

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
AND SUPPLEMENTARY INFORMATION
With report of independent auditors

Year Ended December 31, 2021

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
Year Ended December 31, 2021
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INDEPENDENT AUDITORS REPORT

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

Qualified and Unmodified Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Ambulance Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Ambulance Fund section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and Ambulance Fund of the Eureka Fire Protection District as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Governmental Activities, Each Major Fund other than the Ambulance Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund other than the Ambulance Fund, and the aggregate remaining fund information of the District, as of December 31, 2021, 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.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Matter Giving Rise to Qualified Opinion on the Ambulance Fund

The District's EMS Billings Receivable are carried at \$ 435,397 on the Ambulance Fund balance sheet, net of an allowance for uncollectible amounts of \$ 665,772. We were unable to obtain

sufficient appropriate audit evidence about the carrying amount of the District's EMS Billings Receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15 and the information on pages 49-54 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

Management is responsible for the other information included on pages 55-56. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2022, 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 solely 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 the effectiveness of the District's 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

A handwritten signature in blue ink that reads "McKinley & Associates, LLC". The signature is written in a cursive, flowing style.

June 30, 2022

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. 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.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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 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

- 2021 was the second year of the global COVID-19 pandemic. Economic impacts continued to produce challenges for the Fire District were significant as well as the rest of the economy. The District continued to adjust schedules, modify response protocols, and take on service delivery and staffing models.
- In the Q3, Assistant Brad Dickinson announced he would be retiring at the end of 2021. His decision was based on family issues. The district undertook the promotional process, and after evaluating candidates, the Board of Directors appointed Scott Barthelmass to become the Assistant Chief, effective January 1, 2022. In an organizational change, the District eliminated the position of Division Chief in charge of Community Services and Emergency Management. The FTE position was moved to an additional Fire Fighter Paramedic position within the operations division. Community Services duties were reassigned to other personnel, and two part-time positions were created for Community Services within the Technical Services Division under Deputy Chief Rich Pallarito.
- The Fire District has enlisted the services of Clifton, Larson, and Allan LLP for outside accounting services and consulting. CLA will assist with the monthly and year-end closing process, aid in the review and internal control process, review ambulance billing processes, and provide temporary accounting services as needed.
- In late February and early March 2020, the World started to learn about the unfolding COVID-19 pandemic. In 2021 there were still significant challenges due to the pandemic. The District continued to deal with issues of keeping employees safe and healthy. While instances of personnel contracting COVID continued, none of these cases required hospitalization, although there was significant time off work. In 2021 the realized 1733 hours of personnel time off COVID leave. In 2020 the Board of Directors instituted a policy that COVID leave would not be charged as sick time because of the possibility that this could be from a workplace exposure. When the State executive order ran out, and the "First Responder exemption was lived, the District continued the policy. Additionally, Eureka Fire District personnel

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

continued to work with our Health care partners to provide avenues for testing and vaccinations for the public, including "at-risk populations."

- As part of the 2020 audit, the District realized that Central County Emergency 911 had not been correctly calculating the District's bill for services by not including the assessed value for Jefferson County. The District brought this information to the attention of CCE911. The District and CCE911 agreed that the District would pay the amount equal to the payment based on the Jefferson County assessment for the current contract for dispatch services. The agreed-upon amount was \$72,115.
- In June of 2021, the District was notified by the Missouri State Auditor of tax rate changes due to a court decision by the Court of Appeals known as Blankenship v. Franklin County. This decision caused rates from previous years and caused the tax rate ceilings to be reduced. In the case of the Fire District, The Auditors office reduced the rate from 0.9047 to 0.8919. This reduction is reflected as \$70,944 not received in general revenue.
- The District operates five separate tax-supported funds general revenue, ambulance service, pension, dispatch, and bond retirement. The total tax rate for the five funds for the 2021 budget was \$1.3623/\$100 assessed value. General Revenue 0.8607/\$100, Ambulance 0.2451/ \$100, Pension 0.0821/\$100, Communications 0.0244/\$100, Bond 0.1500/ \$100 assessed value.
- The District has seen steady growth in the assessed value of the District in the last five years. With proposed and actual new construction, this trend is expected to continue.

Trending of Assessed Values

		<u>Increase/ (Decrease)</u>
2015	\$373,465,032	.60%
2016	\$391,485,807	4.82%
2017	\$428,830,074	9.33%
2018	\$440,361,449	2.69%
2019	\$490,259,251	10.28%
2020	\$500,446,217	2.08%
2021	\$555,297,539	10.96%

Tax Revenue Collections

<u>Collections</u>	<u>Projected Collections at 100%</u>	<u>Actual</u>
General Revenue	\$ 4,269,653	\$ 4,426,025
Ambulance	\$ 1,216,850	\$ 1,149,785
Pension	\$ 407,271	\$ 382,727
Communications	\$ 121,040	\$ 126,551
Bond	\$ 744,101	\$ 802,138

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The District continues to work toward implementing a more complete accounting guide for the District.
 - The District has entered into an agreement with the accounting firm of CLA for outside accounting services and assistance in internal controls and standard account procedures. There has been a number of reasons this has been slow in getting started, and the District has worked on the implementation of internal controls but has not fully implemented these processes
 - Prior to the end of the 3rd Quarter of 2022, the District, with the assistance of CLA, will have completed an implementation of all basic internal controls and processes and be on track for monthly, quarterly, and annual controls and reporting.

- The District has contracted with Pro Claims of St. Louis for ambulance billing. The past five years' District billing and collection history are outlined below.

	<u>Billed</u>	<u>Collected</u>	<u>%</u>
2021	\$1,584,100	\$833,871	52.64%
2020	\$1,254,278	\$676,607	53.94%
2019	\$1,333,463	\$594,576	44.73%
2018	\$1,194,417	\$537,335	44.98%
2017	\$1,207,139	\$483,827	33.29%

- The District is part of two programs to enhance reimbursement rates for Medicare and Medicaid from the Federal government. The GEMT program Ground Emergency Medical Transportation and FRA Federal Reimbursement allowance. Basically, in the programs, by paying a self-imposed tax, an entity receives a higher reimbursement on Medicare and Medicaid. Eureka FPD uses a firm AP Triton to handle filing the GEMT program, and FRA is done through MOEMSAC GEMT for 2021.

	AP Triton billed	\$ (11,466)
	State of Missouri admin billed	(69,374)
	State of Missouri reimbursed	<u>201,599</u>
	Our GEMT Enhancement	\$120,759
FRA for 2021		
	FRA Enhanced Revenue	<u>39,387</u>
	Total enhancements received	\$ 160,146

- The Fire District provides a Defined Benefit Pension Plan for its employees. In accordance with State Statute, the pension is overseen by a pension board which is made up of the 3 Board of Directors and 2 Plan participants. The Board members and the two plan participants that are on the Board are Kyle Brown and Josh Voight.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Effective January 1, 2018, new employees are part of a Defined Contribution Plan. Going forward, all new employees will be in that plan. For participants in this plan, 7% of their gross pay is contributed into the DC Plan at each pay period. The participant directs the investment of these funds. The District has made the District's Pension Consultant available to assist the participant with their investment choices.

In the future, the Defined benefit plan will and its long-term liability to the District will decrease and finally cease to exist. This plan has been managed for the District by John Hancock Inc Individuals hired after June 2013 have a 10-year vesting period, and 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 Board of Directors is the trustee of the plan. The Pension Board does meet and provides an opportunity for required training. Currently, the Defined Benefit plan's net pension liability is funded at 112.06%, and the accrued benefits are funded at 139%.

At the request of Defined Contribution participants, a Group has been established and is supported by the administration that will meet on a quarterly basis to discuss investment strategy and other important issues as a support for these members moving forward. The Districts Pension Advisor will participate in these meetings.

- In 2018 the District issued 3.6 million dollars in bond debt from 2008 voter-approved authorization. Capital Improvements started in 2021 included.
 - Station 1 Interior Improvements \$165,000
 - Station 2 Interior improvements \$110,000
 - Station 3 interior improvements \$ 92,000
 - Training Center Improvements \$ 77,000
 - Video Conferencing upgrades \$225,000
 - New Ambulance \$250,000
 - Down Payment on New Pumper (est. Aug 22) \$612,000
 - New Staff Vehicle \$ 45,000

Supply Chain issues continue to hinder project completions. The District is still waiting on the delivery of a new ambulance, and the ordering of an additional ambulance was moved up to get in line waiting for the chassis.

- As of January 1, 2022, there was still 2.1 million dollars of authorization left from the 2008 approval. The plan had been to do the issuance in Q4 2022 or Q1 2023. The board of Directors had a meeting with the Bond Consultants and Bond Attorneys. The financial outlook presented that timing may be beneficial to issue those Bonds sooner than later because of concerns of rising interest rates and inflation. The Board of Directors had staff re-evaluate improvement schedules to follow a timeline to issue bonds in Q2 2022. This was done, and working with Bond advisors and the Council, the bonds were issued in May 2022, and the District received the funds' on May 26, 2022.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Services Provided

The District responded to 2752 incidents in 2021 this compared 2490 incidents in 2020. This is an increase of 10.5%. A 3 year comparison is below;

	<u>2019</u>	<u>% of total</u>	<u>2020</u>	<u>% of total</u>	<u>2021</u>	<u>% of Total</u>
Emergency Medical	1870	73.4%	1840	73.9%	1946	70.7%
Fire	325	12.8%	274	11.0%	349	12.7%
Other *	<u>353</u>	13.8%	<u>376</u>	15.1%	<u>457</u>	16.6%
TOTAL	2548		2490		2752	

In 2021 the Fire District estimated Fire loss;

Value of property lost to fire	\$ 879,330
Value of property saved in those fires	\$ 2,713,100.

Residential Fires	11	\$ 510,000 est. Loss	57.9 % of total loss
Commercial Fires	5	\$ 19,200 est. Loss	2.2 % of total loss
Vehicle Fires	15	\$ 349,630 est. Loss	39.8% of total loss
Misc. fires	25	\$ 500 est. Loss	<0.1 % of total loss

In 2021 issued

Commercial construction permits	48		
Miscellaneous permits	<u>39</u>		
Total Permits	87	^	129%
Fire Prevention Inspections conducted	931	^	5%
Community Services Events	116	^	36%
CPR Classes Conducted	62	^	226 %
Car Seat Safety Checks	24	^	4%

In 2021 Social Media Data:

Website users	9,213
Average time on website	3 minutes 10 seconds
Number of Facebook Views	2,060,696

Budget Analysis

	Budget(expenses)	Actual(expenses)
General Revenue	\$4,669,533	\$5,014,030
Ambulance	\$3,153,121	\$3,033,195
Pension	\$ 505,254	\$ 570,821
Communications	\$ 140,870	\$ 148,773
Bond Retirement	\$ 762,451	\$ 520,560

These actual expenses for general revenue include \$1,100,000 that went to the ambulance fund, 101,386 that went to communications, and \$200,000 to the Capital Projects Fund.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The District has been in a multi-year program to increase its capital reserve fund to cover an amount equal to 20% of its annual operating budget, which is currently 6.7 million dollars. At the end of 2021, the District had \$1,168,946 in the capital reserve, or 17.4 % in reserve.

In the 2022 budget, the Board of Directors has authorized the use of up to \$165,000 from the Capital Projects as part of the balanced budget that was passed.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets – Governmental Activities
As of December 31, 2021 and 2020 (as restated)

	<u>2021</u>	<u>2020</u>
Current Assets (net of inter-fund receivables)	\$ 12,069,334	\$ 9,768,216
Capital assets, net of depreciation	<u>4,738,884</u>	<u>4,481,786</u>
Total Assets	<u>\$ 16,009,605</u>	<u>\$ 14,250,002</u>
Deferred Outflows of Resources	<u>\$ 1,357,646</u>	<u>\$ 1,542,336</u>
Current Liabilities (net of inter-fund payables)	\$ 704,286	\$ 822,057
Non-current Liabilities	<u>10,141,762</u>	<u>10,307,494</u>
Total Liabilities	<u>\$ 10,846,048</u>	<u>\$ 11,129,551</u>
Deferred Inflows of Resources	<u>\$ 2,960,966</u>	<u>\$ 1,824,123</u>
Invested in capital assets, net of related debt	\$ (2,947,693)	\$ (3,483,316)
Unrestricted	1,339,887	841,287
Restricted	<u>5,168,043</u>	<u>5,480,693</u>
Total Net Position (as restated for 2020)	<u>\$ 3,560,237</u>	<u>\$ 2,838,664</u>

As of December 31, 2021, the District's net position was \$3.6 million, of which (83%) represented investment in capital assets. The District's current assets totaled \$11.2 million, of which 43% represented cash and cash equivalents and 29% represented property taxes and EMS fees receivable. Total liabilities were \$10.8 million, of which 6% was current and 94% was non-current.

Total operating expenditures for 2021 were \$8.6 million. General operations represented 39% of the total operating expenditures, while Ambulance expenditures were 34%. Dispatching, debt service and capital project expenses made up the remaining 27%.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Revenue, Expenditures, and Changes in Fund Balance-Governmental Funds
For Years Ended December 31, 2021 and 2020

Revenue	<u>2021</u>	<u>2020</u>
Tax revenue	\$ 6,536,929	\$ 6,475,006
Non-Resident ambulance billings	900,652	674,037
Inspection and permit revenue	6,624	25,366
Income from investments	8,561	30,676
Grant income	451,347	757,555
Other	<u>36,791</u>	<u>29,299</u>
Total Revenues	7,940,904	7,991,939
Personal services	3,771,807	3,899,227
Employee benefits	628,602	561,342
Supplies	136,328	122,244
Heat, light and power	60,442	56,871
Capital outlay	1,639,889	548,306
Dispatching services	148,773	142,279
Pension contribution	-	-
Building and equipment	434,530	407,984
Miscellaneous	259,590	138,924
Administration	217,506	196,251
Payments in lieu of insurance premiums	759,768	669,499
Debt service	<u>520,560</u>	<u>798,708</u>
Total Expenditures	<u>8,577,795</u>	<u>7,541,635</u>
Other Financing Sources(Uses)	<u>-</u>	<u>(75,327)</u>
Excess Revenue and Other Financing Sources Over (Under)	(636,891)	374,977
Expenditures		
Fund Balances, Beginning of the Year (as restated)	<u>9,239,627</u>	<u>8,510,829</u>
Fund Balances, End of Year	<u>\$ 8,602,736</u>	<u>\$ 8,885,806</u>

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

General Fund

General fund revenues exceeded expenditures by \$1,540,288. The largest expenditure in the general fund related to salaries and benefits, which accounted for 63% (\$2.1 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 \$ 759,116. Over 79% of ambulance expenditures are related to salaries and benefits. The ambulance fund balance increased by \$ 340,884 and included an operating transfer of \$ 1,100,000 from the general fund.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	<u>2021</u>	<u>2020</u>
Land	\$ 177,440	\$ 177,440
Buildings and improvements	5,125,975	4,853,602
Ambulances and fire apparatus	5,207,934	4,596,194
Equipment and furnishings	<u>3,770,206</u>	<u>3,788,746</u>
Total	\$ 14,281,555	\$ 13,415,982
Less accumulated depreciation	<u>9,542,671</u>	<u>8,934,196</u>
Net capital assets	<u>\$ 4,738,884</u>	<u>\$ 4,481,786</u>

Personnel Issues

With the passing of Charles E. Kuhn in May of 2021, the remaining Board members interviewed several prospective candidates. In October of 2021, Gregory Mathison was appointed to fill that Board seat until April 2023. At which time the position would be up for election.

On December 31, 2021, Assistant Chief Brad Dickinson retired from the Eureka Fire Protection District. With this retirement, Division Chief Scott Barthelmaas was promoted to the rank of Assistant Chief. As a part of the retirement, a reallocation of job duties allowed the District to move the FTE of the Division Chief to add an additional Fire Fighter Paramedic position to the Operation Division.

The following started service with the Eureka Fire Protection District in 2021/2022,
Director Gregory Mathison 10/21/2021
FF/EMT-P Brad Gaylord 04/20/2021
FF/EMT-P Jacob Menz 12/26/2021
FF/EMT-P Kenneth Robbins 09/17/2021
FF/EMT-P Tyler Watson 12/28/2021
FF/EMT-P Devon Moultrie 04/05/2022
FF/EMT-P Dalton Voyles 04/15/2022
FF/EMT-P Nicholas Whitling 03/01/2022

The following left service with Eureka Fire Protection District in 2021/2022
Director Charles E Kuhn 05/06/2021
Assistant Chief Brad Dickinson 12/31/2021
Kenneth James 04/03/2021
Ryan Kaylor 11/19/2021
DJ Tomnitz 09/12/2021
Dan Brown 03/12/2022
Ryan Cleavelin 02/01/2022

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

Maturities of the District's bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 270,000	\$ 250,100	\$ 520,100	2022
234,939	281,411	516,350	2023
188,197	326,303	514,500	2024
194,693	323,707	518,400	2025
300,000	219,875	519,875	2026
<u>5,910,000</u>	<u>1,476,075</u>	<u>7,386,075</u>	Thereafter
<u>\$ 7,097,829</u>	<u>\$ 2,877,471</u>	<u>\$ 9,975,300</u>	Total

During the year ended December 31, 2021, the following changes occurred in liabilities reported as Long-term Debt:

	<u>January 1,</u> <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2021</u>
2016 Series G.O Bonds	\$ 1,450,000	-	\$ 170,000	\$ 1,280,000
Plus issuance premium	114,458	-	19,075	95,383
2017 Series G.O Bonds	2,682,829	-	90,000	2,592,829
Plus issuance premium	204,272	-	14,307	189,965
2018 Series G.O Bonds	3,225,000	-	-	3,225,000
Plus issuance premium	117,385	-	6,905	110,480
OPEB Obligation	2,732,090	186,015	-	2,918,105
Net pension liability	<u>41,460</u>	<u>-</u>	<u>2,028,312</u>	<u>(1,986,852)</u>
	<u>\$ 10,567,494</u>	<u>\$ 186,015</u>	<u>\$ 2,328,599</u>	<u>\$ 8,424,910</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 33,000 people. But, with major attractions and an Interstate Highway, the population can easily swell to 80,000 people at any time.

In 2021 residential growth remained strong. The Arbors of Rockwood has more than 350 homes either occupied or under construction. The Arbors of Rockwood is a 530-lot home development by McBride Homes Development. Additionally, McBride has the 550-lot Windswept Farm at Hwy 109 and Hwy FF, and this development is approaching the 350 homes occupied or under construction mark. Payne Family Homes has taken over 100 lots in the Pevely Farm subdivision, and construction is strong for the homes in the \$750,000 range. There is a new "Popeye's" Restaurant being built on W. Fifth St in the Hilltop Plaza.

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Eureka has received approval from the Public Service Commission to sell its Water and Sanitary Sewer to the Missouri American Water Company. The sale price will be \$28 million dollars, and the City is currently evaluating several large Capital improvement projects that will make Eureka more enticing as a place to live, work and play. The infrastructure of the water and sewer systems will then become taxable property for which the Fire District will start to see tax revenues. This sale should close in September 2022. There continues to be a good deal of interest in Eureka.

The City of Eureka is continuing to work with the Army Corps of Engineers to issue permits on closure structures for both Flat and Clifty Creeks for flood walls that will provide flood protection from the Meramec River for the Old Town, Truitt industrial, Eureka High School, Hwy 109, and Elk Trails Areas. The Bridge replacement into the Allenton area is in the final design phase and may start construction later in 2022. This will open large areas of land for potential development.

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, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 5,231,770
Receivables:	
Taxes, net	3,105,381
EMS fees, net	435,397
Due from Pension Fiduciary Fund	511,321
Net pension asset	1,986,852
Capital assets:	
Land and construction in progress	177,440
Other capital assets, net of accumulated depreciation	<u>4,561,444</u>
Total capital assets, net of depreciation	<u>4,738,884</u>
 Total assets	 <u>\$ 16,009,605</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on advance debt refunding and bond issue costs	263,423
Deferred amounts related to pensions	451,766
Deferred amounts related to OPEB	265,779
Deferred amounts related to insurance	<u>376,678</u>
Total deferred outflows of resources	<u>1,357,646</u>
LIABILITIES	
Accounts payable	59,958
Accrued wages and payroll taxes	181,408
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	270,000
Accrued interest	192,920
Portion due or payable after one year:	
Bonds	7,223,657
Net OPEB liability	<u>2,918,105</u>
Total liabilities	<u>10,846,048</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	2,817,895
Deferred amounts related to OPEB	<u>143,071</u>
Total deferred outflows of resources	<u>2,960,966</u>
NET POSITION	
Invested in capital assets, net of related debt	(2,947,693)
Restricted for:	
Debt service	1,014,270
Capital projects	1,879,434
Ambulance and dispatching operations	2,274,339
Unrestricted	<u>1,339,887</u>
Total net position	<u>\$ 3,560,237</u>

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

EUREKA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net Revenues (Expenses) And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	
Governmental Activities				
Public safety	\$ 7,123,945	\$ 918,610	\$ 417,597	\$ (5,753,988)
Dispatch services	148,773	-	-	(148,773)
Interest and other debt costs	278,070			(278,070)
Total program expenses	<u>7,550,788</u>	<u>918,610</u>	<u>417,597</u>	<u>(6,180,831)</u>
General Revenue				
Property taxes				6,870,551
Income from investments				8,561
Other				23,292
Total general revenue				<u>6,902,404</u>
Change in net position				721,573
Net position-beginning of year (as restated)				2,838,664
Net position-end of year				<u>\$ 3,560,237</u>

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

Eureka Fire Protection District
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and cash equivalents	\$ 1,850,235	\$ (236,932)	\$ 1,412,776	\$ 1,984,372	\$ 193,839	\$ 5,204,290
Property taxes receivable	2,087,800	594,539	363,855	-	59,187	3,105,381
EMS billings receivable	-	435,397	-	-	-	435,397
Due from other Funds	1,420,403	1,193,227	-	-	-	2,613,630
Total assets	<u>5,358,438</u>	<u>1,986,231</u>	<u>1,776,631</u>	<u>1,984,372</u>	<u>253,026</u>	<u>11,358,698</u>
Deferred outflows of resources:						
Prepaid insurance	188,339	188,339	-	-	-	376,678
Total deferred outflows of resources	<u>188,339</u>	<u>188,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,678</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,546,777</u>	<u>\$ 2,174,570</u>	<u>\$ 1,776,631</u>	<u>\$ 1,984,372</u>	<u>\$ 253,026</u>	<u>\$ 11,735,376</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 19,574	\$ 6,933	\$ -	\$ 6,180	\$ -	\$ 32,687
Accrued wages and payroll taxes	82,938	98,470	-	-	-	181,408
Due to other funds	1,193,127	-	762,361	98,758	47,854	2,102,100
Total liabilities	<u>1,295,639</u>	<u>105,403</u>	<u>762,361</u>	<u>104,938</u>	<u>47,854</u>	<u>2,316,195</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	548,910	156,312	95,662	-	15,561	816,445
Total deferred inflows of resources	<u>548,910</u>	<u>156,312</u>	<u>95,662</u>	<u>-</u>	<u>15,561</u>	<u>816,445</u>
Fund balances:						
Nonspendable-prepaid insurance	188,339	188,339	-	-	-	376,678
Restricted	-	1,724,516	918,608	1,879,434	189,611	4,712,169
Unassigned	3,513,889	-	-	-	-	3,513,889
Total Fund Balances	<u>3,702,228</u>	<u>1,912,855</u>	<u>918,608</u>	<u>1,879,434</u>	<u>189,611</u>	<u>8,602,736</u>
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 5,546,777</u>	<u>\$ 2,174,570</u>	<u>\$ 1,776,631</u>	<u>\$ 1,984,372</u>	<u>\$ 253,026</u>	<u>\$ 11,735,376</u>

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

Eureka Fire Protection District
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets
December 31, 2021

Total fund balances - governmental funds		\$ 8,602,736
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 \$ 14,281,555 and the accumulated depreciation is \$ 9,542,671		
		4,738,884
Certain long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Property taxes not collected within 60 days of year-end	816,445	
Net pension asset	1,986,852	2,803,297
To recognize deferred outflows of resources on pension plan		451,766
To recognize deferred outflows of resources on OPEB plan		265,779
To recognize deferred outflows of resources from bond refunding		263,423
To recognize interest accrual to year-end on general obligation bonds		(192,920)
To recognize deferred inflows related to pensions		(2,817,895)
To recognize deferred inflows related to OPEB		(143,071)
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	(7,493,657)	
Retiree medical benefits actuarial accrued liability	(2,918,105)	(10,411,762)
Net position-governmental activities		\$ 3,560,237

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

Eureka Fire Protection District
Statement of Revenue, Expenditures, and Changes in Fund Balances
December 31, 2021

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total
REVENUE						
Property taxes	\$ 4,408,540	\$ 1,243,547	\$ 761,045	\$ -	\$ 123,797	\$ 6,536,929
Contract protection	7,664	2,182	1,271	-	217	11,334
Ambulance billings	-	900,652	-	-	-	900,652
Grant Income	451,347	-	-	-	-	451,347
Inspection and permit fees	6,624	-	-	-	-	6,624
Income from investments	3,155	577	619	4,154	56	8,561
Miscellaneous	24,779	678	-	-	-	25,457
Total Revenue	<u>4,902,109</u>	<u>2,147,636</u>	<u>762,935</u>	<u>4,154</u>	<u>124,070</u>	<u>7,940,904</u>
EXPENDITURES						
Personal services	1,759,504	2,012,303	-	-	-	3,771,807
Employee benefits	356,763	271,839	-	-	-	628,602
Supplies	64,131	72,197	-	-	-	136,328
Heat, light and power	60,442	-	-	-	-	60,442
Capital outlay	-	-	-	1,639,889	-	1,639,889
Dispatching service	-	-	-	-	148,773	148,773
Building and mobile equipment	380,293	54,237	-	-	-	434,530
Miscellaneous	143,298	116,292	-	-	-	259,590
Administration	217,506	-	-	-	-	217,506
Payments in lieu of insurance premiums	379,884	379,884	-	-	-	759,768
Debt service:						
Principal retirement	-	-	260,000	-	-	260,000
Interest and other charges	-	-	260,560	-	-	260,560
Total expenditures	<u>3,361,821</u>	<u>2,906,752</u>	<u>520,560</u>	<u>1,639,889</u>	<u>148,773</u>	<u>8,577,795</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	1,540,288	(759,116)	242,375	(1,635,735)	(24,703)	(636,891)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	1,100,000	-	200,000	101,386	1,401,386
Operating transfers out	(1,401,386)	-	-	-	-	(1,401,386)
Total Other Financing Sources (Uses)	<u>(1,401,386)</u>	<u>1,100,000</u>	<u>-</u>	<u>200,000</u>	<u>101,386</u>	<u>0</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	138,902	340,884	242,375	(1,435,735)	76,683	(636,891)
FUND BALANCES AT BEGINNING OF YEAR (as restated)	3,563,326	1,571,971	676,233	3,315,169	112,928	9,239,627
FUND BALANCES AT END OF YEAR	<u>\$ 3,702,228</u>	<u>\$ 1,912,855</u>	<u>\$ 918,608</u>	<u>\$ 1,879,434</u>	<u>\$ 189,611</u>	<u>\$ 8,602,736</u>

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

Eureka Fire Protection District
 Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes
 in Fund Balances to the Government-Wide Statement of Activities
 December 31, 2021

Total net change in fund balances - governmental funds	\$	(636,891)
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 (\$923,374) exceeded depreciation (\$664,111).		259,263
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.		(2,165)
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.		333,622
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt.		260,000
Bond issue costs and bond refunding losses are reported in the governmental funds as expenditures but in the statement of activities, the cost of is allocated over the life of the bonds. This is the amount by which the amortization exceeded the issue costs and refunding losses.		(36,035)
Bond issue premiums are reported in governmental funds as another financing source but in the statement of activities the premiums are amortized over the life of the bonds. This is the amount by which the amortization exceeded the premium collected.		40,287
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.		(21,762)
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 the pension plan. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		840,631
OPEB benefits are measured by the change in the net OPEB liability in the statement of activities, adjusted for the recognition of deferred inflows and outflows related to the OPEB plan. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(315,377)
Change in net position of governmental activities	<u>\$</u>	<u>721,573</u>

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

Eureka Fire Protection District
Statement of Net Assets
December 31, 2021

	Internal Service Fund
	Fund
ASSETS	
Cash and Cash Equivalents	\$ 27,480
Due from other funds	-
Total Assets	27,480
 LIABILITIES	
Claims and accounts payable	27,271
Due to other funds	209
Total Liabilities	27,480
 NET ASSETS	
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 Position
For the Year Ended December 31, 2021

	Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 804,441
Total operating revenue	804,441
OPERATING EXPENDITURES	
Insurance claims	597,250
Insurance premiums	205,711
Administrative fees and miscellaneous	1,532
Total operating expenditures	804,493
NONOPERATING REVENUE	
Investment earnings	52
Total nonoperating revenue	52
NET INCOME	-
NET ASSETS AT BEGINNING OF YEAR	-
NET ASSETS AT END OF YEAR	\$ -

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

Eureka Fire Protection District
Statement of Cash Flows
For the Year Ended December 31, 2021

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 595,299
Benefit and insurance payments	(807,507)
Administrative fees and miscellaneous	(1,532)
	(213,740)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Subsidies	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	52
	(213,688)
	241,168
	\$ 27,480

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

Eureka Fire Protection District
Statement of Fiduciary Net Assets
December 31, 2021

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 685,863
Due from other funds	-
Property taxes receivable	199,150
Investments, at fair value	18,457,999
Total Assets	19,343,012
LIABILITIES	
Accounts Payable	730
Due to other funds	511,320
Deferred revenue	52,359
Total Liabilities	564,409
NET ASSETS	
Held in trust for benefits and employee welfare	\$ 18,778,603

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

Eureka Fire Protection District
Statement of Changes in Fiduciary Net Assets
December 31, 2021

	Pension Trust Fund
ADDITIONS	
Employer contribution - property taxes	\$ 416,546
Employer contribution - supplemental	-
Contract fee income	731
Investment earnings (loss)	<u>2,737,264</u>
Total Additions	<u>3,154,541</u>
DEDUCTIONS	
Benefit payments	594,728
Actuarial and consulting fees	-
Plan administrative fees and miscellaneous	<u>(23,907)</u>
Total Deductions	<u>570,821</u>
Change in net assets	2,583,720
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
BEGINNING OF YEAR	16,194,883
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS END OF YEAR	<u><u>\$ 18,778,603</u></u>

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

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 considered to be 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 revenues 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.

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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 receiving (or giving) equal value in exchange. The corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Nonexchange transactions 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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.
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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2021 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 2021 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 in the fund financial statements.

EMS Billings Receivable

EMS billings receivable are recorded net of estimated uncollectible amounts. The allowance for doubtful accounts was \$ 665,772 at December 31, 2021.

Capital Assets

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

The estimated useful lives and capitalization limits are as follows:

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

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

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Other Postemployment Benefits

The net liability of the District's Retiree Health Benefits Plan (OPEB) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about liabilities and additions to/deductions from the net OPEB liability. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets as this is a pay-as you-go plan.

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.

Fund Equity

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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021, restricted fund balance includes the following:

- *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.
- *Capital Projects* – to reflect the funds held for capital construction, equipment purchases and other related capital expenditures.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items on the consumption method. Prepaid items are recorded as expenditures when consumed rather than when purchased.

NOTE B – DEPOSIT AND INVESTMENT BALANCES

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District’s bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District’s cash not insured by the Federal Deposit Insurance Corporation

At year-end, the carrying amount of the District’s cash deposits was \$ 5,917,633 and the bank balance was \$ 6,580,212. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$308,885 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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B – DEPOSIT AND INVESTMENT BALANCES (Continued)

Investments

At December 31, 2021, the Pension Trust Fund had \$18,457,999 invested in the following types of investments as categorized by credit risk (ratings by Moody's):

Fiduciary funds:	<u>Maturities</u>	<u>Fair Value</u>	<u>Credit Quality</u>
Goldman Sachs Bank, USA – certificate of deposit	July 28, 2023	\$ 1,131,627	not rated
KBS REIT III, Inc. – real estate	-	776,346	not rated
John Hancock - mutual funds invested in equities	-	<u>16,550,026</u>	not rated
		<u>\$18,457,999</u>	

The Goldman Sachs Bank, USA certificate deposit does not bear interest. At maturity, the District will be paid an amount in cash equal to the face amount of the certificate of deposit plus a supplemental amount, if any, based on the performance of the GS Momentum Builder® Multi-Asset 5S ER Index.

Investment Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District minimizes credit risk by prequalifying the financial institutions, broker/ dealers, intermediaries, and advisors with which the District will do business and diversifying the portfolio to reduce potential losses on individual securities.

Investment Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

Investment Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District minimizes concentration of credit risk by diversifying the investment portfolio.

Concentration of credit risk is required to be disclosed by the District for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). Fiduciary Funds are required to disclose investments in any one issuer that represent 5% or more of total plan net position with the same exemptions as above. At December 31, 2021, the District had the following investment concentrations:

Fiduciary funds:	<u>Fair Value</u>	<u>Percent of Total Plan Net Position</u>
Goldman Sachs Bank, USA – certificate of deposit	\$ 1,131,627	6.90%
KBS REIT III, Inc. – real estate investment trust	776,346	4.58
John Hancock - mutual funds invested in equities	<u>16,550,026</u>	88.52
	<u>\$18,457,999</u>	

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B – DEPOSIT AND INVESTMENT BALANCES (Continued)

Fair Value Measurements

The District classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The District has the following recurring fair value level measurements as of December 31, 2021:

- Mutual funds (\$16,550 thousand) and the Goldman Sachs Bank, USA certificate of deposit (\$1,131 thousand) are valued using quoted market prices (Level 1 inputs)

The District has the following investments measured at net asset value (NAV) as of December 31, 2021:

- Real estate investment trust (\$776 thousand) estimated NAVs are based on independent valuations

NOTE C - CAPITAL ASSETS

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

	January 1, 2021	Additions	Deletions	December 31, 2021
<i>Capital assets not being depreciated:</i>				
Land	\$ 177,440	\$ -	\$ -	\$ 177,440
<i>Capital assets being depreciated:</i>				
Buildings & improvements	4,853,602	272,372	-	5,125,974
Equipment & other	8,384,940	651,001	(57,801)	8,978,140
Total capital assets being depreciated:	<u>13,238,542</u>	<u>923,374</u>	<u>(57,801)</u>	<u>14,104,115</u>
Less accumulated depreciation for:				
Buildings & improvements	(2,432,328)	(124,944)	-	(2,557,272)
Equipment & other	(6,501,869)	(539,167)	(55,637)	(6,985,399)
Total accumulated depreciation	<u>(8,934,196)</u>	<u>(664,111)</u>	<u>(55,637)</u>	<u>(9,542,671)</u>
Total capital assets being depreciated, net:	<u>4,304,346</u>	<u>259,263</u>	<u>(2,164)</u>	<u>4,561,445</u>
Totals	<u>\$4,481,786</u>	<u>\$ 259,263</u>	<u>\$ (2,164)</u>	<u>\$4,738,885</u>

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Ambulance Fund	General Fund	<u>\$ 1,193,127</u>
General Fund	Capital Projects Fund	<u>\$ 98,758</u>
General Fund	Medical Insurance Fund	<u>\$ 109</u>
Ambulance Fund	Medical Insurance Fund	<u>\$ 100</u>
General Fund	Dispatch Fund	<u>\$ 47,854</u>
General Fund	Debt Service Fund	<u>\$ 762,361</u>
General Fund	Pension Fund	<u>\$ 511,320</u>

Operating transfers in and out that occurred during 2021 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 1,401,386
Ambulance	1,100,000	-
Dispatch	101,386	-
Capital Projects	200,000	

NOTE E – DEFINED BENEFIT RETIREMENT PLAN

General Information about the Pension Plan

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 hired prior to January 1, 2018 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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Plan Membership

The Plan’s membership consisted of the following as of January 1, 2022:

Active employees	27
Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits not yet received	<u>16</u>
Total	<u>64</u>

Benefit Provisions

The Plan covers each participant whose employment commencement date is before January 1, 2020 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, 2021, the District contributed \$416,546 to the Plan, which represents property taxes from the Pension Fund tax levy.

Net Pension Liability (Asset)

The District’s net pension liability was measured as of December 31, 2021 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, 2021 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	7.00% per annum

Mortality rates were based on the PRI-2012 Employee Table for males and females, with projected mortality improvement based on Scale MP 2020.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E – DEFINED BENEFIT RETIREMENT PLAN (Continued)

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	70%	8.26%
International equity	2	9.06
Fixed income	23	3.80
Real estate	5	7.85
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 no new entrants as the plan is closed and that contributions remain level with the 2022 estimated level. The municipal bond rate used of 2.25 percent is based on approximate 20 year average yield to maturity of AA rated bonds as of January 2021. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions

None

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)– (b)
Balances at 12/31/2020	\$ 15,958,264	\$ 15,916,804	\$ 41,460
Changes for the year:			
Service cost	315,584	-	315,584
Interest	1,096,240	-	1,096,240
Actuarial losses/(gains)	(304,212)	-	(304,212)
Benefit payments	(594,729)	(594,729)	-
Employer contributions	-	375,000	(375,000)
Net investment income (loss)	-	2,761,584	(2,761,584)
Administrative expenses	-	(660)	660
Net changes	512,883	2,541,195	(2,028,312)
Balances at 12/31/2021	\$ 16,471,147	\$ 18,457,999	\$ (1,986,852)

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Sensitivity of the Net Pension Liability (Asset) 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%)
Balances at 12/31/2021	\$ 269,629	\$ (1,986,852)	\$ (3,862,249)

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

At December 31, 2021, 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	\$ 408,773	\$ (293,705)
Changes of assumptions	42,993	(251,167)
Net difference between projected and actual Earnings as pension plan investments	-	(2,273,023)
Total	\$ 451,766	\$ (2,817,895)

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:	
2021	\$ (648,719)
2022	(920,616)
2023	(535,536)
2024	(322,392)
2025	7,093
Thereafter	54,041
Total	\$ (2,366,129)

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE F – DEFINED CONTRIBUTION RETIREMENT PLAN

During 2018, the District implemented the Eureka Fire Protection District 401(a) Plan. The Plan qualifies as a defined contribution pension plan and covers all employees hired after December 31, 2017. The Plan is administered by John Hancock Life Insurance Company. At December 31, 2021, there were 21 plan members.

District contributions to the Plan are discretionary and employees are not allowed to contribute to the Plan. Contributions will be made with funds derived from the tax established pursuant to Section 321.610 RSMO or, at the discretion of the District, from other available revenues of the District. Contributions are allocated to participants' accounts in a manner determined by the District. All qualified employees at the end of a plan year who have completed 1500 hours of service during that plan year are eligible to participate in the Plan. Participants become vested in District contributions after ten (10) years of service. The District made contributions to the Plan in the amount of \$ -0- for 2021.

NOTE G – 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 H – OTHER POSTEMPLOYMENT BENEFITS

Plan Description. Eureka Fire Protection District Retiree Health Benefits (the Plan) is a single-employer defined benefit healthcare plan administered by the Eureka Fire Protection District. ERHB provides medical, dental and vision benefits to active employees who retire at age 55 with 20 years of service with the District and were enrolled in the active medical plan prior to retirement. Optional coverage is available to eligible spouses for an additional fee.

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

Benefits Provided

Eligibility

Active employees who retire at age 55 with 20 years of service with the District and were enrolled in the active medical plan immediately prior to retirement

Age Weighted Employer Paid Retiree Costs

	<u>Retiree</u>	Retiree Plus
	<u>\$ 558.28</u>	<u>Spouse</u>
Medical/Non-Medicare		\$931.21

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Financing of Benefits

Medical plan is self-funded with stop loss reinsurance. Dental and Vision plans are fully insured.

Actuarial Assumptions

Valuation Date	January 1, 2021
Cost Method	Entry Age Normal
Mortality Rates	PRI-2012 Healthy Employee Table
Discount Rate	2.25% per annum
Inflation	2.75% per annum
Payroll Growth Rate	4.5% per annum
Retirement Age	Age 57 and the completion of 20 years of service
Healthcare Inflation	5.0% per annum
Coverage Election	100% of active, eligible retirees
Marital Status	Current medical election coverages

Employees Covered by Benefit Terms

The Plan's membership consisted of the following as of January 1, 2021:

Active employees not eligible to retire	44
Active employees who are fully vested	3
Retired participants and beneficiaries	<u>3</u>
Total	<u>50</u>

OPEB Liability

The District's total OPEB liability of \$ 2,918,105 was measured as of December 31, 2021, as was determined by an actuarial valuation as of that date.

Changes in the total OPEB balance is as follows:

Balance at 12/31/2020	\$ 2,732,090
Changes for the year:	
Service cost	279,277
Interest	52,449
Actuarial losses/(gains)	-
Benefit payments	(29,057)
Assumption changes	(116,654)
Net changes	<u>186,015</u>
Balance at 12/31/2021	<u>\$ 2,918,105</u>

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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%)
Balances at 12/31/2021	\$ 3,300,938	\$ 2,918,105	\$ 2,579,672

NOTE I - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2021	\$555,297,539
Debt limit - 5% of assessed value	\$ 27,764,877
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	7,097,829
Less amount available in debt service fund	(918,608)
	6,179,221
Legal Debt Margin	\$ 21,585,656

NOTE J - CONTRACTUAL AGREEMENTS

The District has 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, 2023 and automatically renews annually unless terminated by either party.

NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred these risks by purchasing insurance from commercial enterprises. The following insurance policies were in force during the fiscal year ended December 31, 2021:

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE K - RISK MANAGEMENT (Continued)

<u>INSURANCE IN FORCE</u>	<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>
Commercial Automobile	National Union Fire Ins. Co.	\$ 1,000,000/Occurrence
Excess Liability	National Union Fire Ins. Co.	\$ 2,000,000/Occurrence \$ 4,000,000 General Aggregate
General/Healthcare Liability	National Union Fire Ins. Co.	\$ 1,000,000/Occurrence \$ 3,000,000 General Aggregate
Management Liability	National Union Fire Ins. Co.	\$1,000,000/\$3,000,000
Commercial Property Buildings	National Union Fire Ins. Co.	Scheduled Values
Business Personal Property		Scheduled Values
Portable Equipment	National Union Fire Ins. Co.	Scheduled Values

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 \$2,500,000 for each insured event. The pooling agreement allows for the pool to use 5% of assessments to make the pool self-sustaining for supplemental aggregate reinsurance coverage. This coverage will be funded until the cumulative balance reaches \$2,500,000. MOFAD has published its own financial report for the year ended December 31, 2021 that can be obtained from MOFAD.

The District self-insures for employee medical claims up to predetermined maximums. In addition, the internal service fund provides coverage for up to an annual maximum of \$40,000 per covered person. 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 \$27,271 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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE L – LONG-TERM DEBT

In March 2016, proceeds of \$2,127,983 were received from the sale of general obligation advance refunding bonds. The bonds were issued to advance refund \$1,905,000 of 2009 general obligation bonds. The interest rate on these bonds ranges from 2% to 4%.

In November 2017, proceeds of \$ 3,010,022 were received from the sale of general obligation advance refunding bonds. The bonds were issued to advance refund \$2,765,000 of 2013 general obligation bonds. The interest rate on the bonds ranges from 2% - 3%.

In December 2018, the District issued \$3,500,000 in general obligation bonds bearing interest at 4.0%, plus \$131,195 of original issue premium for a total price of \$3,631,195. The net proceeds of \$3,601,657 (after payment of underwriter and issuance costs) were deposited into the capital projects fund for the purpose of acquiring firefighting and emergency vehicles, equipment, and apparatus; acquiring real estate; renovating, improving, and equipping existing fire stations; and other related capital expenditures.

In September 2020, the District transferred \$ 330,681 from the debt service fund to an escrow agent in order to advance refund \$ 275,000 of 2018 general obligation bonds. An additional \$19,646 was paid from the debt service fund for the costs of the transaction.

Maturities of the District’s bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 270,000	\$ 250,100	\$ 520,100	2022
234,939	281,411	516,350	2023
188,197	326,303	514,500	2024
194,693	323,707	518,400	2025
300,000	219,875	519,875	2026
310,000	209,025	519,025	2027
315,000	198,000	513,000	2028
330,000	186,700	516,700	2029
440,000	174,125	614,125	2030
515,000	159,150	674,150	2031
540,000	142,375	682,375	2032
570,000	124,700	694,700	2033
560,000	104,400	664,400	2034
595,000	81,300	676,300	2035
630,000	56,800	686,800	2036
670,000	30,800	700,800	2037
<u>435,000</u>	<u>8,700</u>	<u>443,700</u>	2038
<u>\$ 7,097,829</u>	<u>\$ 2,877,471</u>	<u>\$ 9,975,300</u>	Total

During the year ended December 31, 2021, the following changes occurred in liabilities reported as Long-term Debt:

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE L – LONG-TERM DEBT (continued)

	<u>January 1,</u> <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2021</u>	<u>Due Within</u> <u>One Year</u>
2016 Series G.O Bonds	\$ 1,450,000	-	\$ 170,000	\$ 1,280,000	\$ 150,000
Plus issuance premium	114,458	-	19,075	95,383	-
2017 Series G.O Bonds	2,682,829	-	90,000	2,592,829	120,000
Plus issuance premium	204,272	-	14,307	189,965	-
2018 Series G.O Bonds	3,225,000	-	-	3,225,000	-
Plus issuance premium	<u>117,385</u>	<u>-</u>	<u>6,905</u>	<u>110,480</u>	<u>-</u>
	7,793,944	-	300,287	7,493,657	270,000
OPEB Obligation	2,732,090	186,015	-	2,918,105	-
Net pension (asset) liability	<u>41,460</u>	<u>-</u>	<u>2,028,312</u>	<u>(1,986,852)</u>	<u>-</u>
	<u>\$ 10,567,494</u>	<u>\$ 186,015</u>	<u>\$ 2,328,599</u>	<u>\$ 8,424,910</u>	<u>\$ 270,000</u>

NOTE M – TAX ABATEMENTS

Under Missouri law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be “blighted.” In addition, the Real Property Tax Increment Allocation Redevelopment Act, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city or county to be a “blighted area,” “conservation area,” or “economic development area,” each as defined in Missouri statutes.

Tax increment financing acts to freeze the amount of property tax revenues currently collected by the taxing districts in the affected area at the level collected in the year the tax increment financing district was formed and thus deprives such taxing districts of increases in ad valorem property tax revenues which would otherwise have resulted from increases in assessed valuation in such affected area until the tax increment financing obligations issued are repaid and the tax abatement period terminates.

The City of Eureka (the “City”) has established a tax increment financing district (the “TIF District”) within the boundaries of the District. On November 1, 2006, the City issued tax increment financing notes in connection with the TIF District in the amount of \$2,500,000. Such notes are currently outstanding in the amount of \$2,500,000 and mature on August 15, 2028. On May 1, 2009, the City issued tax increment financing notes in connection with the TIF District in the amount of \$5,000,000. Such notes are currently outstanding in the amount of \$1,304,047 and mature on August 15, 2028. According to the St. Louis County Department of Revenue’s office, the TIF Increment attributable to property in the portion of the District in St. Louis County is \$14,350,150 for the 2021 tax year.

The District has entered into an agreement with the City pursuant to which the District shall receive a portion of the new incremental real property taxes generated within the TIF District.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE N – SAFER GRANT

During 2018, the District applied for, and was awarded, a Staffing for Adequate Fire and Emergency Response (SAFER) Grant (the Grant). The Grant is administered by the Federal Emergency Management Agency (FEMA) of the Department of Homeland Security (DHS).

The purpose of the Grant is to provide funding directly to fire departments and volunteer firefighter interest organizations to assist in increasing the number of firefighters to help communities meet industry minimum standards and attain 24-hour staffing to provide adequate protection from fire and fire-related hazards, and to fulfill traditional missions of fire departments.

Under the Grant, the District is required to contribute a cost share toward the actual cost of hiring 9 firefighters under the program. The federal portion of the costs of hiring new firefighters under the Grant may not exceed 75% of the actual costs incurred in each of the first and second years of the grant, and 35% of the actual costs incurred in the third year of the grant.

The period of performance under the Grant is March 14, 2019 to March 13, 2022. The total cost approved under the Grant was \$2,116,616, comprised of the federal share of \$1,307,164 and the District cost share in the amount of \$809,452.

The District received \$247,214 under the Grant in 2021.

NOTE O - SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 30, 2022, the date the financial statements were available to be issued.

In May 2022, the District issued \$2,100,000 of general obligation bonds, plus original issue premium of \$156,338.90.

NOTE P – VIOLATIONS OF FINANCE-RELATED LEGAL PROVISIONS

During the year ended December 31, 2021, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Expenditures Over Budget</u>
General Fund	\$ 96,282

NOTE Q – PRIOR-PERIOD ADJUSTMENT

The District recorded a prior-period adjustment as of December 31, 2020 to correctly record EMS billings receivable. The cumulative effect of the adjustment as of December 31, 2020 is as follows:

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE Q – PRIOR-PERIOD ADJUSTMENT(continued)

	<u>Government- wide Net Position</u>	<u>Ambulance Special Revenue Fund Balance</u>
Balances at 12/31/20, as originally reported	\$2,484,843	\$1,218,150
Prior-period adjustment – EMS billings receivable	<u>353,821</u>	<u>353,821</u>
Balances at 12/31/2020, as restated	<u>\$2,838,664</u>	<u>\$1,571,971</u>

NOTE R – COMMITMENTS AND CONTINGENCIES

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

NOTE S – FUTURE GASB PRONOUNCEMENTS

In August, 2018, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE S – FUTURE GASB PRONOUNCEMENTS (continued)

the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The District is required to adopt the provisions of this Statement for the year ending December 31, 2022 and has not assessed the impact of these statements on its future financial statements.

In June 2022 the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The District is required to adopt the provisions of this Statement for the year ending December 31, 2024.

Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 4,294,533	\$ 4,294,533	\$ 4,520,462	\$ 225,929
Contract protection	8,000	8,000	7,664	(336)
Grant Proceeds	225,000	225,000	451,346	226,346
Inspection and Permit Fees	22,000	22,000	6,624	(15,376)
Income from Investments	25,000	25,000	3,155	(21,845)
Miscellaneous	25,000	25,000	18,351	(6,649)
Proceeds from sale of assets	70,000	70,000	6,428	(63,572)
Total Revenue	<u>4,669,533</u>	<u>4,669,533</u>	<u>5,014,030</u>	<u>344,497</u>
EXPENDITURES				
Personal services	1,836,000	1,836,000	1,815,383	(20,617)
Employee benefits	278,200	278,200	319,969	41,769
Supplies	117,000	117,000	64,131	(52,869)
Pension supplement	100,000	100,000	-	(100,000)
Heat, light and power	64,010	64,010	60,442	(3,568)
Capital outlay	60,002	60,002	53,591	(6,411)
Building and mobile equipment	281,500	281,500	328,740	47,240
Miscellaneous	47,750	47,750	143,298	95,548
Administration	188,200	188,200	217,506	29,306
Payment in lieu of insurance premiums	314,000	314,000	379,884	65,884
Total expenditures	<u>3,286,662</u>	<u>3,286,662</u>	<u>3,382,944</u>	<u>96,282</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,382,871	1,382,871	1,631,086	248,215
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,382,871)	(1,382,871)	(1,401,386)	(18,515)
Total Other Financing Sources (Uses)	<u>(1,382,871)</u>	<u>(1,382,871)</u>	<u>(1,401,386)</u>	<u>(18,515)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>229,700</u>	<u>229,700</u>

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

Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - Ambulance Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 1,205,850	\$ 1,205,850	\$ 1,150,718	\$ (55,132)
Contract protection	2,300	2,300	2,182	(118)
Ambulance charges	650,000	650,000	465,254	(184,746)
Income from Investments	2,500	2,500	577	(1,923)
Miscellaneous	600	600	678	78
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>1,861,250</u>	<u>1,861,250</u>	<u>1,619,409</u>	<u>(241,841)</u>
EXPENDITURES				
Personal services	2,261,000	2,261,000	2,073,431	(187,569)
Employee benefits	345,000	345,000	340,178	(4,822)
Supplies	61,400	61,400	69,173	7,773
Capital outlay	3,000	3,000	9,886	6,886
Building and mobile equipment	35,500	35,500	44,351	8,851
Miscellaneous	33,221	33,221	116,292	83,071
Administration	-	-	-	-
Payment in lieu of insurance premiums	414,000	414,000	379,884	(34,116)
Total expenditures	<u>3,153,121</u>	<u>3,153,121</u>	<u>3,033,195</u>	<u>(119,926)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(1,291,871)	(1,291,871)	(1,413,786)	(121,915)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	1,291,871	1,291,871	1,100,000	(191,871)
Total Other Financing Sources (Uses)	<u>1,291,871</u>	<u>1,291,871</u>	<u>1,100,000</u>	<u>(191,871)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
	<u>-</u>	<u>-</u>	<u>(313,786)</u>	<u>(313,786)</u>

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

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
Sources/Inflows of resources		
Total revenue (budgetary basis) from the budgetary comparison schedule	\$ 5,014,030	1,619,409
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.	(111,921)	528,227
	<u>\$ 4,902,109</u>	<u>\$ 2,147,636</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 3,382,944	\$ 3,033,195
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.	(21,123)	(126,443)
	<u>\$ 3,361,821</u>	<u>\$ 2,906,752</u>

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

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

	2021	2020	2019	2018	2017	2015
Total Pension Liability						
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Total pension liability - beginning	\$ 15,958,264	\$ 14,887,510	\$ 14,290,572	\$ 13,660,651	\$ 12,381,045	\$ 10,601,877
Service cost	315,584	302,678	323,334	317,080	273,629	250,269
Interest cost	1,096,240	1,022,039	983,701	941,161	854,859	735,186
Plan amendments	-	-	-	-	-	-
Assumption changes	-	-	(339,712)	-	189,443	-
Actuarial losses/(gains)	(304,212)	317,993	105,020	(197,344)	299,217	255,463
Benefit payments	(594,729)	(571,956)	(475,405)	(430,976)	(337,542)	(198,446)
Total pension liability - ending (a)	<u>\$16,471,147</u>	<u>\$15,958,264</u>	<u>\$14,887,510</u>	<u>\$14,290,572</u>	<u>\$13,660,651</u>	<u>\$11,644,349</u>
Plan Fiduciary Financial Position						
Employer contributions	375,000	515,000	445,000	344,853	412,300	331,000
Employee contributions						
Net investment income	2,761,584	1,806,146	2,578,642	(327,949)	1,465,942	(108,747)
Benefit payments	(594,729)	(571,956)	(475,405)	(430,976)	(337,542)	(198,446)
Administrative expenses	(660)	(1,947)	(5,277)	(3,079)	(505)	(405)
Net change in plan fiduciary net position	2,541,195	1,747,243	2,542,960	(417,151)	1,540,195	23,402
Fiduciary net position - beginning	<u>15,916,804</u>	<u>14,169,561</u>	<u>11,626,601</u>	<u>12,043,752</u>	<u>10,503,557</u>	<u>9,671,886</u>
Fiduciary net position - ending (b)	<u>\$ 18,457,999</u>	<u>\$ 15,916,804</u>	<u>\$ 14,169,561</u>	<u>\$ 11,626,601</u>	<u>\$ 12,043,752</u>	<u>\$ 9,695,288</u>
District's net pension (asset) liability - ending (a) - (b)	<u>\$ (1,986,852)</u>	<u>\$ 41,460</u>	<u>\$ 717,949</u>	<u>\$ 2,663,971</u>	<u>\$ 1,616,899</u>	<u>\$ 1,949,061</u>
Fiduciary net position as % of total pension liability	112.06%	99.74%	95.18%	81.36%	88.16%	83.26%
Covered payroll	\$ 2,459,811	\$ 2,581,116	\$ 2,624,618	\$ 2,520,413	\$ 2,318,610	\$ 2,326,692
Net pension liability as % of covered payroll	-80.77%	1.61%	27.35%	105.70%	69.74%	83.77%

Eureka Fire Protection District
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of District Contributions and Investment Returns

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 462,470	\$ 493,502	\$ 563,090	\$ 533,381	\$ 430,985	\$ 433,239	\$ 367,014
Contributions in relation to the actuarially determined contribution	375,000	515,000	445,000	344,853	412,300	405,000	331,000
Contribution deficiency (excess)	<u>\$ 87,470</u>	<u>\$ (21,498)</u>	<u>\$ 118,090</u>	<u>\$ 188,528</u>	<u>\$ 18,685</u>	<u>\$ 28,239</u>	<u>\$ 36,014</u>
Covered - employee payroll	\$ 2,459,881	\$ 2,581,116	\$ 2,520,413	\$ 2,520,413	\$ 2,318,610	\$ 2,204,253	\$ 2,326,692
Contributions as a percentage of covered-employee payroll	15.24%	19.95%	17.66%	13.68%	17.78%	18.37%	14.23%
Annual dollar-weighted rate of return net of expenses	17.47%	12.77%	22.09%	-2.71%	13.81%	7.01%	-1.10%

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

Eureka Fire Protection District
Required Supplementary Information
Schedule of Changes in the District's OPEB Liability, Related Ratios and District Contributions

	2021	2020	2019	2018	2017	2016
Total OPEB Liability:						
Discount rate	2.25%	1.93%	3.10%	3.10%	5.00%	5.00%
Total OPEB liability - beginning	\$ 2,732,090	\$ 2,188,167	\$ 2,024,052	\$ 1,500,253	\$ 1,370,994	\$ 1,251,186
Service cost	279,277	186,373	180,768	175,334	72,673	69,212
Interest cost	52,449	67,404	62,186	45,948	68,258	62,268
Plan amendments	-	-	-	-	-	-
Assumption changes	(116,654)	328,766	(42,725)	294,636	-	-
Actuarial losses/(gains)	-	(10,947)	-	43,995	-	-
Benefit payments	(29,057)	(27,673)	(36,114)	(36,114)	(11,672)	(11,672)
Total OPEB liability - ending (a)	<u>\$ 2,918,105</u>	<u>\$ 2,732,090</u>	<u>\$ 2,188,167</u>	<u>\$ 2,024,052</u>	<u>\$ 1,500,253</u>	<u>\$ 1,370,994</u>
Covered payroll	<u>\$ 3,792,293</u>	<u>\$ 3,792,293</u>	<u>\$ 2,993,169</u>	<u>\$ 2,993,169</u>	<u>\$ 2,326,691</u>	<u>\$ 2,326,691</u>
Net OPEB liability as % of covered payroll	<u>76.95%</u>	<u>72.04%</u>	<u>73.11%</u>	<u>67.62%</u>	<u>64.48%</u>	<u>58.92%</u>
Actuarially Determined District Contributions	\$ 445,236	\$ 334,815	\$ 318,078	\$ 318,078	\$ 158,134	\$ 150,604
Actual Employer Contributions	<u>29,057</u>	<u>27,673</u>	<u>36,114</u>	<u>36,114</u>	<u>11,672</u>	<u>11,672</u>
Contribution Deficiency/(Excess)	<u>\$ 416,179</u>	<u>\$ 307,142</u>	<u>\$ 281,964</u>	<u>\$ 281,964</u>	<u>\$ 146,462</u>	<u>\$ 138,932</u>
Contributions as percentage of covered payroll	<u>0.77%</u>	<u>0.73%</u>	<u>1.21%</u>	<u>1.21%</u>	<u>0.50%</u>	<u>0.50%</u>

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

EUREKA FIRE PROTECTION DISTRICT
 SCHEDULE OF ASSESSED VALUATION AND TAX RATES
 Tax Year 2021

<u>ASSESSED VALUATION</u>	<u>2021</u>
Real estate	\$ 464,577,216
Personal property	<u>90,720,323</u>
Total Assessed Valuation	\$ 555,297,539
TIF Assessed Valuation	<u>(14,350,150)</u>
Adjusted Assessed Valuation	<u><u>\$ 540,947,389</u></u>

<u>TAX RATE (PER \$100 OF ASSESSED VALUATION)</u>	<u>2021</u>
General fund	.8607
Ambulance fund	.2451
Debt service fund	.1500
Pension fund	.0821
Dispatching fund	<u>.0244</u>
Total Tax Rate	<u><u>1.3623</u></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, 2021

<u>OFFICE HOLDER</u>		<u>ANNUAL COMPENSATION</u>
Patrick D. Feder	Chairman	\$ 5,000
Charles L. Brown	Treasurer	\$ 3,900
Charles E. Kuhn	Secretary	\$ 800
Gregory L. Mathison, Jr.	Secretary	\$ 400

The Board of Directors is elected and annually determines which of its members will serve as chairman, 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, 2021, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 30, 2022. Our report on the Ambulance Fund was qualified.

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 deficiencies with respect to errors and misstatements, pension trust fund accounting, bond issuance and

redemption accounting, and audit findings described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs with respect to utilizing outside service providers and budget-actual comparisons 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.

Handwritten signature in blue ink that reads "McLoy & Associates, LLC".

June 30, 2022

EUREKA FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2021

ERRORS AND MISSTATEMENTS

We detected, and the District corrected, several material misstatements and errors during the course of performing auditing procedures that resulted from control activity failures, including the inadequate design of and/or performance of control activities addressing reconciliations and monitoring and performance reviews. The haphazard nature, number and significance of the errors would also indicate a lack of accounting skills, knowledge, and experience with respect to the District’s accounting function. The misstatements included the following:

Interfund Accounts

Interfund accounts are used to record financial transactions between funds of the District. An interfund receivable in a fund (an asset) should be offset by an interfund payable (a liability) in the other fund. On a District wide basis, interfund accounts for all funds should net to -0-. However, as a result of the District recording various erroneous transactions to the interfund accounts, the interfund balances on a District wide basis were *out of balance by \$881,380*.

A large portion of the errors resulted from recording interfund receivables in various funds from that same fund. For example, there was recorded an interfund receivable in the General Fund, from the General fund, in the amount of \$94,303.

Miscellaneous Expense

Numerous erroneous transactions were recorded to an account titled “Miscellaneous General Expenses”. *The erroneous balances of such accounts, which overstated (understated) expenses, were as follows:*

General Fund	\$1,064,359.73
Ambulance Fund	\$ 44,454.78
Pension Fund	\$ (376,967.82)
Dispatch Fund	\$ (37,705.96)
Debt Service Fund	\$ (685,327.67)
Capital Projects Fund	\$ (5,000.00)

The District could not adequately explain why the transactions were recorded.

Cash

The District overstated it’s cash balances and property tax revenue by **\$375,699.55**. The error resulted from the District recording a payment from Jefferson County as of December 31, 2021, that was not actually paid by Jefferson County until January 10, 2022.

Operating Transfers

Interfund transfers are flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. Therefore, operating transfers decrease the fund balance of the transferor fund and increase fund balance of the transferee fund. Interfund loans

ERRORS AND MISSTATEMENTS (continued)

are amounts provided with a requirement for repayment and do not affect the fund balance of the funds involved.

The District attempted to record operating transfers from the General fund to various other funds; however, the transfers were recorded as loans.

The effects of the erroneous recording of transfers were to overstate (understate) the excess of revenue over expenditures and other financing sources, as well as fund balance, in the following amounts:

General Fund	\$ 1,401,386
Ambulance Fund	\$ (1,100,000)
Dispatch Fund	\$ (101,386)
Capital Projects Fund	\$ (200,000)

Accounts Payable and Accrued Expenses

The accounts payable and accrued expense balances at December 31, 2021 included amounts for both 2020 and 2021. The accounts payable balances from 2020 should not have been included. The effects of the misstatements were to overstate liabilities, and understate fund balance, by the following amounts:

General Fund	\$ 158,202
Ambulance Fund	\$ 204,645

In connection with our review of subsequent events, we noted that many of the erroneous entries detected in connection with our audit have also been made in recording accounting transactions in 2022.

We recommend that the District review the following principles of the “Control Environment” in connection with developing a plan to identify and correct the conditions that lead to the above-listed errors and misstatements:

- Financial Reporting Competencies
- Authority and Responsibility
- Human Resources

There was a similar finding in the District’s prior year audit.

Medical Self-Insurance Funding

An internal service fund is used to report activity that provides goods or services to other funds, on a cost reimbursement basis. The District self-insures for employee medical claims up to predetermined maximums.

The District failed to correctly account for the self-insurance fund. As a result, reimbursements from the General and Ambulance funds, each in the amount of \$379,884 were not recorded. The effects were to understate revenue in the self-insurance fund in the amount of \$759,768, and to understate expenditures in the General and Ambulance funds in the amounts of \$ 379,884 and \$ 379,884, respectively.

District Response:

Interfund Accounts- Transactions were created to move funds due to the funds being recorded as expenses (through the check process) when the funds were simply transferred. Incorrect entries to incorrect funds were made when moving the various amounts to the due to (from) accounts.

Miscellaneous Expense- The miscellaneous account had overstated amounts in the various funds due to the transactions mentioned above. All the transactions should have gone to the General miscellaneous account in order to offset the expenses in the General fund account. The miscellaneous account would then reflect a balance of 3,348.34 in the General Fund. This is also the ending total for the entire miscellaneous account.

Cash- The payment was entered in the incorrect year.

Operating Transfers- Transfers should have been recorded as inter-fund transfers as the accounts receiving the funds are without requirement for repayment.

Accounts Payable and Accrued Expenses- The District needed to reverse the prior year's amounts and record the current year's accruals.

The District has been partnered with Clifton Allen Larson and will be continuing to meet with them monthly to help with month close and implementing entity-level internal controls. Monthly in-person meetings will be taking place to go over the District's financial position.

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. If outside assistance is needed in recording such activity, it should be arranged ahead of the year-end audit.

This has been a finding in the District's prior year audits.

District Response:

The District is aware of the transaction that needs to take place. Auditor provided the adjusting audit entry during the audit process, and management accepted the adjustment. The District will continue to work closely with Clifton Allen Larson to ensure this adjustment is made

BOND ISSUANCE AND REDEMPTION

In connection with our review of subsequent events, we noted that the District issued \$2,100,000 of general obligation bonds in May 2022. The sale of the bonds was not correctly recorded in 2022.

The District has historically issued general obligation bonds to finance capital outlay. In addition, the District has undertaken numerous advanced refundings (defeasances) related to the bond issuances. Proper accounting for a bond issuance and any advanced refundings would require that the bond issue proceeds, and defeasance and bond issue costs be recognized in the governmental statement of revenue, expenditures, and changes in fund balances. In addition, the issuance and/or defeasance of any new debt and should be recorded as an increase in bonds payable.

We recommend that policies and procedures be adopted to address the recording of bond issuances, the related payments as well as bond refundings. If outside assistance is needed in recording such activity, it should be arranged ahead of the year-end audit.

This has been a finding in the District's prior year audits.

District Response:

This bond issuance happened during the 2022 fiscal year and is being handled by the accounting team at the District.

AUDIT FINDINGS

Monitoring is one of the five elements of entity-level internal control. One aspect of monitoring is the consideration of reports from external sources (e.g., external auditors, regulators) for their internal control implications, and for identifying and taking timely corrective action. However, certain findings and recommendations resulting from the consideration of the District's internal control over financial reporting have not been addressed.

We recommend that the District adopt policies and procedures to consider reports from external sources for their internal control implications and that timely corrective actions are identified and taken. The District's procedures should include specific objectives, tasks, and timetables as well as reporting to the Board of Directors with respect to the status of the follow-up actions.

This has been a finding in the District's prior year audits.

District Response:

The District will have policies and procedures implemented. Clifton Allen Larson is assisting by providing an outside accounting point of view to help to continue to establish entity-level internal controls going forward. Monthly in-person meetings will be held to make sure entity-level internal controls are in place and documented.

UTILIZING OUTSIDE SERVICE PROVIDERS

Accounting and auditing for state and local governments is considered to be specialized, as evidenced by the fact that there is a separate standard setting body (GASB) that creates accounting reporting standards for state and local governments. In addition, there are separate government auditing standards (the Yellow Book) that provides standards and guidance for auditors and audit organizations, outlining the requirements for audit reports, professional qualifications for auditors, and audit organization quality control. Auditors of federal, state, and local government programs use these standards to perform their audits and produce their reports.

During 2021, the District engaged an outside accounting firm to assist with improving internal controls and the month and year-end close processes. In connection with our audit, we inquired of the District and the outside accounting firm about whether the outside firm's personnel assigned to the District had current, relevant experience with respect to state and local governments. Neither the District nor the outside accounting firm provided responses with respect to our inquiry.

We recommend that the District inquire of outside accounting firms about their experience and competencies with respect to state and local governmental accounting and auditing standards to ensure that the outside service provider is qualified to perform the services for which it is engaged.

District Response:

Clifton Allen Larson's experienced team of CPAs and consultants can help analyze and address financial, operational, and regulatory issues and focus on serving the citizens. They're committed to addressing what matters most:

- Finding new ways to operate more effectively and efficiently
- Maintaining quality services in the face of revenue reductions
- Planning and restructuring to accommodate changing citizen needs
- Providing accurate and meaningful financial information to stakeholders, decision-makers, and your constituents
- Responding to regulatory pressures and complexities

They assist a variety of state and local government agencies, including:

- Charter schools
- Counties and municipalities
- Housing authorities
- Independent schools
- Public pensions and deferred compensation plans
- School districts
- Special districts
- States and state agencies
- Tribal governments and gaming

Their 600 professionals serve more than 1,700 local, county, and state government agencies and higher education institutions. It has been our primary focus for more than 50 years. They understand the legislative changes, funding challenges, compliance responsibilities, and risk management duties that impact.

BUDGET-ACTUAL COMPARISONS

Budget-actual comparisons are not routinely reviewed by management or the Board of Directors. As a result, variances from budget are not investigated. Had the comparisons been prepared and variances investigated, many of errors and misstatements discussed above would have been identified.

We recommend that budget-actual comparisons be prepared on a monthly basis. Further, we recommend that the comparisons be reviewed by management and the board of directors and that significant variances be investigated.

This has been a finding in the District's prior year audits.

District Response:

The District has implemented monthly budget to actual comparisons in the 2022 fiscal year. This includes the accounting team and the Chief of the District. If any changes need to be addressed for the budget, that will be taken to the board, and a new draft budget will be created.