payable	<u>                  -</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$                   -</u></u>

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

***MONARCH FIRE PROTECTION DISTRICT***  
**PROPRIETARY FUND - STATEMENT OF REVENUE,  
EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Internal Service Fund</u>
<b>OPERATING REVENUE</b>	
Charges for service	<u>\$ 11,424</u>
<b>OPERATING EXPENSES</b>	
Insurance claims	<u>68,003</u>
<b>OPERATING LOSS</b>	(56,579)
<b>NONOPERATING REVENUE</b>	
Investment income	17
<b>TRANSFERS OUT</b>	<u>(178,225)</u>
<b>CHANGE IN NET POSITION</b>	(234,787)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>234,787</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**PROPRIETARY FUND - STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Charges for service	\$ 11,424
Insurance claims	<u>(68,003)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(56,579)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Transfers to other funds	(178,225)
Investment income received	<u>17</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(178,208)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(234,787)
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>234,787</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ -</u></u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	<u>\$ (56,579)</u>
 <b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ (56,579)</u></u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2012**

	Welfare Benefit Plan Trust <u>VEBA</u>
<b>ASSETS</b>	
Investments:	
Money market funds	\$ 44,922
Annuities	2,244,187
Mutual Funds	1,890,006
Limited partnerships	161,613
Cash and cash equivalents	<u>3,835</u>
<b>TOTAL ASSETS</b>	<u><b>4,344,563</b></u>
<b>LIABILITIES</b>	
Due from other funds	119,791
Other liabilities	<u>3,873</u>
<b>TOTAL LIABILITIES</b>	<u><b>123,664</b></u>
<b>NET POSITION</b>	<u><u><b>\$ 4,220,899</b></u></u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Welfare Benefit Plan Trust VEBA
<b>ADDITIONS</b>	
Contributions	\$ 146,000
Investment income	374,522
<b>TOTAL ADDITIONS</b>	<u>520,522</u>
<b>DEDUCTIONS</b>	
Benefit payments	187,993
Disability payments	76,796
Insurance	56,785
Professional fees	20,318
Administrative expenses	9,338
<b>TOTAL DEDUCTIONS</b>	<u>351,230</u>
<b>INCREASE IN NET POSITION</b>	169,292
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>4,051,607</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 4,220,899</u></u>

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

**MONARCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The District applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected official's accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The District presently has no component units included within its reporting entity.

**B. BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

*Government-Wide Financial Statements* - The reporting model includes financial statements prepared using full accrual accounting for all the District's nonfiduciary activities. This approach includes not only current assets and liabilities, deferred outflows and deferred inflows, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

*Statement of Net Position* - The statement of net position is designed to display the financial position of the Primary Government (governmental and business-type activities). The District reports capital assets in the government-wide statement of net position and reports depreciation expense in the statement of activities. The net position of the District is broken down into three categories 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

B. **BASIC FINANCIAL STATEMENTS - continued**

*Statement of Activities* - The statement of activities reports, expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the District has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Ambulance Fund, Dispatch Fund, Capital Projects Fund, Debt Service Fund and Pension Fund. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category for the governmental and enterprise combined) for the determination of major funds. The District considers the Debt Service Fund and Capital Projects Fund to be major funds even though they do not meet the requirements of GASB 34 due to their significance to the District.

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued**

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges for services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major governmental funds:

**The General Fund** - The District's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

**Ambulance Fund** - This fund is a special revenue fund used to account for the proceeds of a special tax levy restricted for ambulance operations as well as fees charged and expenditures incurred to provide ambulance services.

**Dispatch Fund** - This fund is a special revenue fund used to account for taxes received and expenditures incurred by the District to participate in a centralized dispatch service.

**Pension Fund** - This fund is a special revenue fund used to account for taxes received that will be used to provide pension benefits to employees of the District.

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

**Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt.

Additionally, the government reports the following fund types:

**Internal Service Fund** - This fund accounts for dental and vision insurance coverages provided to the District employees on a cost-reimbursement basis.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued
- C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

**Welfare Benefit Plan Trust** - This fund is used to account for assets held by the District in a trustee capacity. The fund accumulates contributions and earnings from the fund's investments for death, post-retirement medical, disability, severance benefits and educational assistance.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets of the District are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	30 years
Equipment and vehicles	5-20 years

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

All property taxes are received into the General Fund and subsequently transferred to each fund's respective bank account. In addition, various expenditures are paid out of the General Fund and are subsequently transferred or refunded back to the General Fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

G. **COMPENSATED ABSENCES**

Vacation time is earned based on the number of years of service. Vacation time is earned in the year it is available for use. Vacation earned by December 31, 2012 must be taken by the end of that year. Unusual circumstances may permit a carryover.

The District also grants sick leave to all employees at the rate of six days per year for shift personnel and eight days per year for administrative personnel. Covered employees are allowed to accumulate unused sick leave up to 120 days and 240 days for shift personnel and administrative personnel, respectively. Upon termination of employment due to retirement or other reasons, 70% to 100% of the balance accumulated is paid to the employee. The amount paid is based upon a formula agreed to in the memorandum of understanding with the Professional Fire Fighter Local 2665. The liability for accrued sick leave as of December 31, 2012 was \$1,677,413.

H. **PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. **ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements, only if they will be liquidated with current resources. In addition, special termination benefits, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

J. **NET POSITION AND FUND EQUITY**

In government-wide financial statements net position is reported in three categories: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is considered unrestricted.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

J. **NET POSITION AND FUND EQUITY - continued**

When both restricted and unrestricted sources are available for use, it is the District policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net position reports \$9,815,671 of restricted, all of which are restricted by enabling legislation.

**Fund Balance Classification** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making (resolution), and that remain binding unless removed in the same manner.

**Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which the Board of Directors has delegated the authority to assign amounts for specific purposes.

**Unassigned** - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The City would typically use Restricted fund balances first, followed by Committed resources and Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first.

K. **CONCENTRATION OF LABOR**

Approximately 92% of the labor force was subject to a collective bargaining agreement, which expires on December 31, 2013.

L. **CASH AND CASH EQUIVALENTS**

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

M. **INVENTORIES**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

2. **CASH AND INVESTMENTS**

The District is governed by the deposit and investment limitations of state law. The depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes. State Statutes authorize the Welfare Benefit Plan Trust - VEBA to invest in corporate stocks, bonds, and insurance contracts. As of December 31, 2012, the carrying amount of the District's bank deposits totaled \$15,616,737, with a bank balance of \$16,424,387. The entire bank balance was covered by the FDIC or was covered by collateral pledged in the name of the District and held by the pledging bank's trust department or agent. As of December 31, 2012, the carrying amount of the Fiduciary Fund bank deposits totaled \$3,835, with a bank balance of \$1,502. The entire bank balance was covered by the FDIC.

Investments	Fair Market Value	Maturities Less Than One Year	No Specific Maturity	S & P Rating
Governmental Activities:				
Federal Home Loan Mortgage Corp. \$	630,403	\$ 630,403	\$ -	AA
Fiduciary Fund:				
Money market funds	44,922	44,922	-	Not Rated
Mutual funds	1,890,006	-	1,890,006	Not Rated
Annuities	2,244,187	-	2,244,187	Not Rated
Limited partnerships	161,613	-	161,613	Not Rated
Total Investments	\$ 4,971,131	\$ 675,325	\$ 4,295,806	

Investment Policies:

**Credit Risk** - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its formal investment policy, the District minimizes credit risk by:

- Prequalifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business.
- Diversifying the portfolio so potential losses on individual securities will be minimized.

## 2. CASH AND INVESTMENTS - continued

**Interest Rate Risk** - The risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. In accordance with its formal investment policy, the District minimizes interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities

**Concentration of Credit Risk** - The risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's policy to minimize concentration of credit risk is the diversification strategies to be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

	<u>Maximum</u>
a. U.S. treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
b. Collateralized time and demand deposits	100
c. U.S. government agencies and government-sponsored enterprises	60
d. Collateralized repurchase agreements	80
e. U.S. government agency callable securities	40
f. Commercial paper	40
g. Bankers' acceptances	40

## 3. PROPERTY TAX

The District's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are levied on September 1 and payable by December 31. The County collects the property tax and remits it to the District. Assessed values are established by the St. Louis County Assessor subject to review by the Board of Equalization. The District defers recognition of revenue for uncollected property taxes. The assessed valuation of the tangible taxable property for calendar year 2012 for purposes of local taxation was:

Assessed Valuation	
Residential	\$ 1,399,308,340
Agricultural	942,030
Commercial	477,344,910
State Railroad and utilities	25,163,372
Personal property	272,317,698
Total Assessed Valuation	\$ <u>2,175,076,350</u>

### 3. **PROPERTY TAX - continued**

Tax Rate (per \$100 of Assessed Valuation)

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Dispatch Fund</u>	<u>Pension Fund</u>
Residential	\$ .4330	\$ .2720	\$ .0430	\$ .0810
Agricultural	.4050	.2520	.0370	.0760
Commercial	.5240	.3150	.0480	.0960
Personal Property	.5300	.3300	.0480	.1000

### 4. **CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended December 31, 2012 is as follows:

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>TRANSFERS AND ADDITIONS</u>	<u>TRANSFERS AND DELETIONS</u>	<u>BALANCE, END OF YEAR</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,469,167	\$ -	\$ -	\$ 2,469,167
Construction in progress	71,707	-	-	71,707
Total capital assets, not being being depreciated	<u>2,540,874</u>	<u>-</u>	<u>-</u>	<u>2,540,874</u>
Capital assets, being depreciated:				
Buildings and improvements	12,437,237	37,998	-	12,475,235
Equipment and vehicles	8,631,304	729,934	(226,672)	9,134,566
Total capital assets, being depreciated	<u>21,068,541</u>	<u>767,932</u>	<u>(226,672)</u>	<u>21,609,801</u>
Less accumulated depreciation for:				
Buildings and improvements	( 6,353,820)	( 426,159)	-	( 6,779,979)
Equipment and vehicles	( 6,063,038)	( 550,744)	223,672	( 6,390,110)
Total accumulated Depreciation	<u>(12,416,858)</u>	<u>( 976,903)</u>	<u>223,672</u>	<u>(13,170,089)</u>
Total capital assets, being depreciated, net	<u>8,651,683</u>	<u>( 208,971)</u>	<u>(3,000)</u>	<u>8,439,712</u>
Total governmental activities	\$ <u>11,192,557</u>	\$ <u>( 208,971)</u>	\$ <u>(3,000)</u>	\$ <u>10,980,586</u>

Depreciation was charged to the public safety function in the statement of activities.

## 5. LONG-TERM DEBT

**General Obligation Bonds** - The District issued \$4,300,000 in bonds. The bonds were issued for the purpose of constructing, purchasing, equipping and maintaining fire stations, and purchasing fire-fighting apparatus and auxiliary equipment for the District. These bonds are being serviced through a separate property tax. The bonds were paid in full during 2012.

The following is a summary of changes in long-term debt:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Governmental activities:					
General obligation bonds	\$ 625,000	\$ -	\$ (625,000)	\$ -	\$ -
Bond premium	490	-	( 490)	-	-
Voluntary termination					
Benefits	128,151	16,000	( 72,151)	72,000	40,000
Compensated absences	1,706,971	31,250	( 60,808)	1,677,413	30,000
Total Governmental					
Activities	\$ 2,460,612	\$ 47,250	\$ (758,449)	\$ 1,749,413	\$ 70,000

## 6. INTERFUND TRANSACTIONS

Certain revenues and expenditures that affect multiple funds are initially recorded through the General Fund cash receipts and disbursements records. This method results in the necessity of maintaining interfund accounts receivable and payable to provide fund accountability. The interfund balances at December 31, 2012 are as follows:

	DUE TO	DUE FROM
General Fund	\$ -	\$ 1,327,681
Ambulance Fund	866,496	-
Pension Fund	290,847	-
Debt Service Fund	911	-
Dispatch Fund	49,636	-
Welfare Benefit Plan Trust - VEBA	119,791	-

## 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred these risks by purchasing insurance from commercial enterprises. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District has joined together with other districts to form a group of self-insurers for workers' compensation, a public entity risk pool currently operating as a common risk management and insurance program for worker compensation claims. The District pays an annual premium to the pool for its insurance coverage. The agreement for formation of the Missouri Fire and Ambulance Districts' Insurance Trust (MOFAD) provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event.

**7. RISK MANAGEMENT - continued**

The purpose of MOFAD is to distribute the cost of the annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MOFAD have no legal interest in assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MOFAD should it cease operations at some future date. The District has not been made aware of any contingent liabilities as of December 31, 2012. The District's annual premium payment for 2012 to MoFAD was \$1,207,840.

The District self-insures for employee dental and vision claims up to predetermined maximums. Under the program, an Internal Service Fund provides coverage for up to annual per person maximums of \$2,000 and \$300 for dental and vision claims, respectively.

The District purchases commercial insurance for health claims in excess of coverage provided by the Internal Service Fund. The District implemented a program to provide for reimbursement of 50% of individual deductibles.

Liabilities are reported when it is probable that a claim has occurred and the amount of the claim can be reasonably estimated. At December 31, 2012, the total estimated liability of incurred but unpaid claims for dental and vision were \$-0-.

**8. PENSION PLAN**

The District adopted a single-employer defined contribution plan on January 1, 1998 titled Retirement Plan For The Employees Of Monarch Fire Protection District (the Plan).

The District contributes a discretionary amount to the defined contribution pension plan. The plan is administered by EkonBenefits. Contributions will be made with funds derived from the tax established pursuant to Section 321.610 RSMO or, at the discretion of the District, from other available revenues of the District. Plan amendments are made via resolution by the Board of Directors with a majority vote. The contribution is allocated to participants' accounts in an amount equal to the total amount contributed multiplied by the ratio of the participant's compensation for the plan year to total compensation for all participants entitled to a contribution for the plan year. Contributions are made exclusively by the District. All employees at the end of a plan year who have completed 1,000 hours of service during that plan year and are 21 years of age are eligible to participate in the plan. Participants begin to vest in these contributions after five (5) years of service in increasing percentages and are 100% vested after ten (10) years of service. During the year ended December 31, 2012, the District contributed \$1,708,537 to the defined contribution plan.

**9. OTHER POST-EMPLOYMENT BENEFITS**

In addition to the benefits described in Note 10, the District provides post-retirement medical benefits, disability benefits, a \$50,000 per participant plus balance of participant's account as a death benefit, and severance benefits to eligible employees. These benefits are provided under a plan known as the Monarch Fire Protection District Welfare Benefit Plan (the VEBA).



9. **OTHER POST-EMPLOYMENT BENEFITS - continued**

Employees are eligible to participate in the VEBA after one month of full-time employment. At December 31, 2012, there were 147 participants. (144 active/retired and 3 disabled retirees).

Under the terms of the VEBA, the District shall contribute an amount determined by the board to fund benefits under the Plan. In addition, to the defined contribution "indemnity account" the District has a "Disability Reserve" included in the VEBA Trust's assets. The "Disability Reserve" assets will provide benefits to three individuals currently receiving benefits from the Trust. Disability benefits are provided to all current employees through insurance purchased through a third party.

As of January 1, 2013, the District received an actuarial valuation preformed on the "Disability Reserve". This valuation was limited to determining the present value of projected benefits for the three disabled individuals receiving benefits under this plan. As of January 1, 2013 the present value of the projected benefits were \$534,155 and the value of Trust assets designated for these benefits was \$809,445.

In determining the present value of the projected benefits from the "Disability Reserve" the District uses the aggregate funding method. Under this method the present value of future normal costs equals the present value of benefits reduced by plan assets. These future costs are spread as a level percentage over current and future expected pay. The portion attributable to current pay is the current year normal costs. Experience gains and losses are included in the present value of future normal costs and therefore are spread over future years as a level percentage of pay. Pre-retirement and Post-retirement mortality rates are based on the 1983 Group Annuity Mortality Table for males, set forward 10 years for disabled lives. Investment earnings are assumed to be 6.5%. All assets are valued at market value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair market value.

During the year ended December 31, 2012 the Districted contributed \$146,000 to the VEBA.

10. **VOLUNTARY TERMINATION BENEFITS**

The District agreed to provide certain benefits to employees as an incentive to retire. There are two separate agreements entitled "Monarch Fire Protection District Retirement Package" and "The 2009-2010 Voluntary Exit Incentive Program". The Board of Directors agreed to provide payments to retirees under this agreement to supplement the cost of health insurance.

Under the "Monarch Fire Protection District Retirement Package" insurance premiums are paid on behalf of retirees from the General Fund as the premiums come due. There are no obligations due under this package for the year ending December 31, 2012.

Under "The 2009-2010 Voluntary Exit Incentive Program" the District will provide \$2,000 per quarter for 5 years or until the retiree obtains the age of 65, which ever comes first. Under this package the retiree may use the \$2,000 to purchase insurance through the District, on the open market, or not at all. Obligations under this package for the years ending December 31 are follows:

10. **VOLUNTARY TERMINATION BENEFITS - continued**

Year	Obligation
2013	\$ 40,000
2014	16,000
2015	16,000
TOTAL	\$ <u>72,000</u>

11. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 31, 2013, the date the financial statements were available to be issued.

12. **CONTINGENCIES**

From time to time, the District is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the District.

13. **EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the year ended December 31, 2012 expenditures exceeded appropriations in the following funds:

	Appropriations	Expenditures	Difference
General Fund	\$ 10,480,076	\$ 11,592,144	\$ 1,112,068
Pension Fund	1,744,891	1,893,490	148,599
Debt Service Fund	636,328	636,615	287

14. **FUTURE ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67) and GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, are intended to improve financial reporting by pension plans. GASB 67 and 68 will be effective for the District for the year ending June 30, 2014 and 2015, respectively.

The District, however, has not yet completed its assessment of these statements or the potential impact on its financial position.

15. **CHANGE IN ACCOUNTING PRINCIPLE**

In 2012, the City adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement required changes in accounting captions in the statements of net position and the government fund balance sheet.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MONARCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property taxes	\$ 10,266,600	\$ 10,266,600	\$ 10,555,336	\$ 288,736
Interest	25,000	25,000	18,136	(6,864)
Permits and reports	125,000	125,000	355,427	230,427
Miscellaneous income	50,500	50,500	2,585	(47,915)
TOTAL REVENUES	<u>10,467,100</u>	<u>10,467,100</u>	<u>10,931,484</u>	<u>464,384</u>
<b>EXPENDITURES</b>				
Public safety	10,439,501	10,439,501	10,800,429	(360,928)
Capital outlay	40,575	40,575	791,715	(751,140)
TOTAL EXPENDITURES	<u>10,480,076</u>	<u>10,480,076</u>	<u>11,592,144</u>	<u>(1,112,068)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,976)</u>	<u>(12,976)</u>	<u>(660,660)</u>	<u>(647,684)</u>
<b>OTHER SOURCES AND (USES)</b>				
Sale of capital assets	20,000	20,000	10,100	(9,900)
Operating transfer in (out)	-	-	966,246	966,246
TOTAL OTHER FINANCING SOURCES	<u>20,000</u>	<u>20,000</u>	<u>976,346</u>	<u>956,346</u>
<b>CHANGE IN FUND BALANCES</b>	7,024	7,024	315,686	<u>\$ 308,662</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>15,656,037</u>	<u>15,656,037</u>	<u>15,656,037</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 15,663,061</u>	<u>\$ 15,663,061</u>	<u>\$ 15,971,723</u>	

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

**MONARCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**AMBULANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property taxes	\$ 6,352,100	\$ 6,352,100	\$ 6,375,922	\$ 23,822
Ambulance billing	125,000	125,000	148,132	23,132
Interest	8,000	8,000	8,296	296
Miscellaneous income	11,500	11,500	3,427	(8,073)
<b>TOTAL REVENUES</b>	<u>6,496,600</u>	<u>6,496,600</u>	<u>6,535,777</u>	<u>39,177</u>
<b>EXPENDITURES</b>				
Public safety	6,475,723	6,475,723	6,376,490	99,233
Capital outlay	76,550	76,550	38,790	37,760
<b>TOTAL EXPENDITURES</b>	<u>6,552,273</u>	<u>6,552,273</u>	<u>6,415,280</u>	<u>136,993</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(55,673)</u>	<u>(55,673)</u>	<u>120,497</u>	<u>176,170</u>
<b>OTHER SOURCES AND (USES)</b>				
Sale of capital assets	10,000	10,000	9,000	(1,000)
Operating transfer in	-	-	6,209	6,209
<b>TOTAL OTHER SOURCES AND (USES)</b>	<u>10,000</u>	<u>10,000</u>	<u>15,209</u>	<u>5,209</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(45,673)</u>	<u>(45,673)</u>	<u>135,706</u>	<u>\$ 181,379</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>6,885,840</u>	<u>6,885,840</u>	<u>6,885,840</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,840,167</u>	<u>\$ 6,840,167</u>	<u>\$ 7,021,546</u>	

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

**MONARCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**DISPATCH FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property taxes	\$ 987,300	\$ 987,300	\$ 983,981	\$ (3,319)
Interest	1,000	1,000	213	(787)
TOTAL REVENUES	<u>988,300</u>	<u>988,300</u>	<u>984,194</u>	<u>(4,106)</u>
<b>EXPENDITURES</b>				
Dispatching services	<u>988,300</u>	<u>988,300</u>	<u>984,194</u>	<u>4,106</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	<u>\$ -</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

**MONARCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property taxes	\$ 1,892,200	\$ 1,892,200	\$ 1,922,117	\$ 29,917
Interest	10,800	10,800	454	(10,346)
TOTAL REVENUES	<u>1,903,000</u>	<u>1,903,000</u>	<u>1,922,571</u>	<u>19,571</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,744,891</u>	<u>1,744,891</u>	<u>1,893,490</u>	<u>(148,599)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	158,109	158,109	29,081	<u>\$ (129,028)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,463,505</u>	<u>1,463,505</u>	<u>1,463,505</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,621,614</u>	<u>\$ 1,621,614</u>	<u>\$ 1,492,586</u>	

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

**MONARCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Budgets and Budgetary Accounting**

Budgets are adopted on a modified accrual basis of accounting. Annual appropriated budgets are adopted for each governmental fund. Budgets are not prepared for the Proprietary Fund (Internal Service Fund - Dental and Vision Plan) and the Fiduciary Fund (Welfare Benefit Plan Trust - VEBA). All annual appropriations lapse at year-end.

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

- a. Budget worksheets are distributed by the Controller to department heads for the accounts that relate to that department. All department heads are responsible for developing their annual budget based upon their needs and goals for the following year.
- b. Information is returned to the Controller by the department heads in a variety of formats. However, all accounts must be addressed and large or unusual expenditure requests must have explanations or supporting documents attached.
- c. All information is compiled as received then reviewed by the Chief and the Controller. Decisions can then be made regarding what budget items are appropriate and necessary and which need to be modified.
- d. The legal level of budgetary control is at the fund level.
- e. State statutes prohibit deficit budgeting by requiring that estimated expenditures for the fiscal year do not exceed estimated revenues for the fiscal year plus unencumbered fund balances at the beginning of the fiscal year.
- f. The draft of the budget, when completed, is presented to the Board of Directors for their revision and approval. The annual operating budget for the fiscal year beginning the following January 1 must be adopted prior to December 31.
- g. During the year, budget amendments may be submitted by the Chief and the Controller to the Board of Directors. Budget amendments were adopted once during the current year.



## **SUPPLEMENTARY INFORMATION**

**MONARCH FIRE PROTECTION DISTRICT**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Property taxes	\$ 302,500	\$ 302,500	\$ 36,650	\$ (265,850)
Interest	-	-	339	339
TOTAL REVENUES	<u>302,500</u>	<u>302,500</u>	<u>36,989</u>	<u>(265,511)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal, interest and fiscal charges	<u>636,328</u>	<u>636,328</u>	<u>636,615</u>	<u>(287)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(333,828)</u>	<u>(333,828)</u>	<u>(599,626)</u>	<u>\$ (265,798)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>780,080</u>	<u>780,080</u>	<u>780,080</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 446,252</u>	<u>\$ 446,252</u>	<u>\$ 180,454</u>	

**MONARCH FIRE PROTECTION DISTRICT**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER SOURCES AND (USES)</b>				
Operating transfer out	<u>-</u>	<u>-</u>	<u>(794,230)</u>	<u>(794,230)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(794,230)</u>	<u>\$ (794,230)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>794,230</u>	<u>794,230</u>	<u>794,230</u>	
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 794,230</u>	<u>\$ 794,230</u>	<u>\$ -</u>	

# **MONARCH FIRE PROTECTION DISTRICT**

## **SCHEDULE OF INSURANCE IN FORCE**

DECEMBER 31, 2012

INSURANCE IN FORCE	INSURANCE COMPANY	COVERAGE
Property Structures Contents	Arch Insurance Company	\$ 15,880,906 ** \$ 831,300
General liability	Arch Insurance Company	\$1,000,000/\$10,000,000
Workers compensation	MoFAD	As required by state statutes
Automobile: Liability	Arch Insurance Company	\$ 1,000,000
Umbrella: Liability	Arch Insurance Company	\$2,000,000/\$6,000,000
Fiduciary liability	American Alternative Insurance	\$ 2,000,000
Employee theft	Arch Insurance Company	\$ 1,000,000

\*\* Building coverage is guaranteed replacement cost up to an agreed upon limit as noted in the policy.

***MONARCH FIRE PROTECTION DISTRICT***

**SCHEDULE OF DIRECTORS' FEES**

**DECEMBER 31, 2012**

<u>OFFICE HOLDER</u>	<u>OFFICE</u>	<u>ANNUAL COMPENSATION</u>
Kimberly Evans	President	\$ 9,883
Robin Harris	Secretary	9,883
Steven Swyers	Treasurer	- *

\* Elected to not be compensated