

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

Year Ended December 31, 2015

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS  
Year Ended December 31, 2015  
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### INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eureka Fire Protection District (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note N to the financial statements, the District adopted GASB Statement No. 68 in 2015.

## **Other Matters**

### Required Supplementary Information

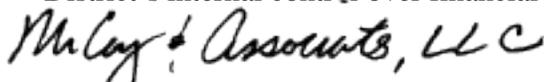
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13 and the budgetary comparison information on pages 42-44 be presented to supplement the basic financial statements. Such information, although not a part of the 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

The supplementary information on pages 45-46 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

  
June 28, 2016

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

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This section of Eureka Fire Protection District's Financial Report presents management's discussion and analysis of the District's financial activity during the fiscal year ended December 31, 2015. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements and the notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the District. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

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

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

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

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

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

### **Government-wide statements**

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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financial statements because the District cannot use these assets to finance its operations.

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

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

- The District operates 5 separate tax supported funds general revenue, ambulance service, pension, dispatch, and bond retirement. The total tax rate on the 5 funds for 2015 was \$1.2108/\$100 assessed value.
- The District has seen a steady decline in assessed value since 2008, this even with some new construction the chart below reflects the changes;

**Trending of Assessed values**

2009	\$394,229,259		
2010	\$379,121,434	% change	(3.84%)
2011	\$380,496,366	% change	0.37%
2012	\$365,394,207	%change	(4.00%)
2013	\$372,194,205	%change	1.86%
2014	\$371,230,068	%change	(0.25%)
2015	\$373,465,032	%change	.60%

**Estimated Increase from new Construction**

2009	\$ 6,860,270
2010	\$ 4,763,550
2011	\$ 3,810,450
2012	\$ 4,015,550
2013	\$ 5,350,800
2014	\$ 3,679,299
2015	\$ 4,634,123

**Tax Revenue Collections**

In 2015 the District saw a tax collection rate of 98.6%

	<u>Projected Collections at 100%</u>	<u>Actual Collections</u>
General Revenue	\$ 2,584,751	\$2,547,645
Ambulance	\$ 1,041,220	\$1,024,173
Pension	\$ 347,695	\$ 342,472
Communications	\$ 103,449	\$ 101,844
Bond	\$ 560,197	\$ 560,031

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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- The District is working towards implementing a complete accounting guide for the District.
- ✓ The District is striving to work to provide more internal controls and provide transparency in all levels of its administration. The District routinely posts to its website for public review its Board Meeting minutes and Financial Statements.
- ✓ The District works to provide a system of checks and balances in its financial transactions by segregating duties and providing oversight of transactions by at least 2 individuals
- The District has contracted with Pro Claims of St. Louis for ambulance billing. The District billing and collection history is outlined below:

<u>YEAR</u>	<u>Billed</u>	<u>Collected</u>	<u>%</u>
2015	\$688,136	\$477,827	69.44%
2014	\$716,412	\$411,415	57.42%
2013	\$715,568	\$491,935	68.75%
2012	\$647,247	\$374,508	57.86%
2011	\$698,501	\$332,931	47.66%
2010	\$645,521	\$371,605	57.57%

- The District needs to evaluate on an annual basis, its ambulance billing rates to ensure we remain fair and in line with current EMS billing trends. This is accomplished by a survey of other providers, conducted by staff and ensuring with our billing agent that we are with in Federal and State reimbursement guidance.
- In addition to the general fund, the District operates 3 special revenue funds, a medical self-insurance fund, and a capital improvement fund. In addition the District administers the funds for Explorer Post 2498. The Explorer Post is funded mainly by fund raisers, done by the group and donations.
- The Fire District provides a defined benefit pension plan for its employees. In accordance with Missouri statutes, the pension plan is overseen by a pension board which is made up by the 3 Directors and 2 plan participants. The Directors are Dr. Patrick Feder, Director Francis “Butch” Oberkramer, Charles E. Kuhn and the 2 plan participants that are on the pension board are Brad Dickinson and Lannie Power. This plan has been managed for the District by John Hancock Inc. Cost for employee disability insurance and retiree health have been taken out of the pension fund in the past. The Board of Directors has placed those expenses into the general revenue budget; estimated cost of these two items is \$100,000 annually. Individuals hired after June 2013 has a 10 year vesting period, those hired prior to that date have a 5 year vesting period. Years of service prior to 2014 accrued 2 ½ % per year, starting in 2014 that rate is 2 % per year of service for up to 30 years of service. The District Directors are the trustees of the plan. Currently the District is in the process of

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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providing names to the Board of Directors to complete a new requirement in State law that requires a pension board to be in place of the 3 Directors and 2 plan participants. The pension board does meet and conducts training quarterly.

- In efforts to become more open to the community we serve, the District has started adding more information to the public section of our webpage. Items included on the page are audit reports, financial statements, Board meeting minutes, budgets and salary schedules.

The District responded to 2240 incidents in 2015 this as compared to 2088 in 2014. This is an increase 6.8%. A 3 year comparison is below;

	<u>2013</u>	<u>% of total</u>	<u>2014</u>	<u>% of total</u>	<u>2015</u>	<u>% of total</u>
Emergency Medical	1536	80%	1519	73%	1768	79%
Fire	<u>401</u>	20%	<u>569</u>	27%	<u>472</u>	21%
TOTAL	<u>1937</u>		<u>2088</u>		<u>2240</u>	

In 2015 the Fire District estimated Fire loss;

Value of property lost to fire	\$ 487,550
Value of property saved in those fires	\$ 2,923,000

Residential Fires	11	\$ 343,000 est. loss	70 % of total loss
Commercial Fires	1	\$ 80,000 est. loss	16 % of total loss
Vehicle Fires	13	\$ 62,550 est. loss	13% of total loss
Misc. fires	14	\$ 2,000 est. loss	1% of total loss

In 2015, the District issued the following permits:

Commercial construction permits	20
Miscellaneous permits	<u>35</u>
Total Permits	55

Fire Prevention Inspections conducted	1,409 -	19% Increase
Community Services Events	81 -	12% Increase
People Contacted	10,731 -	38% Decrease
CPR Classes Conducted	20 -	13% Decrease
Class participants	139 -	9% Increase
Car Seat Safety Checks	61 -	1% Decrease
Neighborhood Paramedic Visits	39 -	3% Increase
Total Community Services hours	889 -	11% Increase

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Net Assets  
As of December 31, 2015 and 2014 (as restated)

	<u>2015</u>	<u>2014</u>
Current Assets (net of inter-fund receivables)	\$ 6,575,307	\$ 7,699,242
Capital assets, net of depreciation	<u>5,211,474</u>	<u>4,470,441</u>
Total Assets	<u>\$ 11,786,781</u>	<u>\$ 12,169,683</u>
Deferred Outflows of Resources	<u>\$ 851,291</u>	<u>\$ 1,045,867</u>
Total Deferred Outflows of Resources	<u>\$ 851,291</u>	<u>\$ 1,045,867</u>
Current Liabilities (net of inter-fund payables)	\$ 856,806	\$ 584,141
Non-current Liabilities	<u>7,689,748</u>	<u>6,990,678</u>
Total Liabilities	<u>\$ 8,546,554</u>	<u>\$ 7,574,819</u>
Invested in capital assets, net of related debt	\$ ( 823,526)	\$ (1,862,005)
Unrestricted	1,010,934	2,259,218
Restricted	<u>3,904,110</u>	<u>5,243,518</u>
Total Net Position	<u>\$ 4,091,518</u>	<u>\$ 5,640,731</u>

As of December 31, 2015, the District's net position was \$4.1 million, of which (20%) represented investment in capital assets. The District's current assets totaled \$6.7 million, of which 67% represented cash and cash equivalents and 33% represented property taxes receivable. Total liabilities were \$8.5 million, of which 5% was current and 95% was non-current.

Total operating expenditures for 2015 were \$6.2 million. General operations represented 40% of the total operating expenditures, while Ambulance expenditures were 28%. Dispatching, debt service and capital project expenses made up the remaining 32%.

Statement of Revenue, Expenditures, and Changes in Fund Balance  
For Years Ended December 31, 2015 and 2014

Revenue	<u>2015</u>	<u>2014</u>
Tax revenue	\$ 4,028,424	\$ 4,440,136
Non-Resident ambulance billings	477,195	410,737
Inspection and permit revenue	5,972	13,629
Income from investments	18,065	24,071
Other	<u>76,036</u>	<u>20,564</u>
Total Revenues	4,605,692	4,909,137

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Personal services	2,488,955	2,418,932
Employee benefits	322,540	361,995
Supplies	121,105	93,415
Heat, light and power	155,941	159,156
Capital outlay	1,245,786	619,398
Dispatching services	106,374	106,681
Building and equipment	378,162	305,317
Miscellaneous	81,523	65,979
Administration	148,692	181,423
Payments in lieu of insurance premiums	613,513	467,537
Debt service	<u>539,703</u>	<u>518,737</u>
Total Expenditures	<u>6,202,294</u>	<u>5,298,570</u>
Other Financing Sources	<u>-</u>	<u>-</u>
Excess Revenue and Other Financing Sources Over (Under) Expenditures	(1,596,602)	(389,433)
Fund Balances, Beginning of the Year	<u>7,159,730</u>	<u>7,549,163</u>
Fund Balances, End of Year	<u>\$ 5,563,128</u>	<u>\$ 7,159,730</u>

**FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS**

**General Fund**

General fund expenditures exceeded revenues by \$ 34,889. The largest expenditure in the general fund related to salaries and benefits, which accounted for 59% (\$1.4 million) of the total general fund expenditures.

**Special Revenue Funds**

Special revenue funds consist of two funds – ambulance and dispatching services. Ambulance expenditures exceeded revenues by \$286,909. Over 78% of ambulance expenditures are related to salaries. The ambulance fund balance decreased by \$111,909 and included an operating transfer of \$175,000 from the general fund.

**Budget Analysis**

The overall budget and actual expense amounts were reasonably close:

	<u>Budget</u>	<u>Actual</u>
General Revenue	\$2,717,051	\$2,576,814
Ambulance	\$1,708,282	\$1,596,534
Pension	\$ 449,295	\$ 331,000
Communications	\$ 134,249	\$ 106,374
Bond Retirement	\$ 673,197	\$ 539,702

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Details of the District's capital assets are as follows:

	<u>2015</u>	<u>2015</u>
Land	\$ 177,440	\$ 177,440
Buildings and improvements	4,447,246	4,410,364
Ambulances and fire apparatus	3,124,555	2,831,497
Equipment and furnishings	<u>3,108,912</u>	<u>2,624,438</u>
Total	\$ 10,858,153	\$ 10,043,739
Less accumulated depreciation	<u>5,646,678</u>	<u>5,573,298</u>
Net capital assets	<u>\$ 5,211,474</u>	<u>\$ 4,470,441</u>

In 2013 the District completed the needs assessment survey of capital improvement projects. This process was conducted by the many committees made up by staff and subject matter experts. The final projects list was approved by the Board of Directors and is reflected in the District's updated capital improvements schedule. In 2013, the District issued 3.8 million dollars in bonds. The bond sale was completed and funds received by the District. See schedule below:

**Capital Improvement Schedule**

**2015**

**Apparatus**

1. Replace Staff Vehicle 2400 1st Q-BOND (While in the original schedule unit 2406 was scheduled to be replaced in 2015, upon evaluation of the Apparatus Committee unit 2400 was replaced in the 3rd Q. This was done after evaluation of the condition of both units. This change was approved by the Board of Directors)
2. Receive New pumper for Station 3 4th Q-BOND - **Completed**
3. Replace Rescue Trailer 2nd Q-BOND (with improvement made to the capacity of the trailer and changing of equipment the trailer was not replaced)
4. Replace SAR Trailer 2nd Q-BOND (Upon recommendation of the SAR Team and review of the APCO. This project was modified that the SAR was assigned the reserve ambulance that going to be traded in. This unit was modified to meet the needs of the team and will overall better serve their mission. This was approved by the Board of Directors)
5. Send 2412 for Refurbishment 3rd Q-BOND (This project was changed upon recommendation of the apparatus committee and approved by the Board of Directors. Instead of refurbishment, specifications for a new Ladder were put together and a new truck was ordered and is expected to be delivered in the 4th Q 2016)
6. Replace ATV 3rd Q-BOND- **Completed**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Technologies**

1. New Thermal Imaging Camera 1st Q-BOND- ordering June 2015 - **Completed**
2. New Air Monitoring Equipment 1st Q BOND- **Completed**
3. Upgrade Rescue Tools 1st Q-BOND- Ordering June 2015 – **Completed**

**2016**

**Apparatus**

1. Replace Staff Vehicle 2406 1st Q-BOND- See note above - **Completed**
2. New Ambulance order 1st Q-BOND – Unit on order expected deliver September 2016
3. A New Utility Vehicle has been ordered for Station 1 to replace unit 2418. This new unit will not be a full time Brush unit, but can be retrofitted during fire season if needed. Unit expected to be in early 3rd Q
4. Replacement of Concrete Drives at Station 1. 1st Q-BOND **Completed**

**2019 - 2023**

It is projected that in 2019 the District will issue up to \$5.6 million in General Obligation Bonds

**Apparatus**

Projected Staff Vehicle replacement annually.

2018-Unit 2468

2019- Inspector Vehicle

2020- Unit 2403

2021-Unit 2400

2022- Unit 2406

2023- Unit 2401

Projected Improvements to be made are listed below.

2022- Replace Ambulance Station 2. Est. cost \$270,000

2024- Replace Pumper at Station 2 with a Quint. Est. cost \$800,000

2024- Replace Ambulance at Station 1. Est. cost \$300,000

2026- Replace Pumper at Station 1

**Technology**

In 2018 the District again projects upgrading the PPE for all personnel. Estimated cost of this upgrade is \$300,000.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Summary Information**

The above schedule is based upon the best estimates by our committees. This document will be reevaluated annually to provide the closest possible estimates. In addition this reevaluation will be used to evaluate if the assumptions used in making growth projections are still accurate or if the plan needs to be revised.

Apparatus assumptions are as follows

- Staff Vehicles are replaced on a 6 year cycle
- Ambulances are replaced on an 8 year cycle
- Pumpers (Fire Engines) are replaced on a 15 year cycle
- Aerials are replaced on a 15 year cycle

Facilities assumptions are based on projected growth of the District and travel distances/ response times.

Technology assumptions are based on PPE upgrades on a 4 year cycle and Computer systems on a 5 year cycle.

**Personnel Issues**

In December of 2014, Scott Mullins retired as Deputy Chief Fire Marshal from the Eureka Fire Protection District. Rich Pallarito was moved into the position of Fire Marshal January 1, 2015. In October Pallarito was promoted to the rank of Deputy Chief. In the 4<sup>th</sup> Q 2015 Deputy Chief Randy Gabel announced he would be retiring in early 2<sup>nd</sup> Q 2016. Gabel retired with 30 years of service. Further, Battalion Chief Joe Trower announced he would be retiring late 1<sup>st</sup> Q 2016. Trower retired with 44 years of service. December 2015, after the hiring process Kyle Brown was hired as a Fire Fighter / Paramedic.

In March 2016 Chris Torno was hired, from a list made during the 2015 process, as a Fire Fighter / Paramedic. During 2015 Lieutenants Shawn Merry and Chris Lafata were promoted to the rank of Captain. William Stamberger was promoted to the rank of Lieutenant. 1<sup>st</sup> Q 2016 Lieutenant Scott Kavanaugh was promoted to Captain. Kurt Sontheimer was promoted to the rank of Lieutenant. January 1, 2016 Captain Brad Dickinson started as replacement for Randy Gabel

**Long-Term Debt**

Maturities of bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 320,000	\$ 235,769	\$ 555,769	2016
335,000	227,063	562,063	2017
350,000	217,563	567,563	2018
360,000	206,669	566,669	2019
215,000	196,850	411,850	2020
<u>4,375,000</u>	<u>1,437,445</u>	<u>5,812,445</u>	Thereafter
<u>\$ 5,955,000</u>	<u>\$2,521,359</u>	<u>\$8,476,359</u>	Total

EUREKA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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During the year ended December 31, 2015, the following changes occurred in Long-term Debt:

	<u>January 1,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2015</u>
2009 Series G.O Bonds	2,450,000	-	115,000	2,335,000
2013 Series G.O Bonds	3,800,000	-	180,000	3,620,000
Retiree medical benefits	105,687	-	-	105,687
Net pension liability (restated)	<u>929,991</u>	<u>1,019,070</u>	<u>-</u>	<u>1,949,061</u>
	<u>\$ 7,285,678</u>	<u>\$ 1,019,070</u>	<u>\$ 295,000</u>	<u>\$ 8,009,748</u>

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS**

The District covers 82 Sq. Miles in SW St. Louis and NW Jefferson Counties and services a resident population of approximately 28,000 people. But, with major attractions and an Interstate Highway the population can easily swell to 80,000 people at any time.

While there has been significant vacancy of commercial property in 2015 there has been some improvement along the Central Avenue and West Fifth St. Business districts.

There has been some encouraging economy development within the Fire Protection District. McBride Homes is doing site work on a 530 home subdivision on Brewster road and building construction should start 3rd Q 2016. Payne Family Homes has taken over 100 lots in the Pevely Farm subdivision and construction is picking up there. McBride Homes is also in negotiations for approximately 80 lots on the Fox Run Golf Course.

**CONTACT INFORMATION**

This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of the District's financial operations. If the reader has questions or would like additional information about the District, please contact the Chief of the District.

Eureka Fire Protection District  
Statement of Net Position  
December 31, 2015

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,425,763
Taxes receivable, net of allowance	2,102,259
Due from other funds	47,285
Capital assets:	
Land	177,440
Buildings	4,447,246
Equipment and other	6,233,466
Less accumulated depreciation	(5,646,678)
Total capital assets, net of depreciation	5,211,474
 Total assets	 \$ 11,786,781
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Difference between projected and actual earnings on pension plan investments	632,323
Difference between expected and actual experience on pension plan	218,968
Total deferred outflows of resources	851,291
 <b>LIABILITIES</b>	
Accounts payable	155,104
Accrued wages and payroll taxes	253,382
Due to other funds	48,320
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	320,000
Accrued interest	80,000
Portion due or payable after one year:	
Bonds	5,635,000
Retiree medical benefits liability	105,687
Net pension liability	1,949,061
Total liabilities	8,546,554
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	(823,526)
Restricted for:	
Debt service	594,113
Capital projects	2,159,320
Ambulance and dispatching operations	1,150,677
Unrestricted	1,010,934
Total net position	\$ 4,091,518

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

Eureka Fire Protection District  
Statement of Activities  
December 31, 2015

	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>	
Fire prevention and suppression	\$ 3,497,857
EMS operations	2,493,874
Dispatching service	106,374
Interest expense	242,257
Depreciation expense not allocated to programs	36,697
Total program expenses	6,377,059
 Program revenue:	
Charges for permit fees	5,972
Charges for ambulance calls	477,195
Total program revenue	483,167
Net program Expense	5,893,892
	-
 General revenue:	
Taxes levied and contract protection	4,250,980
Gain on disposal of assets	61,133
Income from investments	18,065
Miscellaneous	14,501
Total general revenue	4,344,679
Decrease in net position	(1,549,213)
Net position-beginning of year, as restated	5,640,731
Net position-End of year	\$ 4,091,518

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

Eureka Fire Protection District  
Balance Sheet  
December 31, 2015

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 1,287,175	\$ 487,761	\$ 427,288	\$ 2,153,624	\$ 54,921	\$ 4,410,769
Property taxes receivable	1,278,294	513,064	259,822	-	51,079	2,102,259
Due from other Funds	5,683	246,273	-	5,696	582	258,234
Total Assets	<u>\$ 2,571,152</u>	<u>\$ 1,247,098</u>	<u>\$ 687,110</u>	<u>\$ 2,159,320</u>	<u>\$ 106,582</u>	<u>\$ 6,771,262</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ 76,761	\$ 16,064	\$ -	\$ -	\$ -	\$ 92,825
Accrued wages and payroll taxes	90,085	163,297	-	-	-	253,382
Due to other funds	269,915	23,642	12,997	-	-	306,554
Total Liabilities	<u>436,761</u>	<u>203,003</u>	<u>12,997</u>	<u>-</u>	<u>-</u>	<u>652,761</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes	384,479	154,317	1,214	-	15,363	555,373
Total Deferred Inflows of Resources	<u>384,479</u>	<u>154,317</u>	<u>1,214</u>	<u>-</u>	<u>15,363</u>	<u>555,373</u>
<b>FUND BALANCES:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	889,778	672,899	2,159,320	91,219	3,813,216
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	1,749,912	-	-	-	-	1,749,912
Total Fund Balances	<u>1,749,912</u>	<u>889,778</u>	<u>672,899</u>	<u>2,159,320</u>	<u>91,219</u>	<u>5,563,128</u>
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 2,571,152</u>	<u>\$ 1,247,098</u>	<u>\$ 687,110</u>	<u>\$ 2,159,320</u>	<u>\$ 106,582</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 10,858,153 and the accumulated depreciation is \$ 5,646,678.

5,211,474

Other long-term assets (property taxes receivable not collected within 60 days of year-end) are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

555,373

To recognize deferred outflows of resources on pension plan

851,291

To recognize interest accrual to year-end on general obligation bonds

(80,000)

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

    General obligation bonds

(5,955,000)

    Retiree medical benefits actuarial accrued liability

(105,687)

    Net pension liability

(1,949,061)

(8,009,748)

Net position-governmental activities

\$ 4,091,518

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

Eureka Fire Protection District  
Statement of Revenue, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2015

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total
<b>REVENUE</b>						
Property taxes	\$ 2,386,396	\$ 956,510	\$ 590,309	\$ -	\$ 95,209	\$ 4,028,424
Contract protection	-	-	-	-	-	-
Ambulance billings	-	477,195	-	-	-	477,195
Proceeds from sale of fixed assets	61,535	-	-	-	-	61,535
Inspection and permit fees	5,972	-	-	-	-	5,972
Income from investments	4,632	1,204	879	11,329	21	18,065
Miscellaneous	13,874	627	-	-	-	14,501
Total Revenue	<u>2,472,409</u>	<u>1,435,536</u>	<u>591,188</u>	<u>11,329</u>	<u>95,230</u>	<u>4,605,692</u>
<b>EXPENDITURES</b>						
Personal services	1,313,928	1,175,027	-	-	-	2,488,955
Employee benefits	160,487	162,053	-	-	-	322,540
Supplies	69,429	51,676	-	-	-	121,105
Heat, light and power	155,941	-	-	-	-	155,941
Capital outlay	-	-	-	1,245,786	-	1,245,786
Dispatching service	-	-	-	-	106,374	106,374
Building and mobile equipment	274,399	23,075	-	80,688	-	378,162
Miscellaneous	46,432	35,091	-	-	-	81,523
Administration	148,692	-	-	-	-	148,692
Payments in lieu of insurance premiums	337,990	275,523	-	-	-	613,513
Debt service:						
Principal retirement	-	-	295,000	-	-	295,000
Interest and other charges	-	-	244,703	-	-	244,703
Total expenditures	<u>2,507,298</u>	<u>1,722,445</u>	<u>539,703</u>	<u>1,326,474</u>	<u>106,374</u>	<u>6,202,294</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(34,889)	(286,909)	51,485	(1,315,145)	(11,144)	(1,596,602)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from issuance of bonds	-	-	-	-	-	-
Operating transfers in (out)	(181,200)	175,000	-	-	6,200	-
Total Other Financing Sources (Uses)	<u>(181,200)</u>	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>6,200</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(216,089)	(111,909)	51,485	(1,315,145)	(4,944)	(1,596,602)
FUND BALANCES AT BEGINNING OF YEAR	1,966,001	1,001,687	621,414	3,474,465	96,163	7,159,730
FUND BALANCES AT END OF YEAR	<u>\$ 1,749,912</u>	<u>\$ 889,778</u>	<u>\$ 672,899</u>	<u>\$ 2,159,320</u>	<u>\$ 91,219</u>	<u>\$ 5,563,128</u>

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

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

Total net change in fund balances - governmental funds \$ (1,596,602)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,245,786) exceeded depreciation expense (\$504,333). 741,453

Proceeds from sales of fixed assets are reported as revenue in governmental funds. However, in the statement of activities, the net book value of the assets sold is a reduction in calculating the revenue from the sale. This is the amount of the book value of assets sold. (402)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 295,000

Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenue and are deferred in the governmental funds. Deferred tax revenue increased (decreased) by this amount this year. 222,556

Interest in long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest (increased) decreased by this amount this year. 2,446

Retiree medical benefits are measured by the amounts earned during the year in the statement by the amount of financial resources used. -

Pension benefits are measured by the change in the net pension liability in the statement of activities, adjusted for the recognition of deferred inflows and outflows related to othe pension plan. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. (1,213,664)

Change in net position of governmental activities \$ (1,549,213)

Eureka Fire Protection District  
Statement of Net Assets  
Proprietary Funds  
December 31, 2015

	Internal Service Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 14,994
Due from other funds	47,285
Total Assets	62,279
 <b>LIABILITIES</b>	
Claims and accounts payable	62,279
Due to other funds	-
Total Liabilities	62,279
 <b>NET ASSETS</b>	
Unrestricted - Designated for future catastrophe losses	\$ -

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

Eureka Fire Protection District  
Statement of Revenue, Expenditures, and  
Changes in Fund Net Assets - Proprietary Funds  
For the Year Ended December 31, 2015

	Internal Service Funds
<b>OPERATING REVENUE</b>	
Charges for services	\$ 633,680
Total operating revenue	633,680
<b>OPERATING EXPENDITURES</b>	
Insurance claims	496,536
Stop loss insurance	132,129
Administrative fees and miscellaneous	5,040
Total operating expenditures	633,705
<b>NONOPERATING REVENUE</b>	
Investment earnings	25
Total nonoperating revenue	25
<b>NET INCOME</b>	-
<b>NET ASSETS AT BEGINNING OF YEAR</b>	-
<b>NET ASSETS AT END OF YEAR</b>	\$ -

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

Eureka Fire Protection District  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015

	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Charges for services	\$ 566,632
Benefit and insurance payments	(578,946)
Administrative fees and miscellaneous	(5,040)
	(17,354)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Subsidies	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	28
Net increase in cash and cash equivalents	(17,326)
Cash and equivalents at beginning of year	32,320
Cash and equivalents at end of year	\$ 14,994

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

Eureka Fire Protection District  
Statement of Fiduciary Net Assets  
December 31, 2015

	Pension Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 194,551
Due from other funds	1,847
Property taxes receivable	171,844
Investments, at fair value	9,695,288
Total Assets	10,063,530
<b>LIABILITIES</b>	
Accounts Payable	730
Due to other funds	-
Deferred revenue	51,686
Total Liabilities	52,416
<b>NET ASSETS</b>	
Held in trust for benefits and employee welfare	\$ 10,011,114

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

Eureka Fire Protection District  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended December 31, 2015

	Pension Trust Fund
<b>ADDITIONS</b>	
Employer contribution - property taxes	\$ 320,289
Contract fee income	-
Investment earnings (loss)	(108,620)
Total Additions	211,669
 <b>DEDUCTIONS</b>	
Benefit payments	198,446
Actuarial and consulting fees	-
Plan administrative fees and miscellaneous	405
Total Deductions	198,851
Change in net assets	12,818
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
<b>BEGINNING OF YEAR</b>	9,998,296
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
<b>BEGINNING OF YEAR</b>	<b>\$ 10,011,114</b>

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

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

The District reports the following governmental funds:

General Fund

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Special Revenue-Ambulance Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Special Revenue-Dispatching Fund

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

The District reports the following fund types:

Internal Service Fund

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

Pension Trust Fund

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

Measurement Focus, Basis of Accounting

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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

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

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

#### Cash and Cash Equivalents

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

#### Investments

Investments are generally stated at market value.

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

#### Budgets and Budgetary Accounting

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

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Eureka Fire Protection District Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

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

Property taxes levied for 2015 are recorded as receivable, net of estimated uncollectibles, as are prior year levies which are reevaluated annually. Taxes receivable represent estimated amounts to be collected by the County Collector of Revenue for 2015 and prior tax years, to be remitted to the District subsequent to December 31. The portion of taxes not collected and remitted to the District within 60 days of year-end is recorded as deferred tax revenue.

Capital Assets

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

The estimated useful lives and capitalization limits are as follows:

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Boats

7 years

\$5,000

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

Deferred Property Tax Revenue

The District reports deferred property tax revenue on its combined balance sheets. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheets and revenue is recognized.

Compensated Absences

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

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

Estimates

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

Internal Balances and Internal Service Funds

Internal balances are eliminated in the statement of net position to minimize the grossing up of internal balances, leaving a net amount due between the governmental and business-type activities that are eliminated in the total primary government column. Eliminations are made in the statement of activities to remove the duplication of internal service fund activity, leaving the expenses reported in the function to which they were allocated.

NOTE B – DEPOSIT AND INVESTMENT BALANCES

Deposits

Following is a reconciliation of the District's deposit and investment balances as of December 31, 2015:

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash	\$ 4,425,763	\$ 194,551	\$ 4,620,314
Investments	-	9,695,288	9,695,288
<b>Total</b>	<b>\$4,425,763</b>	<b>\$ 9,889,839</b>	<b>\$14,315,602</b>

At year-end, the carrying amount of the District's cash deposits was \$ 4,620,314 and the bank balance was \$ 4,678,492. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions. Such collateral was held by the pledging financial institutions agents in the District's name.

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

Investments

At December 31, 2015, investments included the following:

	<u>Market Value</u>
<b>Fiduciary funds:</b>	
KBS REIT III, Inc.	\$ 472,440
Mutual funds-Unallocated Separate Accounts	<u>9,222,848</u>
	<u>\$ 9,695,288</u>

NOTE C - CAPITAL ASSETS

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

	January 1, 2015	Additions	Deletions	December 31, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$ 177,440	\$ -	\$ -	\$ 177,440
<i>Capital assets being depreciated:</i>				
Buildings & improvements	4,410,364	36,882	-	4,447,246
Equipment & other	5,455,935	1,208,904	(431,372)	6,233,467

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

Total capital assets being depreciated:	9,866,299	1,245,786	(431,372)	10,680,713
Less accumulated depreciation for:				
Buildings & improvements	(1,757,690)	(110,706)	-	(1,868,396)
Equipment & other	(3,815,608)	(393,627)	430,952	(3,778,282)
Total accumulated depreciation	(5,573,298)	(504,333)	430,952	(5,646,678)
Total capital assets being depreciated, net:	4,293,001	741,453	(420)	5,034,035
Totals	<u>\$4,470,440</u>	<u>\$ 741,453</u>	<u>\$ (420)</u>	<u>\$5,211,474</u>

NOTE D – INTERFUND TRANSACTIONS

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

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

The composition of interfund balances as of December 31, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Ambulance Fund	General Fund	<u>\$ 246,273</u>
Capital Projects Fund	General Fund	<u>\$ 5,696</u>
Medical Insurance Fund	General Fund	<u>\$ 23,642</u>
Medical Insurance Fund	Ambulance Fund	<u>\$ 23,642</u>
Dispatch Fund	General Fund	<u>\$ 582</u>
General Fund	Debt Service Fund	<u>\$ 14,101</u>
Pension Fund	General Fund	<u>\$ 1,847</u>

NOTE E – DEFINED BENEFIT RETIREMENT PLAN

***General Information about the Pension Plan***

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Plan Description

The Eureka Fire Protection District of St. Louis County Pension Plan (the Plan) is a single-employer defined benefit pension plan administered by District management. All eligible full-time District employees are covered by the Plan. The Plan provides retirement and death benefits to plan members and beneficiaries. The authority for the provision of pension benefits and the levy of taxes to fund the pension plan is established by the Revised Statutes of Missouri, Section 321.600 RSMo. The Plan does not issue a stand-alone financial report.

Plan Membership

The Plan's membership consisted of the following as of January 1, 2015:

Active employees	36
Retirees and beneficiaries currently receiving benefits	11
Terminated employees entitled to benefits not yet received	<u>14</u>
Total	<u>61</u>

Benefit Provisions

The Plan covers each participant whose employment commencement date is before June 11, 2013 and will have completed five years of credited service by age 55. For participants whose employment commencement date is on or after June 11, 2013, 10 years of credited service are required. Eligibility to participate commences on date of employment. Normal retirement begins at age 55 with a monthly benefit equal to the product of 2.5% of average compensation multiplied by years of service earned prior to January 1, 2015; and the product of 2.0% of average compensation multiplied by years of service earned on and after January 1, 2015. Years of service in excess of 30 years will not be included in the calculations. Early retirement provisions require 10 years of service at 50 years of age.

Contributions

Contributions to the Plan are funded with the proceeds of a special pension tax levy, and additional discretionary amounts from time to time. Plan members do not contribute to the plan. For the year ended December 31, 2015, the District contributed \$331,000 to the Plan, which represents 14.22% of covered payroll.

***Net Pension Liability***

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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The District's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% per annum
Salary increases	4.50% per annum
Investment rate of return	7.0% per annum

Mortality rates were based on the 2016 IRS Optional Combined Male Table for Small Plans set back 4 years for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.0%
International equity	17	6.0
Fixed income	32	1.5
Real estate	6	4.5
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed a level employee population and that employer contributions increase 2.75 percent per year from the 2015 estimated level. The municipal bond rate used of 2.70 percent is based on approximate 20 year average yield to maturity of AA rated bonds as of January 2016 determined by Morgan Stanley. The long-term expected rate of return on pension plan investments was

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)– (b)
<b>Balances at 12/31/2014</b>	\$ 10,601,877	\$ 9,671,886	\$ 929,991
<b>Changes for the year:</b>			
Service cost	250,269	-	250,269
Interest	735,186	-	735,186
Actuarial losses/(gains)	255,463	-	255,463
Benefit payments	(198,446)	(198,446)	-
Employer contributions	-	331,000	(331,000)
Net investment income	-	(108,747)	108,747
Administrative expenses	-	(405)	405
Other changes	-	-	-
<b>Net changes</b>	<u>1,042,472</u>	<u>23,402</u>	<u>1,019,070</u>
<b>Balances at 12/31/2015</b>	<u>\$ 11,644,349</u>	<u>\$ 9,695,288</u>	<u>\$ 1,949,061</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the District, calculated using the discount rate of 7.0 percent, as well as what the District's net pension liability would be if it were calculated using discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
<b>Balances at 12/31/2015</b>	<u>\$ 3,686,595</u>	<u>\$ 1,949,061</u>	<u>\$ 513,061</u>

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended December 31, 2015, the District recognized pension expense of \$1,213,664. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 218,968	\$ -
Changes of assumptions	-	-

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Net difference between projected and actual earnings on pension plan investments	632,323	-
Total	\$ 851,291	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2016	\$ 194,576
2017	194,576
2018	194,576
2019	194,576
2020	36,495
Thereafter	36,495

***Payable to the Pension Plan***

At December 31, 2015, the District reported a payable of \$ 2,128 for property taxes due to the pension plan for the year ended December 31, 2015.

**NOTE F – DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

**NOTE G – POSTRETIREMENT HEALTHCARE PLAN**

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

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

*Annual OPEB Cost and Net OPEB Obligation.* The District’s annual other postemployment benefit (OPEB) cost (expense) based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover annual cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 was as follows:

<u>Year Ended</u> <u>December 31:</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	-	- %	\$105,687

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$ 815,954, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 815,954. The covered payroll (annual payroll of active employees covered by the plan) was \$2,384,764, and the ratio of the UAAL to the covered payroll was 34.2 percent.

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

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

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Schedule of Funding Progress

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

NOTE H - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2015	<u>\$392,629,195</u>
Debt limit - 5% of assessed value	\$ 19,631,460
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	5,955,000
Less amount available in debt service fund	<u>(672,899)</u>
	<u>5,282,101</u>
Legal Debt Margin	<u>\$ 14,349,359</u>

NOTE I - CONTRACTUAL AGREEMENTS

During 2013, the District entered into an agreement with Central County Emergency 911 (Central County) for dispatching services. The agreement requires the District to pay Central County three and one-half cents (\$0.035) per one hundred thousand dollars of the total assessed valuation of the District for the preceding year. The agreement runs through December 31, 2018 and automatically renews annually unless terminated by either party.

NOTE J - RISK MANAGEMENT

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

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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cumulative balance reaches \$2,000,000. MOFAD has published its own financial report for the year ended December 31, 2015 that can be obtained from MOFAD.

The District self-insures for employee medical claims up to predetermined maximums. Under the program, the internal service fund provides coverage for 100% of routine services (e.g. Dr. Office visits, physical exams, etc.). In addition, the internal service fund provides coverage for up to an annual maximum of \$40,000 per occurrence. The District purchases commercial insurance for claims in excess of coverage provided by the internal service fund. The claims liability, reflected in the internal service fund as accrued expenses in the amount of \$38,577 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE K – LONG-TERM DEBT**

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

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

In September 2013, proceeds of \$3,845,330 were received from the sale of general obligation capital improvement bonds. The interest rate on these bonds ranges from 2.5% to 4.5%.

Maturities of the District’s bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 320,000	\$ 235,769	\$ 555,769	2016
335,000	227,063	562,063	2017
350,000	217,563	567,563	2018
360,000	206,669	566,669	2019
215,000	196,850	411,850	2020
220,000	188,831	408,831	2021
240,000	179,581	419,581	2022
250,000	168,994	418,994	2023
275,000	157,563	432,563	2024
285,000	145,288	430,288	2025
315,000	131,900	446,900	2026
325,000	117,400	442,400	2027
355,000	101,900	456,900	2028
370,000	85,275	455,275	2029
400,000	68,275	468,275	2030
420,000	50,588	470,588	2031

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

450,000	31,275	481,275	2032
<u>470,000</u>	<u>10,575</u>	<u>480,575</u>	2033
<u>\$ 5,955,000</u>	<u>\$2,521,358</u>	<u>\$8,476,358</u>	Total

During the year ended December 31, 2015, the following changes occurred in liabilities reported as Long-term Debt:

	<u>January 1,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2015</u>
2009 Series G.O Bonds	\$ 2,450,000	\$ -	\$ 115,000	2,335,000
2013 Series G.O Bonds	3,800,000	-	180,000	3,620,000
Retiree medical benefits	105,687	-	-	105,687
Net pension liability	<u>929,991</u>	<u>1,019,070</u>	<u>-</u>	<u>1,949,061</u>
	<u>\$ 7,285,678</u>	<u>\$ 1,019,070</u>	<u>\$ 295,000</u>	<u>\$ 8,009,748</u>

NOTE L – NET ASSETS/FUND BALANCES

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

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

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

From time to time, the Board may commit fund balances by a majority vote in a scheduled meeting. The Board’s commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board.

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

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

As of December 31, 2015, restricted fund balance is as follows:

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

NOTE M – INTERFUND TRANSFERS

Operating transfers in and out that occurred during 2015 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 181,200
Ambulance	175,000	-
Ambulance	6,200	-

NOTE N – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented Statement 68 of the Governmental Accounting Standards Board for the year ended December 31, 2015. Statement 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures for defined benefit pension plans. Statement 68 requires the District to recognize a liability equal to the net pension

EUREKA FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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liability and to recognize the deferred inflows and outflows of resources related to pensions. The cumulative effect of recognizing Statement No. 68 as of December 31, 2014 is as follows:

Net position at 12/31/2014, as originally reported	\$ 4,064,389
Cumulative effect of adopting Statement No. 68	<u>1,576,342</u>
Net position at 12/31/2014, as restated	<u>\$ 5,640,731</u>

**Eureka Fire Protection District  
Required Supplementary Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUE</b>				
Property taxes	\$ 2,609,631	\$ 2,609,631	\$ 2,547,645	\$ (61,986)
Contract protection	4,300	4,300	-	(4,300)
Inspection and Permit Fees	23,000	23,000	6,170	(16,830)
Income from Investments	8,000	8,000	4,632	(3,368)
Miscellaneous	20,000	20,000	13,874	(6,126)
Proceeds from sale of assets	50,000	50,000	61,535	11,535
Total Revenue	<u>2,714,931</u>	<u>2,714,931</u>	<u>2,633,856</u>	<u>(81,075)</u>
<b>EXPENDITURES</b>				
Personal services	1,347,500	1,347,500	1,290,671	(56,829)
Employee benefits	180,300	180,300	154,366	(25,934)
Supplies	69,950	69,950	52,591	(17,359)
Contractual services	-	-	-	-
Heat, light and power	157,510	157,510	137,937	(19,573)
Capital outlay	50,919	50,919	35,891	(15,028)
Building and mobile equipment	207,000	207,000	228,366	21,366
Miscellaneous	73,851	73,851	41,860	(31,991)
Administration	131,300	131,300	149,324	18,024
Payment in lieu of insurance premiums	190,000	190,000	314,348	124,348
Total expenditures	<u>2,408,330</u>	<u>2,408,330</u>	<u>2,405,354</u>	<u>(2,976)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	306,601	306,601	228,502	(78,099)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(306,601)	(306,601)	(181,200)	125,401
Total Other Financing Sources (Uses)	<u>(306,601)</u>	<u>(306,601)</u>	<u>(181,200)</u>	<u>125,401</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>				
	<u>-</u>	<u>-</u>	<u>47,302</u>	<u>47,302</u>

**Eureka Fire Protection District  
Required Supplementary Information  
Budgetary Comparison Schedule - Ambulance Fund  
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>REVENUE</b>				
Property taxes	\$ 1,035,982	\$ 1,035,982	\$ 1,014,293	\$ (21,689)
Contract protection	1,750	1,750	-	(1,750)
Ambulance charges	462,212	462,212	477,195	14,983
Inspection and Permit Fees	-	-	-	-
Income from Investments	2,500	2,500	1,204	(1,296)
Miscellaneous	600	600	627	27
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>1,503,044</u>	<u>1,503,044</u>	<u>1,493,319</u>	<u>(9,725)</u>
<b>EXPENDITURES</b>				
Personal services	1,261,749	1,261,749	1,095,944	(165,805)
Employee benefits	175,000	175,000	156,622	(18,378)
Supplies	37,500	37,500	45,269	7,769
Contractual services	-	-	-	-
Heat, light and power	-	-	-	-
Capital outlay	3,000	3,000	300	(2,700)
Building and mobile equipment	29,000	29,000	23,914	(5,086)
Miscellaneous	4,000	4,000	32,484	28,484
Administration	-	-	-	-
Payment in lieu of insurance premiums	192,795	192,795	251,880	59,085
Total expenditures	<u>1,703,044</u>	<u>1,703,044</u>	<u>1,606,413</u>	<u>(96,631)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(200,000)	(200,000)	(113,094)	86,906
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	<u>200,000</u>	<u>200,000</u>	<u>175,000</u>	<u>(25,000)</u>
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>175,000</u>	<u>(25,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>61,906</u>	<u>61,906</u>

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI

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

	General Fund	Ambulance Fund
<b>Sources/Inflows of resources</b>		
Total revenue (budgetary basis) from the budgetary comparison schedule	\$ 2,633,856	1,493,319
Tax Revenue-levy on the budgetary basis recognizes revenue based on when the taxes are collected. For financial reporting purposes, the revenue is recognized on a modified accrual basis.	(161,447)	(57,783)
	<u>\$ 2,472,409</u>	<u>\$ 1,435,536</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 2,405,354	\$ 1,606,413
Differences-budget to GAAP		
Amounts accrued for accounts payable and accrued wages and payroll taxes for financial reporting purposes are not outflows of budgetary resources in the current year.	101,944	116,032
	<u>\$ 2,507,298</u>	<u>\$ 1,722,445</u>

**Eureka Fire Protection District**  
**Required Supplementary Information**  
**Schedule of Changes in the District's Net Pension Liability and Related Ratios**

	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>					
Discount rate	7.00%	7.00%	N/A	N/A	N/A
Total pension liability - beginning	\$ 10,601,877	\$ 10,224,352	N/A	N/A	N/A
Service cost	250,269	275,746	N/A	N/A	N/A
Interest cost	735,186	711,036	N/A	N/A	N/A
Plan amendments	-	-	N/A	N/A	N/A
Assumption changes	-	-	N/A	N/A	N/A
Actuarial losses/(gains)	255,463	(475,862)	N/A	N/A	N/A
Benefit payments	(198,446)	(133,395)	N/A	N/A	N/A
Total pension liability - ending (a)	<u>11,644,349</u>	<u>10,601,877</u>	N/A	N/A	N/A
<b>Plan Fiduciary Financial Position</b>					
Employer contributions	331,000	342,500	N/A	N/A	N/A
Employee contributions		-	N/A	N/A	N/A
Net investment income	(108,747)	416,042	N/A	N/A	N/A
Benefit payments	(198,446)	(133,395)	N/A	N/A	N/A
Administrative expenses	(405)	(303)	N/A	N/A	N/A
<b>Net change in plan fiduciary net position</b>	23,402	624,844	N/A	N/A	N/A
<b>Fiduciary net position - beginning</b>	<u>9,671,886</u>	<u>9,047,042</u>	N/A	N/A	N/A
<b>Fiduciary net position - ending (b)</b>	<u>\$ 9,695,288</u>	<u>\$ 9,671,886</u>	N/A	N/A	N/A
<b>District's net pension liability - ending (a) - (b)</b>	<u>\$ 1,949,061</u>	<u>\$ 929,991</u>	N/A	N/A	N/A
<b>Fiduciary net position as % of total pension liability</b>	83.26%	91.23%	N/A	N/A	N/A
<b>Covered payroll</b>	\$ 2,326,692	\$ 2,384,764	N/A	N/A	N/A
<b>Net pension liability as % of covered payroll</b>	83.77%	39.00%	N/A	N/A	N/A

**Eureka Fire Protection District  
Required Supplementary Information  
Schedule of District Contributions and Investment Returns**

	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 367,014	\$ 433,316	\$ 531,226	\$ 563,518	\$ 557,436
Contributions in relation to the actuarially determined contribution	331,000	342,500	315,000	285,000	280,300
Contribution deficiency (excess)	<u>\$ 36,014</u>	<u>\$ 90,816</u>	<u>\$ 216,226</u>	<u>\$ 278,518</u>	<u>\$ 277,136</u>
Covered - employee payroll	\$ 2,326,692	\$ 2,384,764	\$ 2,351,391	\$ 2,116,979	\$ 2,292,551
Contributions as a percentage of covered-employee payroll	14.23%	14.36%	13.40%	13.46%	12.23%
Annual dollar-weighted rate of return net expenses	-1.10%	4.51%	10.60%	11.00%	Not Available

EUREKA FIRE PROTECTION DISTRICT  
SCHEDULE OF INSURANCE IN FORCE  
December 31, 2015

<u>INSURANCE IN FORCE</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Commercial Automobile Policy Liability Uninsured Motorists Comprehensive Coverage Collision	American Alternative Insurance Corp.	\$1,000,000 Liability/Accident \$1,000,000/Accident Actual Cash Value/Cost of Repair Actual Cash Value/Cost of Repair
Excess Liability	American Alternative Insurance Corp.	\$2,000,000/Occurrence \$4,000,000 General Aggregate
General/Healthcare Liability	American Alternative Insurance Corp.	\$ 1,000,000/Occurrence \$ 3,000,000/Products Completed Operation \$ 3,000,000 General Aggregate \$ 1,000,000 Personal Injury \$ 1,000,000 Fire Damage Legal Liability
Management Liability	American Alternative Insurance Corp.	\$1,000,000 Each Wrongful Act \$3,000,000 Aggregate Limit
Commercial Property Buildings Business Personal Property Business Income	American Alternative Insurance Corp.	Guaranteed Replacement Cost Scheduled Value 12 Months Actual Loss Sustained
Fidelity Bond	American Alternative Insurance Corp.	\$20,000/Employee \$100,000/Director
Portable Equipment	American Alternative Insurance Corp.	Scheduled Value
Workers' Compensation	MoFAD	Statutory Limits
Crime	American Alternative Insurance Corp.	\$10,000/Computer Fraud \$10,000/Identity Fraud

EUREKA FIRE PROTECTION DISTRICT  
 SCHEDULE OF ASSESSED VALUATION, TAX RATE AND TAX LEVY  
 Tax Year 2015

<u>ASSESSED VALUATION</u>	<u>2015</u>
Real estate	\$ 331,846,832
Personal property	<u>60,782,363</u>
Total Assessed Valuation	<u>\$ 392,629,195</u>

<u>TAX RATE (PER \$100 OF ASSESSED VALUATION)</u>	<u>2015</u> <u>Residential</u>	<u>2015</u> <u>Agricultural</u>	<u>2015</u> <u>Commercial</u>	<u>2015</u> <u>Personal Property</u>
General fund	.6732	.6732	.6732	.6732
Ambulance fund	.2702	.2702	.2702	.2702
Debt service fund	.1500	.1500	.1500	.1500
Pension fund	.0905	.0905	.0905	.0905
Dispatching fund	.0269	.0269	.0269	.0269
Total Tax Rate	<u>1.2108</u>	<u>1.2108</u>	<u>1.2108</u>	<u>1.2108</u>

<u>TAX LEVY</u>	<u>2015</u>
From assessed valuation	\$ 4,565,132
From TIF surplus	-
From surtax levy	<u>31,922</u>
TOTAL LEVY	<u>\$ 4,597,054</u>

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

EUREKA FIRE PROTECTION DISTRICT  
SCHEDULE OF PRINCIPAL OFFICE HOLDERS  
December 31, 2015

<u>OFFICE HOLDER</u>		<u>ANNUAL COMPENSATION</u>
Francis B. Oberkramer	President	\$ 3,600
Patrick D. Feder	Treasurer	\$ 4,150
Charles E. Kuhn	Secretary	\$ 3,600

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

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



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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eureka Fire Protection District (the District), as of and for the year ended December 31, 2015, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 28, 2016.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their

assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency with respect to pension trust fund accounting described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs with respect to ambulance billings to be significant deficiencies.

### **Compliance and Other Matters**

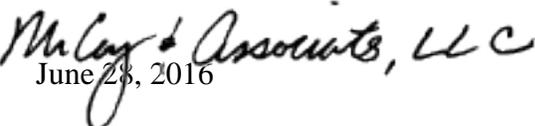
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
June 28, 2016

EUREKA FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2015

AMBULANCE BILLINGS

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

With respect to ambulance billings, we recommend that the District implement accounting procedures and internal controls to address the completeness, accuracy and cut-off of billed revenues and the related receivables.

This was a finding in the District's audit for the year ended December 31, 2014.

District Response: The District continues to work with its billing service to address these issues.

PENSION TRUST FUND

We noted that the District does not correctly account for certain activity in its pension trust fund. Specifically, contributions to investment accounts are expensed, and neither benefit payments, investment earnings, nor administrative expenses, are recorded in the District's accounting records. It is our understanding that the investment activity is monitored internally and by outside advisors; however, the investment activity is not properly recorded in the District's accounting records.

We recommend that policies and procedures be adopted to address the recording of pension trust fund investment activity on a periodic basis.

This was a finding in the District's audit for the year ended December 31, 2014.

District Response: The District's pension board receives quarterly reports on the fund and it is evaluated. We will work with the auditor to make sure we accurately reflect this in our accounting practices.