

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

Year Ended December 31, 2020

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
Year Ended December 31, 2020
TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Activities.....	19
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	21
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenue, Expenditures and Changes in Fund Net Position – Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Assets.....	25
Statement of Changes in Fiduciary Net Assets.....	26
NOTES TO FINANCIAL STATEMENTS.....	27
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund.....	49
Budgetary Comparison Schedule – Ambulance Fund.....	50
Budgetary Comparison Schedule – Note to RSI.....	51

Schedule of Changes in the District’s Net Pension Liability and Related Ratios.....	52
Schedule of District Contributions and Investment Returns.....	53
Schedule of Changes in the District’s OPEB Liability and Related Ratios.....	54
SUPPLEMENTARY INFORMATION	
Schedule of Assessed Valuation, Tax Rate, and Tax Levy	55
Schedule of Principal Office Holders	56
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	57
SCHEDULE OF FINDINGS AND RESPONSES.....	59



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INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eureka Fire Protection District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities and Ambulance Fund

Management has not recorded ambulance service revenue on the accrual basis of accounting and, accordingly, ambulance service revenue receivable has not been recorded as an asset and the current period change in that asset has not been recorded in revenue, with respect to governmental

activities. Accounting principles generally accepted in the United States of America require that program revenue be recorded as assets and revenue when earned, which would increase the assets, and the net position and change the revenue in the statement of activities. The amount by which this departure would affect the assets, net position, and program revenue of the governmental activities has not been determined.

Management has not recorded ambulance service revenue on the modified accrual basis of accounting with respect to the Ambulance Fund and, accordingly, ambulance service revenue has not been recognized when measurable and available. Accounting principles generally accepted in the United States of America require that revenue be recorded as assets and revenue when measurable and available, which would increase the assets and fund balance and change the revenue in the statement of revenue, expenditures and changes in fund balance. The amount by which this departure would affect the assets, fund balance and revenue of the Ambulance Fund has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities and Ambulance Fund” paragraph, 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, 2020, 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 Opinions

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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 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

The supplementary information on pages 55-56 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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

June 28, 2021

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, 2020. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements and the notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the District. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Government-wide statements

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

EUREKA FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- Overall, net position increased by \$784,275 (or 46%) during 2020. The improvement in the results from operations can be partially attributed to an increase in the net pension liability of \$528,597 (or 30%) during 2020.

EUREKA FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

- Tax revenues increased by \$390,501 (or 6.5%) during 2020, due primarily to an increase in the District's assessed valuation.
- The District operates 5 separate tax supported funds general revenue, ambulance service, pension, dispatch, and bond retirement. The total tax rate for the 5 funds for 2020 was \$1.3623/\$100 assessed value. The 2020 rate was the same as the 2019 rate.
- 2020 was the year that we were impacted by the global COVID19 pandemic. Economic impacts on the Fire District were significant as like they were on the economy. The District was impacted by adjusting schedules, change in response protocols and PPE, presumptive exposure protocols, service delivery models and staffing models
- In 2019 long time Office Manager Onda Viefhaus announce her retirement the end of 2019. The District went through a process to replace and restructure this position. To provide a separation of duties and oversight the position of Comptroller was created, and fiscal duties were segregated between comptroller and the Office Manager. Executive Assistant Krista Laudano was promoted to Office Manager and Donna Shoff was selected after a process as the Comptroller. There was plan put in place and worked that gave Mrs. Laudano time to bring in part time personnel to cover duties she would be transitioning out of, she and Mrs. Viefhaus had time together to transition the new Office Manager duties. Then Mrs. Viefhaus had time to work with Ms. Shoff to complete the transition of duties for the Comptroller position. This process took more than 4 months, but by the end of 2019 the transition and new position implementation was successful.
- Towards the end of May 2020 Ms. Shoff informed the District that she had accepted a position with St. Louis County and would be leaving employment as of June 12, 2020. It was decided to go to people who had just completed the process several months and interview those people still interested. Two persons were still interested. After interviews were conducted Carly Gilling was offered the position of Comptroller and accepted. She started July 6, 2020, this was problematic, while Ms. Shoff left detailed notes there was no in person transition.
- In late February and early March 2020, the World started to learn about the unfolding COVID 19 pandemic. The Eureka Fire Protection District was no different. As we progressed through the pandemic and following direction established in cooperation with the Department of Public Health, Unified Command and Medical Control. Our Administrative personnel began working virtually, the office and all facilities were closed to the public. While use of teleconferencing, video conferencing, and emailing we worked to keep the flow of communications going it was extremely difficult to conduct business with both internal and externally. This posture was held for several months. Staff was slowly allowed back to the office a few days at a time and the office remained closed for 8 months. Limited access continued for an additional 5 months.
- In March of 2020 Emergency response personnel who had to be in the station where required to adhere to a tiered level of operational readiness. The Eureka FPD was impacted with 1740 paid time off. Even before Governor Parsons Executive Order making COVID a work-related illness the Eureka Fire District made the decision that if an employee had a fever or COVID like symptoms the employee would not be charged with "sick time" to be off work. The reason for this was after consultation with Public health officials and virologist this was thought to be prudent to protect the workforce overall. This stance did increase the instance of having to have personnel in on overtime.

**EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

- In 2020 the Eureka Fire Protection District received \$15,000 unexpectedly from the Federal government through the State of Missouri in COVID relief funding. This funding was not applied for and simply applied as revenue received to General revenue.
- Further in 2021 the Eureka FPD worked with FEMA, SEMA, and St. Louis County DPH on “Small Projects” for vaccine administration and redistribution projects. These projects are prefunded at 100% and in 2021 Eureka FPD has received \$81,623.78 and \$76,347.20 for these projects. These projects continue through June 2021.
- For 4 to 5 months of the months of the pandemic acquisition of Personal Protective Equipment (PPE) was next to impossible for First Responders and Health Care Professionals. The little amounts the EFPD was able to find was often at exorbitant prices. The District worked with the St. Louis County Unified Command and the State of Missouri to ensure to get adequate amounts of PPE of our personnel. For periods of time all personnel would be required to N95 mask, eye protection, gowns, gloves, on every interaction with the public. In addition, the District implemented some advanced cleaning and disinfection protocols the required purchase of misting foggers that uses a special virus killing solution, there were enhanced procedures implemented with special wipes and solutions multiple times daily and ultraviolet light units.
- The District did partner with the City of Eureka Police Department and the Chamber of Commerce to purchase addition virucide fluid to provide fogging service to business in the community.
- The Fire District, the Eureka Fire Fighter Shop and The City of Eureka also partnered for several months to daily purchase meals for employees from multiple restaurants that had been shut down by the pandemic. This program rotated through all the restaurants that wished to participate several times a week with a number of meals. Talking to the business owners it was greatly appreciated and was helpful in helping them remain a float in the extraordinarily difficult times.
- The District operates 5 separate tax supported funds general revenue, ambulance service, pension, dispatch, and bond retirement. The total tax rate or the 5 funds for 2020 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 5 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%

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Tax Revenue Collections

	<u>Projected Collections at 100%</u>	<u>Actual Collections</u>
General Revenue	\$ 4,219,660	\$ 4,277,933
Ambulance	\$ 1,201,625	\$ 1,217,804
Pension	\$ 402,502	\$ 377,552
Communications	\$ 119,623	\$ 121,731
Bond	\$ 735,434	\$ 781,277

- The District continues to work towards implementing a more complete accounting guide for the District.
 - 2020 started the District was optimistic about moving forward improved Fiscal management policy and written accounting procedures. Further it was the intent to provide stronger segregation of duties and oversight of all fiscal processes.
 - As was previously noted in March 2020 with the onset of the pandemic the need to limit access to the office, keeping administrative staff at home working virtually the progress slowed drastically on these projects.
 - Then with Donna Shoff leaving employment in June of 2020 and having no time for transition to Carly Gilling in July or 2020 these projects came to a standstill.
 - Other staff members including the Fire Chief, Assistant Chief, and Office Manager who have key roles in these processes were simply overwhelmed with additional duties that had been assigned because of the pandemic. Examples of these issues include working within the Unified Command within the County and the Region. Coordination of PPE for the Region, the County and the District, coordination of staffing efforts in the District and within out area of the county. Coordination of vaccination efforts of first responders, public, homebound residents, and special needs groups. As well as many other special requirements.
- The District has contracted with Pro Claims of St. Louis for ambulance billing. The District billing and collection history is outlined below:

	<u>Billed</u>	<u>Collected</u>	<u>%</u>
2020	\$1,254,278	\$ 676,607	53.94%
2019	\$1,333,463	\$ 594,576	44.59%
2018	\$1,194,417	\$ 537,335	44.98%
2017	\$1,207,139	\$ 483,827	40.08%
2016	\$ 832,112	\$ 492,363	59.17%

- The District participates in the Ground Emergency Medical Transportation (GEMT) Uncompensated Cost Reimbursement Program a voluntary program that allows for the reimbursement of uncompensated costs to eligible GEMT providers who provide qualifying emergency ambulance services to Department of Social Services, MO HealthNet participant.

Reimbursement is distributed to eligible and enrolled providers based on GEMT services provided to MO HealthNet participants on a per-transport basis. As a condition of participation under this program, the District must agree to reimburse Department of Social Services, MO HealthNet for administering and overseeing the GEMT program. Gross reimbursements from

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

the State of Missouri, administrative expenses and the net amount received during 2020 were \$ 201,599, \$80,841 and \$ 120,758, respectively.

- In addition to the general fund, the District operates 2 special revenue funds, a debt service fund, a medical self-insurance (internal service) fund, and a capital improvements fund. In addition the District administers the funds for Explorer Post 2498. The Explorer Post is funded mainly by fund raisers, done by the group and donations.
- The 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 by the 3 Board of Directors and 2 Plan participants. Effective January 1, 2018, new employees are part of a Defined Contribution Plan. Going forward all new employees will be in that plan. Therefore in the future the Defined benefit plan, and its long term liability to the District, will decrease and finally cease to exist. The Board members are Director Dr. Patrick Feder, Director Charles Brown, Director Charles E. Kuhn and the 2 plan participants that are on the Board are Kyle Brown and Josh Voight. This plan has been administered for the District by John Hancock Inc. Cost for employee disability insurance and retiree health have been taken out of the Pension fund in the past. The Board of Directors has placed those expenses into the General revenue budget; estimated cost of these two items is \$100,000 annually. Individuals hired after June 2013 has a 10 year vesting period, those hired prior to that date have a 5 year vesting period. Years of service prior to 2014 accrued 2 ½ % per year, starting in 2014 that rate is 2 % per year of service for up to 30 years of service. The District Board of Directors is the trustees of the plan. The Pension Board does meet and provides opportunity for required training. Currently, the Defined Benefit plan's net pension liability is funded at 99.74% and the accrued benefits are funded at 126%
- In 2018 the District issued 3.6 million dollars in bond debt from 2008 voter approved authorization. Capital Improvements started in 2020 included;
 - Station 1 Storage Building and interior improve. \$340,000
 - Station 2 Interior improvements \$ 50,000
 - Station 3 interior improvements \$ 50,000
 - Video Conferencing upgrades \$116,000
 - CPR Devices \$ 36,000
 - Fitness Equipment \$ 20,000
 - New Staff Vehicle \$ 42,900

Some of these construction projects have taken into 2021 to near completion because of closures due to the pandemic.

- 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.

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

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 \$757,555 under the Grant in 2020.

Services Provided

The District responded to 2490 incidents in 2020 this compared 2548 incidents in 2019. This is a decrease of 2.3%. A 3 year comparison is below;

	<u>2018</u>	<u>% of total</u>	<u>2019</u>	<u>% of total</u>	<u>2020</u>	<u>% of total</u>
Emergency Medical	1769	74%	1870	73%	1840	74%
Fire	308	13%	325	13%	274	11%
Other *	<u>322</u>	13%	<u>353</u>	14%	<u>376</u>	15%
TOTAL	<u>2399</u>		<u>2548</u>		<u>2490</u>	

In 2020 the Fire District estimated Fire losses as follows:

Value of property lost to fire		\$ 529,000	
Value of property saved in those fires		\$ 1,634,300	
Residential Fires	8	\$ 388,500 est. loss	74 % of total loss
Commercial Fires	2	\$ 0 est. loss	0 % of total loss
Vehicle Fires	8	\$ 108,500 est. loss	20 % of total loss
Misc. fires	25	\$ 32,000 est. loss	6 % of total loss

In 2020, the District issued the following permits:

Commercial construction permits	11	
Miscellaneous permits	<u>27</u>	
Total Permits	38	27% Decrease
Fire Prevention Inspections conducted	886	15% Decrease
Community Services Events	182	60% Decrease
CPR Classes Conducted	19	89% Decrease
Car Seat Safety Checks	23	83% Decrease
2020 Social Media Data:		
Website users	29,827	213% Increase

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

Average time on website	5.87 minutes
Number of Facebook Views	2,842,417 35% Increase

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets – Governmental Activities
As of December 31, 2020 and 2019 (as restated)

	<u>2020</u>	<u>2019</u>
Current Assets (net of inter-fund receivables)	\$ 9,414,395	\$ 9,132,803
Capital assets, net of depreciation	<u>4,481,786</u>	<u>4,722,278</u>
Total Assets	<u>\$ 13,896,181</u>	<u>\$ 13,855,081</u>
Deferred Outflows of Resources	<u>\$ 1,542,336</u>	<u>\$ 1,061,297</u>
Current Liabilities (net of inter-fund payables)	\$ 822,057	\$ 699,701
Non-current Liabilities	<u>10,307,494</u>	<u>11,015,346</u>
Total Liabilities	<u>\$ 11,129,551</u>	<u>\$ 11,715,047</u>
Deferred Inflows of Resources	<u>\$ 1,824,123</u>	<u>\$ 1,500,763</u>
Invested in capital assets, net of related debt	\$ (3,483,316)	\$ (3,774,502)
Unrestricted	487,466	(58,614)
Restricted	<u>5,480,693</u>	<u>5,533,684</u>
Total Net Position	<u>\$ 2,484,843</u>	<u>\$ 1,700,568</u>

As of December 31, 2020, the District's net position was \$2.5 million, of which (140%) represented investment in capital assets. The District's current assets totaled \$9.4 million, of which 68% represented cash and cash equivalents and 32% represented property taxes receivable. Total liabilities were \$11.1 million, of which 7% was current and 93% was non-current.

Total operating expenditures for 2020 were \$7.5 million. General operations represented 43% of the total operating expenditures, while Ambulance expenditures were 37%. Dispatching, debt service and capital project expenses made up the remaining 20%.

Statement of Revenue, Expenditures, and Changes in Fund Balance-Governmental Funds
For Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Tax revenue	\$ 6,475,006	\$ 6,146,892
Non-Resident ambulance billings	674,037	594,576
Inspection and permit revenue	25,366	18,645
Income from investments	30,676	46,338
Grant income	757,555	267,737

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other	<u>29,299</u>	<u>13,619</u>
Total Revenues	7,991,939	7,087,807
Personal services	3,899,227	3,424,428
Employee benefits	561,342	469,629
Supplies	122,244	135,864
Heat, light and power	56,871	53,793
Capital outlay	548,306	699,689
Dispatching services	142,279	127,032
Pension contribution	-	100,000
Building and equipment	407,984	400,160
Miscellaneous	138,924	103,714
Administration	196,251	208,357
Payments in lieu of insurance premiums	669,499	638,238
Debt service	<u>798,708</u>	<u>631,921</u>
Total Expenditures	<u>7,541,635</u>	<u>6,992,825</u>
Other Financing Sources(Uses)	<u>(75,327)</u>	<u>(39,400)</u>
Excess Revenue and Other Financing Sources Over (Under) Expenditures	374,977	55,582
Fund Balances, Beginning of the Year	<u>8,510,829</u>	<u>8,455,247</u>
Fund Balances, End of Year	<u>\$ 8,885,806</u>	<u>\$ 8,510,829</u>

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

General Fund

General fund revenues exceeded expenditures by \$1,908,657. The largest expenditure in the general fund related to salaries and benefits, which accounted for 67% (\$2.2 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 \$ 870,630. Over 82% of ambulance expenditures are related to salaries and benefits. The ambulance fund balance increased by \$ 129,370 and included an operating transfer of \$ 1,000,000 from the general fund.

Budget Analysis

The overall budgeted and actual expenditure amounts, excluding operating transfers, were reasonably close:

	<u>Budget</u>	<u>Actual</u>
General Revenue	\$ 4,893,660	\$ 4,948,633
Ambulance	\$ 3,022,786	\$ 2,874,580
Pension	\$ 504,302	\$ 515,000
Communications	\$ 140,453	\$ 142,279
Bond Retirement	\$ 918,384	\$ 872,035

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The difference for Budget vs Actual is due to increased General Revenue expenses because of the extraordinary expenses due to the COVID 19 Pandemic. Although actual expenses exceeded budgeted expenses, general revenue exceeded projections by \$204,520.

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 2020, the District had 1.042 million dollars in the capital reserve or 15.6 % in reserve.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	<u>2020</u>	<u>2019</u>
Land	\$ 177,440	\$ 177,440
Buildings and improvements	4,853,602	4,585,067
Ambulances and fire apparatus	4,596,194	4,596,194
Equipment and furnishings	<u>3,788,746</u>	<u>3,603,875</u>
Total	\$ 13,415,982	\$ 12,962,576
Less accumulated depreciation	<u>8,934,196</u>	<u>8,240,298</u>
Net capital assets	<u>\$ 4,481,786</u>	<u>\$ 4,722,278</u>

Personnel Issues

In May 2021 Director Charles E. Kuhn passed away while in office. As of the time of this report the remaining Board is discussing a replacement of the term until the next regularly scheduled election, in April of 2023.

In 2020 The following personnel changes were made:

Scott Kavanagh was promoted to the rank of Battalion Chief. Replacing Phil Goode who went to the City of Richmond Heights to be the Fire Chief. Virgil Davis was promoted to the rank of Captain. Brian Kopp was promoted to the rank of Lieutenant. Carly Johnson Gilling was hired in July as Comptroller to replace Donna Shoff who went to work for St. Louis County.

The following were hired for the position of Fire Fighter/ Paramedic:

Weston Brewe, Austin Olendorff, Ryan Darnell, Adam Schmidt, Matt Wilson.

The following left employment with the Eureka FPD in 2020:

Chad Ham, Patrick Edwards, Alex Hawkins, Kelvin Klenke.

**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>
\$ 260,000	\$ 259,200	\$ 519,200	2021
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
<u>6,210,000</u>	<u>1,695,950</u>	<u>7,905,950</u>	Thereafter
<u>\$ 7,357,829</u>	<u>\$ 3,136,671</u>	<u>\$ 10,494,500</u>	Total

During the year ended December 31, 2020, the following changes occurred in liabilities reported as Long-term Debt:

	<u>January 1,</u> <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2020</u>
2013 Series G.O Bonds	\$ 70,000	\$ -	\$ 70,000	\$ -
2016 Series G.O Bonds	1,605,000	-	155,000	1,450,000
Plus issuance premium	133,533	-	19,075	114,458
2017 Series G.O Bonds	2,702,829	-	20,000	2,682,829
Plus issuance premium	218,579	-	14,307	204,272
2018 Series G.O Bonds	3,500,000	-	3,225,000	3,225,000
Plus issuance premium	124,290	-	6,905	117,385
OPEB Obligation	2,188,167	543,923	-	2,732,090
Net pension liability	<u>717,949</u>	<u>-</u>	<u>676,489</u>	<u>41,460</u>
	<u>\$ 11,260,347</u>	<u>\$ 543,923</u>	<u>\$ 1,236,776</u>	<u>\$ 10,567,494</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 30,000 people. But, with major attractions and an Interstate Highway the population can easily swell to 80,000 people at any time.

In 2020 residential growth remained strong. The Arbors of Rockwood has more than 250 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, this development is approach 200 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. Steeple Chase Subdivision, 25 lots on Augustine RD. by Flower and Fendler Homes have homes under construction and is almost complete. Rowles Development has Cerny Estates which is also nearing build out.

The QT at Hwy 109 and E. 4th St was demolished and rebuilt. A new BP convenience Fuel Station was built at Hwy 109 and Hwy W. New McDonalds was built at 120 E. 4th St. Ace Hardware is

EUREKA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Opening a Larger 30,000 sq.ft. store at 111 Hilltop village center which was a vacant space. They will keep the current smaller space on Thresher Ave. June 2021 St. Louis County Library opened the New Eureka Hills Library on Brewster Rd. There are several new lots that have been developed for commercial development and there continues to be a good deal interest in Eureka.

The City of Eureka continues work on projects from Prop E. Currently, the City of Eureka is waiting for the Army Corps of Engineers to issue permits on closure structures for both Flat and Clifty Creeks for flood walls the 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 Allenton area in final design phase and may start construction early 2022. This will open large areas of land for potential development.

The Citizens of Eureka voted in August of 2020 to sell the water and sanitary sewer systems to Missouri American Water Company for approximately 28 million dollars. This deal is expected to close in July 2021. The Eureka Fire Protection District has been in conversations with the new water purveyor to ensure there is a good working relationship. It is estimated that the infrastructure becoming real property will generate and estimated \$900,000 annually in property tax revenue to all taxing entities.

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, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,375,419
Taxes receivable, net of allowance	2,938,232
Due from other funds	100,744
Capital assets:	
Land	177,440
Buildings	4,853,602
Equipment and other	8,384,940
Less accumulated depreciation	(8,934,196)
Total capital assets, net of depreciation	4,481,786
Total assets	\$ 13,896,181
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on advance debt refunding and bond issue costs	299,458
Deferred amounts related to pensions	600,476
Deferred amounts related to OPEB	297,269
Deferred amounts related to insurance	345,133
Total deferred outflows of resources	1,542,336
LIABILITIES	
Accounts payable	91,928
Accrued wages and payroll taxes	298,971
Due to other funds	-
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	260,000
Accrued interest	171,158
Portion due or payable after one year:	
Bonds	7,533,944
Net OPEB liability	2,732,090
Net pension liability	41,460
Total liabilities	11,129,551
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,778,924
Deferred amounts related to OPEB	45,199
Total deferred outflows of resources	1,824,123
NET POSITION	
Invested in capital assets, net of related debt	(3,483,316)
Restricted for:	
Debt service	732,805
Capital projects	3,315,169
Ambulance and dispatching operations	1,432,719
Unrestricted	487,466
Total net position	\$ 2,484,843

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

EUREKA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2020

	<u>Total</u>	<u>Fire Service and Administration</u>	<u>Ambulance</u>	<u>Dispatch</u>	<u>Debt Service</u>
Program expenses:					
Salaries, wages and benefits	\$ 4,854,311	2,375,206	2,479,105	-	-
Equipment and supplies	625,128	539,558	85,570	-	-
Depreciation	693,898	524,033	169,865	-	-
Interest and other debt costs	378,392	-	-	-	378,392
Contractual services, administration and other	534,325	307,290	84,756	142,279	-
Total program expenses	<u>7,086,054</u>	<u>3,746,087</u>	<u>2,819,296</u>	<u>142,279</u>	<u>378,392</u>
Program revenue:					
Charges for permit fees	25,366	25,366	-	-	-
Charges for ambulance calls	674,037	-	674,037	-	-
Operating grants	758,210	758,210	-	-	-
Net program expense	<u>5,628,441</u>	<u>2,962,511</u>	<u>2,145,259</u>	<u>142,279</u>	<u>378,392</u>
General revenue:					
Taxes levied and contract protection	6,353,396				
Gain on disposal of assets and other miscellaneous	28,644				
Income from investments	30,676				
Total general revenue	<u>6,412,716</u>				
Change in net position	784,275				
Net position-beginning of year	1,700,568				
Net position-end of year	<u>\$ 2,484,843</u>				

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

Eureka Fire Protection District
Balance Sheet
Governmental Funds
December 31, 2020

	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	\$ 2,670,496	\$ (451,971)	\$ 405,351	\$ 3,444,064	\$ 66,311	\$ 6,134,251
Property taxes receivable	1,975,423	562,538	344,270	-	56,001	2,938,232
Due from other Funds	316,413	1,243,529	-	-	-	1,559,942
Total assets	<u>4,962,332</u>	<u>1,354,096</u>	<u>749,621</u>	<u>3,444,064</u>	<u>122,312</u>	<u>10,632,425</u>
Deferred outflows of resources:						
Prepaid insurance	225,133	120,000	-	-	-	345,133
Total deferred outflows of resources	<u>225,133</u>	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,133</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,187,465</u>	<u>\$ 1,474,096</u>	<u>\$ 749,621</u>	<u>\$ 3,444,064</u>	<u>\$ 122,312</u>	<u>\$ 10,977,558</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 21,611	\$ 3,909	\$ -	\$ 34,591	\$ -	\$ 60,111
Accrued wages and payroll taxes	139,373	159,598	-	-	-	298,971
Due to other funds	1,138,545	-	16,816	94,304	182	1,249,847
Total liabilities	<u>1,299,529</u>	<u>163,507</u>	<u>16,816</u>	<u>128,895</u>	<u>182</u>	<u>1,608,929</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	324,610	92,439	56,572	-	9,202	482,823
Total deferred inflows of resources	<u>324,610</u>	<u>92,439</u>	<u>56,572</u>	<u>-</u>	<u>9,202</u>	<u>482,823</u>
Fund balances:						
Nonspendable-prepaid insurance	225,133	120,000	-	-	-	345,133
Restricted	-	1,098,150	676,233	3,315,169	112,928	5,202,480
Unassigned	3,338,193	-	-	-	-	3,338,193
Total Fund Balances	<u>3,563,326</u>	<u>1,218,150</u>	<u>676,233</u>	<u>3,315,169</u>	<u>112,928</u>	<u>8,885,806</u>
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 5,187,465</u>	<u>\$ 1,474,096</u>	<u>\$ 749,621</u>	<u>\$ 3,444,064</u>	<u>\$ 122,312</u>	<u>\$ 10,977,558</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, 2020

Total fund balances - governmental funds		\$ 8,885,806
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 \$ 13,415,982 and the accumulated depreciation is \$ 8,934,196		4,481,786
Other long-term assets (property taxes receivable not collected within 60 days of year-end) are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		482,823
To recognize deferred outflows of resources on pension plan		600,476
To recognize deferred outflows of resources on OPEB plan		297,269
To recognize deferred outflows of resources from bond refunding		299,458
To recognize interest accrual to year-end on general obligation bonds		(171,158)
To recognize deferred inflows related to pensions		(1,778,924)
To recognize deferred inflows related to OPEB		(45,199)
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	(7,793,944)	
Retiree medical benefits actuarial accrued liability	(2,732,090)	
Net pension liability	<u>(41,460)</u>	(10,567,494)
Net position-governmental activities		<u><u>\$ 2,484,843</u></u>

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, 2020

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total
REVENUE						
Property taxes	\$ 4,344,768	\$ 1,237,251	\$ 757,192	\$ -	\$ 123,170	\$ 6,462,381
Contract protection	8,537	2,431	1,415	-	242	12,625
Ambulance billings	-	674,037	-	-	-	674,037
SAFER Grant Proceeds	757,555	-	-	-	-	757,555
Inspection and permit fees	25,366	-	-	-	-	25,366
Income from investments	9,410	1,715	2,261	17,121	169	30,676
Miscellaneous	25,296	4,003	-	-	-	29,299
Total Revenue	<u>5,170,932</u>	<u>1,919,437</u>	<u>760,868</u>	<u>17,121</u>	<u>123,581</u>	<u>7,991,939</u>
EXPENDITURES						
Personal services	1,886,825	2,012,402	-	-	-	3,899,227
Employee benefits	290,313	271,029	-	-	-	561,342
Supplies	65,383	56,861	-	-	-	122,244
Heat, light and power	56,871	-	-	-	-	56,871
Capital outlay	-	-	-	548,306	-	548,306
Dispatching service	-	-	-	-	142,279	142,279
Building and mobile equipment	379,275	28,709	-	-	-	407,984
Miscellaneous	54,168	84,756	-	-	-	138,924
Administration	196,251	-	-	-	-	196,251
Payments in lieu of insurance premiums	333,189	336,310	-	-	-	669,499
Debt service:						
Principal retirement	-	-	520,000	-	-	520,000
Interest and other charges	-	-	278,708	-	-	278,708
Total expenditures	<u>3,262,275</u>	<u>2,790,067</u>	<u>798,708</u>	<u>548,306</u>	<u>142,279</u>	<u>7,541,635</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	1,908,657	(870,630)	(37,840)	(531,185)	(18,698)	450,304
OTHER FINANCING SOURCES (USES)						
Cost of defeasance of 2018 bonds	-	-	(19,646)	-	-	(19,646)
Payment to bond refunding escrow agent in excess of 2018 bonds defeased	-	-	(55,681)	-	-	(55,681)
Operating transfers in	-	1,000,000	-	500,000	20,539	1,520,539
Operating transfers out	(1,520,539)	-	-	-	-	(1,520,539)
Total Other Financing Sources (Uses)	<u>(1,520,539)</u>	<u>1,000,000</u>	<u>(75,327)</u>	<u>500,000</u>	<u>20,539</u>	<u>(75,327)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	388,118	129,370	(113,167)	(31,185)	1,841	374,977
FUND BALANCES AT BEGINNING OF YEAR	3,175,208	1,088,780	789,400	3,346,354	111,087	8,510,829
FUND BALANCES AT END OF YEAR	<u>\$ 3,563,326</u>	<u>\$ 1,218,150</u>	<u>\$ 676,233</u>	<u>\$ 3,315,169</u>	<u>\$ 112,928</u>	<u>\$ 8,885,806</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, 2020

Total net change in fund balances - governmental funds	\$	374,977
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 depreciation expense (\$693,898) exceeded capital outlay (\$453,406).		(240,492)
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.		(121,610)
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.		520,000
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.		40,286
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.		(28,608)
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.		528,597
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.		(252,840)
Change in net position of governmental activities	<u>\$</u>	<u>784,275</u>

Eureka Fire Protection District
Statement of Net Assets
December 31, 2020

	<u>Internal Service Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 241,168
Due from other funds	-
Total Assets	<u>241,168</u>
 LIABILITIES	
Claims and accounts payable	31,817
Due to other funds	<u>209,351</u>
Total Liabilities	<u>241,168</u>
 NET ASSETS	
Unrestricted - Designated for future catastrophe losses	<u><u>\$ -</u></u>

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, 2020

	Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 711,653
Total operating revenue	711,653
OPERATING EXPENDITURES	
Insurance claims	496,923
Insurance premiums	214,611
Administrative fees and miscellaneous	272
Total operating expenditures	711,806
NONOPERATING REVENUE	
Investment earnings	153
Total nonoperating revenue	153
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, 2020

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 945,892
Benefit and insurance payments	(714,275)
Administrative fees and miscellaneous	(272)
	231,345
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Subsidies	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	153
Net increase in cash and cash equivalents	231,498
Cash and equivalents at beginning of year	9,670
Cash and equivalents at end of year	\$ 241,168

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

Eureka Fire Protection District
Statement of Fiduciary Net Assets
December 31, 2020

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 222,088
Due from other funds	-
Property taxes receivable	188,431
Investments, at fair value	15,916,803
Total Assets	16,327,322
LIABILITIES	
Accounts Payable	730
Due to other funds	100,745
Deferred revenue	30,964
Total Liabilities	132,439
NET ASSETS	
Held in trust for benefits and employee welfare	\$ 16,194,883

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

Eureka Fire Protection District
Statement of Changes in Fiduciary Net Assets
December 31, 2020

	<u>Pension Trust Fund</u>
ADDITIONS	
Employer contribution - property taxes	\$ 414,437
Employer contribution - supplemental	-
Contract fee income	814
Investment earnings (loss)	1,784,181
Total Additions	<u>2,199,432</u>
DEDUCTIONS	
Benefit payments	571,956
Actuarial and consulting fees	-
Plan administrative fees and miscellaneous	(20,835)
Total Deductions	<u>551,121</u>
Change in net assets	1,648,311
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
BEGINNING OF YEAR	14,546,572
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
END OF YEAR	<u><u>\$ 16,194,883</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 2020 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 2020 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.

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 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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or resources and 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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, 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 \$ 6,597,511 and the bank balance was \$ 6,618,629. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions. Such collateral was held by the pledging financial institutions agents in the District’s name.

Investments

At December 31, 2020, the Pension Trust Fund had \$15,916,803 invested in the following types of investments as categorized by credit risk (ratings by Moody’s):

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B – DEPOSIT AND INVESTMENT BALANCES (Continued)

Fiduciary funds:	<u>Maturities</u>	<u>Fair Value</u>	<u>Credit Quality</u>
Goldman Sachs Bank, USA – certificate of deposit	July 28, 2023	\$ 1,098,928	not rated
KBS REIT III, Inc. – real estate	-	729,620	not rated
John Hancock - mutual funds invested in equities	-	<u>14,088,255</u>	not rated
		<u>\$15,916,803</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, 2020, 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	\$ 1,098,928	6.90%
KBS REIT III, Inc. – real estate investment trust	729,620	4.58
John Hancock - mutual funds invested in equities	<u>14,088,255</u>	88.52
	<u>\$15,916,803</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, 2020:

- Mutual funds (\$14,088 thousand) and the Goldman Sachs Bank, USA certificate of deposit (\$1,099 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, 2020:

- Real estate investment trust (\$729 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, 2020	Additions	Deletions	December 31, 2020
<i>Capital assets not being depreciated:</i>				
Land	\$ 177,440	\$ -	\$ -	\$ 177,440
<i>Capital assets being depreciated:</i>				
Buildings & improvements	4,585,067	268,535	-	4,853,602
Equipment & other	8,200,069	184,871	-	8,384,940
Total capital assets being depreciated:	12,785,136	453,406	-	13,238,542
Less accumulated depreciation for:				
Buildings & improvements	(2,314,344)	(117,984)	-	(2,432,328)
Equipment & other	(5,925,954)	(575,914)	-	(6,501,869)
Total accumulated depreciation	(8,240,298)	(693,898)	-	(8,934,196)
Total capital assets being depreciated, net:	4,544,838	(240,492)	-	4,304,346
Totals	\$4,722,278	\$ (240,492)	\$ -	\$4,481,786

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, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Ambulance Fund	General Fund	<u>\$ 1,138,545</u>
General Fund	Capital Projects Fund	<u>\$ 94,304</u>
General Fund	Medical Insurance Fund	<u>\$ 104,367</u>
Ambulance Fund	Medical Insurance Fund	<u>\$ 104,984</u>
General Fund	Dispatch Fund	<u>\$ 182</u>
General Fund	Debt Service Fund	<u>\$ 16,816</u>
General Fund	Pension Fund	<u>\$ 100,744</u>

Operating transfers in and out that occurred during 2020 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 1,520,539
Ambulance	1,000,000	-
Dispatch	20,539	-
Capital Projects	500,000	

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, 2021:

Active employees	29
Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits not yet received	<u>15</u>
Total	<u>65</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, 2020, the District contributed \$414,437 to the Plan, which represents property taxes from the Pension Fund tax levy.

Net Pension Liability

The District’s net pension liability was measured as of December 31, 2020 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, 2020 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%	8.68%
International equity	2	9.34
Fixed income	23	3.97
Real estate	5	8.16
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 decrease 8.0 percent per year from the 2021 estimated level. The municipal bond rate used of 1.93 percent is based on approximate 20 year average yield to maturity of AA rated bonds as of January 2020. 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)– (b)
Balances at 12/31/2019	\$ 14,887,510	\$ 14,169,561	\$ 717,949
Changes for the year:			
Service cost	302,678	-	302,678
Interest	1,022,039	-	1,022,039
Actuarial losses/(gains)	317,993	-	317,993
Benefit payments	(571,956)	(571,956)	-
Employer contributions	-	515,000	(515,000)
Net investment income (loss)	-	1,806,146	(1,806,146)
Administrative expenses	-	(1,947)	1,947
Net changes	1,070,754	1,747,243	(676,489)
Balances at 12/31/2020	\$ 15,958,264	\$ 15,916,804	\$ 41,460

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE E – DEFINED BENEFIT RETIREMENT PLAN (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 12/31/2020	\$ 2,277,196	\$ 41,460	\$ (1,811,271)

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

For the year ended December 31, 2020, the District recognized pension expense of (\$ 13,597). At December 31, 2020, 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	\$ 528,203	\$ (119,798)
Changes of assumptions	72,273	(280,682)
Net difference between projected and actual Earnings as pension plan investments	-	(1,378,444)
Total	\$ 600,476	\$ (1,778,924)

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	\$ (344,462)
2022	(229,231)
2023	(501,127)
2024	(171,851)
2025	7,093
Thereafter	61,130
Total	\$ (1,178,448)

Receivable from the Pension Plan

At December 31, 2020, the District reported a payable of \$ 100,744 for property taxes due to the pension plan.

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, 2020, 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 \$ 74,490 for 2020.

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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Age Weighted Employer Paid Retiree Costs

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

Financing of Benefits

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

Medical, Dental and Vision Benefits

Co-pays:

- Emergency services - \$100
- Urgent care center - \$15
- Physician's office visit - \$15

Annual Deductible:

- Individual - \$200
- Family \$600

Annual Out-of-Pocket Maximum:

- Individual - \$950
- Family -\$2,100

Lifetime Maximum Benefit: none

Coinsurance: 85%/15% in network, 70%/30% out of network

Dental and Vision Benefits also covered

Prescription Drug Benefits

Retail (30-day supply) co-pay:

- Generic \$5
- Preferred \$20 + 10%
- Non-Preferred \$40 + 10%
- Specialty 80/20

Direct Mail (90-day supply) co-pay:

\$5/\$20/\$40 for classes described above

Actuarial Assumptions

Valuation Date	January 1, 2021
Cost Method	Entry Age Normal
Mortality Rates	PRI-2012 Healthy Employee Table
Discount Rate	1.93% 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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

The Plan’s membership consisted of the following as of January 1, 2020:

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 \$ 2,732,090 was measured as of December 31, 2020, as was determined by an actuarial valuation as of that date.

Changes in the total OPEB balance is as follows:

Balance at 12/31/2019	\$	2,188,167
Changes for the year:		
Service cost		186,373
Interest		67,404
Actuarial losses/(gains)		(10,947)
Benefit payments		(27,673)
Assumption changes		328,766
Net changes		<u>543,923</u>
Balance at 12/31/2020	\$	<u><u>2,732,090</u></u>

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Balances at 12/31/2020	<u>\$ 3,090,519</u>	<u>\$ 2,732,090</u>	<u>\$ 2,429,367</u>

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE I - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2020	\$500,446,217
Debt limit - 5% of assessed value	\$ 25,022,311
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	7,357,829
Less amount available in debt service fund	<u>(676,233)</u>
	<u>6,681,596</u>
Legal Debt Margin	<u>\$ 18,340,715</u>

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, 2020:

<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

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE K - RISK MANAGEMENT (Continued)

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, 2020 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 \$31,817 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE L – LONG-TERM DEBT

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

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. The difference between the reacquisition price (\$330,681) and the carrying value of the old debt (\$275,000) in the amount of the loss on refunding and is reported as an expenditure in the debt service fund.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE L – LONG-TERM DEBT (Continued)

Maturities of the District's bonds are as follows:

<u>Bond</u>	<u>Interest</u>	<u>Total</u>	<u>Maturity</u>
\$ 260,000	\$ 259,200	\$ 519,200	2021
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>\$ 7,357,829</u>	<u>\$ 3,136,671</u>	<u>\$ 10,494,500</u>	Total

During the year ended December 31, 2020, the following changes occurred in liabilities reported as Long-term Debt:

	<u>January 1,</u> <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2020</u>	<u>Due Within</u> <u>One Year</u>
2013 Series G.O Bonds	\$ 70,000	\$ -	\$ 70,000	\$ -	\$ -
2016 Series G.O Bonds	1,605,000	-	155,000	1,450,000	170,000
Plus issuance premium	133,533	-	19,075	114,458	-
2017 Series G.O Bonds	2,702,829	-	20,000	2,682,829	90,000
Plus issuance premium	218,579	-	14,307	204,272	-
2018 Series G.O Bonds	3,500,000	-	275,000	3,225,000	-
Plus issuance premium	<u>124,290</u>	<u>-</u>	<u>6,905</u>	<u>117,385</u>	<u>-</u>
	8,354,231	-	560,287	7,793,944	260,000
OPEB Obligation	2,188,167	543,923	-	2,732,090	-
Net pension liability	<u>717,949</u>	<u>-</u>	<u>676,489</u>	<u>41,460</u>	<u>-</u>
	<u>\$ 11,260,347</u>	<u>\$ 543,923</u>	<u>\$ 1,236,776</u>	<u>\$ 10,567,494</u>	<u>\$ 260,000</u>

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

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 \$4,141,755.53 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 \$12,973,620 for the 2020 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.

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.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

The District received \$757,555 under the Grant in 2020.

NOTE O - SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 28, 2021, the date the financial statements were available to be issued.

NOTE P – 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 Q – FUTURE GASB PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is required to adopt the provisions of this Statement for the year ending December 31, 2021.

In June, 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The District is required to adopt the provisions of this Statement for the year ending December 31, 2020.

EUREKA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

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 an other 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 an other employee benefit plan depending on whether the plan meets 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 has not assessed the impact of these statements on its future financial statements.

Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 4,244,540	\$ 4,244,540	\$ 4,273,705	\$ 29,165
Contract protection	8,000	8,000	8,537	537
SAFER Grant Proceeds	528,000	528,000	757,555	229,555
Inspection and Permit Fees	22,000	22,000	25,366	3,366
Income from Investments	15,000	15,000	9,410	(5,590)
Miscellaneous	25,000	25,000	21,196	(3,804)
Proceeds from sale of assets	50,000	50,000	4,100	(45,900)
Total Revenue	<u>4,892,540</u>	<u>4,892,540</u>	<u>5,099,869</u>	<u>207,329</u>
EXPENDITURES				
Personal services	1,786,000	1,786,000	1,882,075	96,075
Employee benefits	264,000	264,000	340,836	76,836
Supplies	102,050	102,050	65,383	(36,667)
Pension supplement	100,000	100,000	-	(100,000)
Heat, light and power	64,010	64,010	56,871	(7,139)
Capital outlay	52,169	52,169	50,325	(1,844)
Building and mobile equipment	282,500	282,500	325,732	43,232
Miscellaneous	76,850	76,850	50,096	(26,754)
Administration	188,200	188,200	196,251	8,051
Payment in lieu of insurance premiums	314,000	314,000	333,189	19,189
Total expenditures	<u>3,229,779</u>	<u>3,229,779</u>	<u>3,300,758</u>	<u>70,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	1,662,761	1,662,761	1,799,111	136,350
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,623,761)	(1,623,761)	(1,520,539)	103,222
Total Other Financing Sources (Uses)	<u>(1,623,761)</u>	<u>(1,623,761)</u>	<u>(1,520,539)</u>	<u>103,222</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
	<u>39,000</u>	<u>39,000</u>	<u>278,572</u>	<u>239,572</u>

Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - Ambulance Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUE				
Property taxes	\$ 1,190,625	\$ 1,190,625	\$ 1,217,015	\$ 26,390
Contract protection	2,300	2,300	2,431	131
Ambulance charges	590,000	590,000	674,037	84,037
Income from Investments	2,500	2,500	1,715	(785)
Miscellaneous	600	600	4,003	3,403
Proceeds from sale of assets	-	-	-	-
Total Revenue	<u>1,786,025</u>	<u>1,786,025</u>	<u>1,899,201</u>	<u>113,176</u>
EXPENDITURES				
Personal services	2,195,065	2,195,065	1,979,081	(215,984)
Employee benefits	295,000	295,000	271,029	(23,971)
Supplies	52,000	52,000	56,861	4,861
Capital outlay	3,000	3,000	1,393	(1,607)
Building and mobile equipment	33,500	33,500	28,340	(5,160)
Miscellaneous	33,221	33,221	84,756	51,535
Administration	-	-	-	-
Payment in lieu of insurance premiums	400,000	400,000	336,310	(63,690)
Total expenditures	<u>3,011,786</u>	<u>3,011,786</u>	<u>2,757,770</u>	<u>(254,016)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(1,225,761)	(1,225,761)	(858,569)	367,192
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>1,225,761</u>	<u>1,225,761</u>	<u>1,000,000</u>	<u>(225,761)</u>
Total Other Financing Sources (Uses)	<u>1,225,761</u>	<u>1,225,761</u>	<u>1,000,000</u>	<u>(225,761)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
	<u>-</u>	<u>-</u>	<u>141,431</u>	<u>141,431</u>

Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI

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

	General Fund	Ambulance Fund
Sources/Inflows of resources		
Total revenue (budgetary basis) from the budgetary comparison schedule	\$ 5,099,869	1,899,201
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.	71,063	20,236
	\$ 5,170,932	\$ 1,919,437
Uses/outflows of resources		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 3,300,758	\$ 2,757,770
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.	(38,483)	32,297
	\$ 3,262,275	\$ 2,790,067

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

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Total pension liability - beginning	\$ 14,887,510	\$ 14,290,572	\$ 13,660,651	\$ 12,381,045	\$ 11,644,349	\$ 10,601,877	\$ 10,224,352
Service cost	302,678	323,334	317,080	273,629	288,584	250,269	275,746
Interest cost	1,022,039	983,701	941,161	854,859	805,011	735,186	711,036
Plan amendments	-	-	-	-	-	-	-
Assumption changes	-	(339,712)	-	189,443	-	-	-
Actuarial losses/(gains)	317,993	105,020	(197,344)	299,217	(68,522)	255,463	(475,862)
Benefit payments	(571,956)	(475,405)	(430,976)	(337,542)	(288,377)	(198,446)	(133,395)
Total pension liability - ending (a)	<u>\$15,958,264</u>	<u>\$14,887,510</u>	<u>\$14,290,572</u>	<u>\$13,660,651</u>	<u>\$12,381,045</u>	<u>\$11,644,349</u>	<u>\$10,601,877</u>
Plan Fiduciary Financial Position							
Employer contributions	515,000	445,000	344,853	412,300	405,000	331,000	342,500
Employee contributions							-
Net investment income	1,806,146	2,578,642	(327,949)	1,465,942	692,116	(108,747)	416,042
Benefit payments	(571,956)	(475,405)	(430,976)	(337,542)	(288,377)	(198,446)	(133,395)
Administrative expenses	(1,947)	(5,277)	(3,079)	(505)	(470)	(405)	(303)
Net change in plan fiduciary net position	1,747,243	2,542,960	(417,151)	1,540,195	808,269	23,402	624,844
Fiduciary net position - beginning	<u>14,169,561</u>	<u>11,626,601</u>	<u>12,043,752</u>	<u>10,503,557</u>	<u>9,695,288</u>	<u>9,671,886</u>	<u>9,047,042</u>
Fiduciary net position - ending (b)	<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>\$ 9,695,288</u>	<u>\$ 9,671,886</u>
District's net pension liability - ending (a) - (b)	<u>\$ 41,460</u>	<u>\$ 717,949</u>	<u>\$ 2,663,971</u>	<u>\$ 1,616,899</u>	<u>\$ 1,877,488</u>	<u>\$ 1,949,061</u>	<u>\$ 929,991</u>
Fiduciary net position as % of total pension liability	99.74%	95.18%	81.36%	88.16%	84.84%	83.26%	91.23%
Covered payroll	\$ 2,581,116	\$ 2,624,618	\$ 2,520,413	\$ 2,318,610	\$ 2,204,253	\$ 2,326,692	\$ 2,384,764
Net pension liability as % of covered payroll	1.61%	27.35%	105.70%	69.74%	85.18%	83.77%	39.00%

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

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 493,502	\$ 563,090	\$ 533,381	\$ 430,985	\$ 433,239	\$ 367,014	\$ 433,316
Contributions in relation to the actuarially determined contribution	515,000	445,000	344,853	412,300	405,000	331,000	342,500
Contribution deficiency (excess)	<u>\$ (21,498)</u>	<u>\$ 118,090</u>	<u>\$ 188,528</u>	<u>\$ 18,685</u>	<u>\$ 28,239</u>	<u>\$ 36,014</u>	<u>\$ 90,816</u>
Covered - employee payroll	\$ 2,581,116	\$ 2,520,413	\$ 2,520,413	\$ 2,318,610	\$ 2,204,253	\$ 2,326,692	\$ 2,384,764
Contributions as a percentage of covered-employee payroll	19.95%	17.66%	13.68%	17.78%	18.37%	14.23%	14.36%
Annual dollar-weighted rate of return net of expenses	12.77%	22.09%	-2.71%	13.81%	7.01%	-1.10%	4.51%

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

	2020	2019	2018	2017	2016
Total OPEB Liability:					
Discount rate	1.93%	3.10%	3.10%	5.00%	5.00%
Total OPEB liability - beginning	\$ 2,188,167	\$ 2,024,052	\$ 1,500,253	\$ 1,370,994	\$ 1,251,186
Service cost	186,373	180,768	175,334	72,673	69,212
Interest cost	67,404	62,186	45,948	68,258	62,268
Plan amendments	-	-	-	-	-
Assumption changes	328,766	(42,725)	294,636	-	-
Actuarial losses/(gains)	(10,947)	-	43,995	-	-
Benefit payments	(27,673)	(36,114)	(36,114)	(11,672)	(11,672)
Total OPEB liability - ending (a)	<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>\$ 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>72.04%</u>	<u>73.11%</u>	<u>67.62%</u>	<u>64.48%</u>	<u>58.92%</u>
Actuarially Determined District Contributions	\$ 334,815	\$ 318,078	\$ 318,078	\$ 158,134	\$ 150,604
Actual Employer Contributions	<u>27,673</u>	<u>36,114</u>	<u>36,114</u>	<u>11,672</u>	<u>11,672</u>
Contribution Deficiency/(Excess)	<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>0.73%</u>	<u>1.21%</u>	<u>1.21%</u>	<u>0.50%</u>	<u>0.50%</u>

EUREKA FIRE PROTECTION DISTRICT
 SCHEDULE OF ASSESSED VALUATION AND TAX RATES
 Tax Year 2020

<u>ASSESSED VALUATION</u>	<u>2020</u>
Real estate	\$ 421,944,542
Personal property	<u>78,501,675</u>
Total Assessed Valuation	\$ 500,446,217
TIF Assessed Valuation	<u>(12,973,620)</u>
Adjusted Assessed Valuation	<u><u>\$ 487,472,597</u></u>

<u>TAX RATE (PER \$100 OF ASSESSED VALUATION)</u>	<u>2020</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, 2020

<u>OFFICE HOLDER</u>		<u>ANNUAL COMPENSATION</u>
Patrick D. Feder	Chairman	\$ 4,950
Charles L. Brown	Treasurer	\$ 3,600
Charles E. Kuhn	Secretary	\$ 3,200

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, 2020, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 28, 2021. Our reports on the Governmental Activities and Ambulance Fund were 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 control activities, pension trust fund accounting and ambulance billings 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 bond issuance and redemption accounting and audit findings 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.

A handwritten signature in blue ink that reads "Mulroy & Associates, LLC". The signature is written in a cursive style with a large, stylized initial 'M'.

June 28, 2021

EUREKA FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2020

CONTROL ACTIVITIES

Control activities are a key component of internal control and encompass a range of manual and automated activities such as verifications, reconciliations, and business performance reviews. Reconciliations include performing regular, independent comparisons of different sets of data to identify and investigate any discrepancies. Monitoring and performance reviews include regularly comparing reported results to budgets, forecasts, prior periods, and other benchmarks to identify unexpected results or unusual relationships that require additional follow-up.

In assessing the risk of failure of a control activity, management should consider the degree of judgment necessary to operate the control, the competence of the personnel who perform the control and changes in key personnel who perform the control, among others.

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 misstatements included the following:

- Recording cash transfers in the incorrect account and fund;
- Failure to record budgeted interfund transfers;
- Failure to close the prior year revenue and expenditures to fund balance, which resulted in the District preparing numerous versions of trial balances and general ledgers after the audit had begun.
- Erroneous calculation of ambulance billings receivable that resulted in the continuing presentation of ambulance billings on the cash basis rather than the accrual basis.

We recommend that the effectiveness of the District's internal control activities, including supervisory activities, be assessed and the necessary corrective actions be taken. Further, we recommend that comparisons of actual results with budgeted and prior period amounts be prepared and reviewed by management and the board of directors on a regular basis.

District Response:

The District will start a process no later than August 1, 2021 to evaluate the internal control policies and establish a comprehensive oversight of those controls as implemented. Further the District will engage external accounting assistance, experienced in governmental and fund accounting practices, to establish and provide ongoing assistance to ensure effective internal controls are established and maintained. These processes must include timely and detailed review by management and the Board of Directors. The goal is that will the process for improvement is ongoing, the new processes will initially be implemented by September 1, 2021

AMBULANCE BILLINGS

Generally accepted accounting principles requires that revenue be recorded when it is earned. In addition, proper internal controls for billed revenue, e.g., ambulance fees, dictate that controls address the completeness, accuracy, and cut-off of billed revenues. When such controls are to be addressed by a service provider, e.g., ambulance billing company, assurance should be obtained that the controls are functioning as planned. We noted that the District policies and procedures do not adequately address the completeness, accuracy, and cut-off of ambulance billings.

For the year ended December 31, 2020, the District attempted to record ambulance billings on the accrual basis. However, the accounting entries were erroneous and resulted in the ambulance billings receivable having a credit (liability) balance, rather than debit (asset) balance.

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

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

District Response:

The District will work with the Billing company and outside accounting firm to establish internal controls to properly record ambulance revenues on an accrual basis and in a complete and accurate manner on a quarterly and annual basis. This will be implemented no later than the end of the 3rd quarter

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:

Policies and procedures will be developed with assistance of outside accounting assistance with expertise in Pension Trust Fund Investment. These investments will be reviewed for accuracy accounting advisor quarterly by the Pension Board and pension. This will be in place no later than the end of the 3rd quarter 2021.

BOND ISSUANCE AND REDEMPTION

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 was a finding in the District's previous audit.

District Response:

The District will obtain assistance in establishing and implementing policies and procedures to address recording of Bond Issuances, related payments as well as Bond Refunding's. This will be done in cooperation with Bond Advisors, Bond Council and Administrators. Goal is to have this in place by September 1 2021.

YEAR-END ACCRUAL ENTRIES

The District maintains its accounting records on the cash basis during the year. That is, revenue and expenditures are recognized when the related cash is received or paid, respectively. However, generally accepted accounting principles require that financial statements be prepared on the accrual basis for the government-wide financial statements (modified accrual basis for the fund financial statements). In order to report on the accrual basis, certain items have historically been recorded during the audit process via audit adjustments, e.g. accounts payable, accrued payroll, prepaid insurance, etc. .

This was a finding in the District's previous audit.

We recommend that the District accumulate the information necessary to make the accrual adjustments at the end of the year. Ideally, the District would record these entries internally. However, if the District prefers that the entries are to be made during the audit, the underlying supporting information should be readily available prior to the commencement of the audit and the entries could be made well in advance of the audit.

District Response:

The District will work with outside Accounting assistance to ensure we implement policy and procedure to at a minimum provide needed information prior to the audit that entries can be made. Projected goal of end of 3rd quarter 2021.

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.

District Response:

The District is bringing in outside accounting assistance to aid in establishing a more comprehensive and complete policies and procedures for implementing and maintain internal controls. The project will be started no later than August 1 2021.