EUREKA FIRE PROTECTION DISTRICT

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

Year Ended December 31, 2018

EUREKA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
Year Ended December 31, 2018
TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Activities	18
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	20
Statement of Net Position – Proprietary Funds	21
Statement of Revenue, Expenditures and Changes in Fund Net Position – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Net Assets	24
Statement of Changes in Fiduciary Net Assets	25
NOTES TO FINANCIAL STATEMENTS	26
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	48
Budgetary Comparison Schedule – Ambulance Fund	49
Budgetary Comparison Schedule – Note to RSI	50

Schedule of Changes in the District's Net Pension Liability and Related Ratios……………………. 51

Schedule of District Contributions and Investment Returns………………………………………… 52

Schedule of Changes in the District's OPEB Liability and Related Ratios…………………………. 53

SUPPLEMENTARY INFORMATION

Schedule of Assessed Valuation, Tax Rate, and Tax Levy ………………………………………… 54

Schedule of Principal Office Holders ………………………………………………………………… 55

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 ………………………………………………………………………………… 56

SCHEDULE OF FINDINGS AND RESPONSES…………………………………………….. 58

McCoy & Associates, LLC
Certified Public Accountants and Consultants
16 Emerald Terrace **Telephone (618) 257-1200**
Swansea, IL 62226 **Fax (618) 257-1202**

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, 2018, 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

Management has not recorded ambulance service revenue on the accrual basis of accounting. 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. Accounting principles generally accepted in the United States of America require that revenue be recorded as assets and revenue when earned, which would increase the assets, increase the net position and change the revenue of the governmental activities. The amount by which this departure would affect the assets, net position, and revenue of the governmental activities 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" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Eureka Fire Protection District as of December 31, 2018, 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, and the aggregate remaining fund information of the District, as of December 31, 2018, 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.

Change in Accounting Principle

As discussed in Note M to the financial statements, in 2018 the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinions are not modified with respect to this matter.

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 4-14 and the information on pages 48-53 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 54-55 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 26, 2019, 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.

McLay & Associates, LLC

June 26, 2019

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, 2018. 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.

- 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 Districts 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

- A major factor affecting the 2018 financial statements was the implementation of GASB Statement No. 75, which changed the accounting for Other Postemployment Benefits (OPEB), requiring recognition of the total projected liability of the District's obligation. The adjustment required due to the implementation of Statement No. 75 was recognized as a change in accounting principle to reduce net position at January 1, 2018 by $626,614. Additional costs were recognized during 2018 to adjust the OPEB obligation to its projected liability of $2,024,051 at December 31, 2018.

- Overall, net position decreased by $184,469 (or 9.2%) during 2018. The worsening in the results from operations can be partially attributed to an increase in the OPEB expense of $386,579 over that for 2017. In addition, the Net Pension Liability increased by $1,616,889 (or 65%) during 2018. The primary reasons for the increase resulted from negative earnings on pension plan assets and plan funding was less than the value of benefits earned during the year.

- Tax revenues increased by $1,339,333 (or 29.7%) during 2018, due primarily to an increase in the District's tax rate from $1.1614 to $ 1.4242 per $100 of assessed valuation.

- 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 2018 was $1.4242/$100 assessed value. The 2018 rate increased by $.2626 over the 2017 rate due primarily to a voter approved general revenue increase of $.25/$100 of assessed valuation.

- The District saw a steady decrease in assessed value after 2008; however, the last four years have experienced increases.

Trending of Assessed Values

		Increase/ (Decrease)
2010	$379,121,434	(3.84%)
2011	$380,496,366	0.37%
2012	$365,394,207	(4.00%)
2013	$372,194,205	1.86%
2014	$371,230,068	(0.25%)
2015	$373,465,032	.60%
2016	$391,485.807	4.82%
2017	$428,830,074	9.33%
2018	$440,361,449	2.69%

Tax Revenue Collections

In 2018 the District saw a tax collection rate of 99.6%

	Projected Collections at 100%	Actual Collections
General Revenue	$ 2,751,868	$ 3,312,457
Ambulance	$ 1,104,348	$ 1,100,273
Pension	$ 369,973	$ 368,607
Communications	$ 109,748	$ 109,344
Bond	$ 602,332	$ 640,604

- The District continues to work towards implementing a complete accounting guide for the District.

  ✓ The District is striving to work to provide more internal controls and provide transparency in all levels of its administration. The District routinely posts to its website for public review its board meeting minutes and financial statements.

- ✓ The District works to provide a system of checks and balances in its financial transactions by segregating duties and providing oversight of transactions by at least 2 individuals.

- The District has contracted with Pro Claims of St. Louis for ambulance billing. The District billing and collection history is outlined below:

	Billed	Collected	%
2018	$1,194,417	$ 537,335	44.98%
2017	$1,207,139	$ 483,827	40.08%
2016	$ 832,112	$ 492,363	59.17%
2015	$ 688,136	$ 477,827	69.44%
2014	$ 716,412	$ 411,415	57.42%
2013	$ 715,568	$ 491,935	68.75%
2012	$ 647,247	$ 374,508	57.86%
2011	$ 698,501	$ 332,931	47.66%
2010	$ 645,521	$ 371,605	57.57%

- The District evaluated the ambulance billing rates compared to the area average cost and what the permissible State and Federal rates. The ambulance billing rate at $800 base fee and $10 a loaded mile.

  Bills for District residents are sent to their insurance company and any amount not paid by insurance is considered paid through taxes.

- 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 will and it long term liability to the District will decrease and finally cease to exist. The Board members are Dr. Patrick Feder, Director Francis "Butch" Oberkramer, Charles E. Kuhn and the 2 plan participants that are on the Board are Kyle Brown and William Stamberger. This plan has been managed for the District by John Hancock Inc. Cost for employee disability insurance and retiree health have been taken out of the Pension fund in the past. The Board of Directors has placed those expenses into the General revenue budget; estimated cost of these two items is $100,000 annually. Individuals hired after June 2013 has a 10 year vesting period, those hired prior to that date have a 5 year vesting period. Years of service prior to 2014 accrued 2 ½ % per year, starting in 2014 that rate is 2 % per year of service for up to 30 years of service. The District 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 81.36% and the present value of accrued benefits are funded at 98.32%

- In the 4th quarter of 2018 the Eureka Fire Protection conducted a hiring process for 9 new Fire Fighter Paramedic positions. This process started with 52 applicants. The process included A written examination, practical skills evaluation, oral interview and resume review. Each section is weighted separately by independent evaluation teams. Then the totals of each section are tabulated and a list of accumulated scores ranks the candidates. Top finishers are sent for a pre-employment physical ability evaluation and a pre-employment health evaluation. These are both conducted by a third party contract partner. Beyond those offered employment there is a "Hiring List" to fill opening throughout the year.

- In 2018 issued 3.6 million dollars in bond debt from 2008 voter approved authorization. These funds will be used for Capital Improvements over the next 3 years. The District still has just over 2 million dollars in authorization available and most likely will be issued in 2022 or 2023.

Services Provided

The District responded to 2399 incidents in 2018 this as compared to 2477 in 2017. This is an decrease of 2.4%. A 3 year comparison follows:

	2016	% of total	2017	% of total	2018	% of total
Emergency Medical	1773	74%	1751	71%	1769	74%
Fire	618	25%	546	22%	308	13%
Other *			180	* 7%	322	* 13%
TOTAL	2391		2457		2399	

*An additional category was added for 2017 of other to cover calls that do not clearly fit in FIRE or EMS. This could include "Disregarded in route, No Pt Found" or other such calls

In 2018 the Fire District estimated Fire losses as follows:

Value of property lost to fire	$ 66,200
Value of property saved in those fires	$ 2,621,000

Residential Fires	4	$ 13,500 est. loss	20 % of total loss
Commercial Fires	1	$ 8,000 est. loss	12 % of total loss
Vehicle Fires	10	$ 42,700 est. loss	65 % of total loss
Misc. fires	12	$ 2,000 est. loss	3 % of total loss

In 2018, the District issued the following permits:

Commercial construction permits	13	
Miscellaneous permits	53	
Total Permits	66	40% Increase
Fire Prevention Inspections conducted	1,891	40% Increase
Community Services Events	170	68% Increase
CPR Classes Conducted	80	348% Increase
Car Seat Safety Checks	115	311% Increase
Neighborhood Paramedic Visits	10	63% Decrease

In 2018 we upgraded our ability to analyze Social Media Data:

Website users	7764
Visitor access by Mobile Device	1721
Average time on website	2.71 minutes
Number of Facebook Views	340,839

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets – Governmental Activities
As of December 31, 2018 and 2017 (as restated)

	2018	2017
Current Assets (net of inter-fund receivables)	$ 9,308,607	$ 4,845,527
Capital assets, net of depreciation	4,816,011	5,530,591
Total Assets	$ 14,124,618	$ 10,376,118
Deferred Outflows of Resources	$ 1,809,725	$ 990,445
Current Liabilities (net of inter-fund payables)	$ 825,081	$ 674,851
Non-current Liabilities	13,082,540	8,,998,620
Total Liabilities	$ 13,907,621	$ 9,673,471
Deferred Inflows of Resources	$ 200,397	$ 308,912
Invested in capital assets, net of related debt	$ (4,079,416)	$ (199,417)
Unrestricted	(8,884)	(153,995)
Restricted	5,914,625	2,364,206
Total Net Position	$ 1,826,325	$ 2,010,794

As of December 31, 2018, the District's net position was $1.8 million, of which (205%) represented investment in capital assets. The District's current assets totaled $9.4 million, of which 69% represented cash and cash equivalents and 31% represented property taxes receivable. Total liabilities were $13.9 million, of which 6% was current and 94% was non-current.

Total operating expenditures for 2018 were $5.3 million. General operations represented 53% of the total operating expenditures, while Ambulance expenditures were 33%. Dispatching, debt service and capital project expenses made up the remaining 24%.

Statement of Revenue, Expenditures, and Changes in Fund Balance-Governmental Funds
For Years Ended December 31, 2018 and 2017

Revenue	2018	2017
Tax revenue	$ 5,399,627	$ 4,675,472
Non-Resident ambulance billings	537,467	483,434
Inspection and permit revenue	30,781	6,888
Income from investments	10,040	7,890

Other	2,647	59,214
Total Revenues	5,980,562	5,232,898
Personal services	2,693,946	2,583,581
Employee benefits	424,957	392,382
Supplies	123,055	111,971
Heat, light and power	57,503	45,963
Capital outlay	-	430,294
Dispatching services	123,279	114,323
Pension contribution	-	50,000
Building and equipment	383,633	340,509
Miscellaneous	100,091	84,410
Administration	212,413	161,493
Payments in lieu of insurance premiums	533,086	420,902
Debt service	619,763	647,288
Total Expenditures	5,271,726	5,383,116
Other Financing Sources	3,601,657	64,173
Excess Revenue and Other Financing Sources Over (Under) Expenditures	4,310,493	(86,045)
Fund Balances, Beginning of the Year	4,144,754	4,230,799
Fund Balances, End of Year	$ 8,455,247	$ 4,144,754

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

General Fund

General fund revenues exceeded expenditures by $ 874,458. The largest expenditure in the general fund related to salaries and benefits, which accounted for 63% ($1.7 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 $ 147,126. Over 79% of ambulance expenditures are related to salaries and benefits. The ambulance fund balance decreased by $ 97,126 and included an operating transfer of $ 50,000 from the general fund.

Budget Analysis

The overall budget and actual expenditure amounts were reasonably close:

	Budget	Actual
General Revenue	$ 2,764,061	$ 2,888,593
Ambulance	$ 1,844,346	$ 1,814,349
Pension	$ 468,073	$ 434,055
Communications	$ 129,548	$ 123,279
Bond Retirement	$ 816,461	$ 580,363

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	2018	2017
Land	$ 177,440	$ 177,440
Buildings and improvements	4,447,246	4,447,246
Ambulances and fire apparatus	4,596,194	4,596,194
Equipment and furnishings	3,166,232	3,166,232
Total	$ 12,387,112	$ 12,387,112
Less accumulated depreciation	7,571,101	6,856,521
Net capital assets	$ 4,816,011	$ 5,530,591

The District staff has prepared a spending program to start in 2019 utilizing proceeds from the 2018 bond issuance. Projects planned for 2019 are as follows:

Apparatus	
Replace Vehicle 2400	$ 44,000
Replace 5-gas detectors and add CO detectors	$ 14,500
Purchase hose and equipment for reserve Ladder	$ 25,000
Replace boat trailer	$ 2,000
Replace Zodiac boat motor	$ 6,000
Purchase hose tester	$ 3,500
Purchase Power loaders for ambulances	$100,000
Facilities	
New detached Storage building	$100,000
Remodel sleeping quarter/ Exercise/shop/record storage*	$220,000
Floor covering replacement	$ 20,000
Replace Bay Doors and openers	$ 80,000
Additional Concreate work	$100,000
Technology	
New Turnout gear	$250,000
Ballistic Vest upgrades	$ 24,000
Computer system upgrades all facilities	$150,000
Copier	$ 15,000
Bailout Harness	$ 15,000
CPR Devices for Ambulances	$ 36,000
Trauma bags and MCI Active shooter bags	$ 5,000
Updated battery charger	$ 4,500
Upgraded security access system	$ 60,000
Project LifeSaver equipment	$ 2,000
Fitness equipment	$ 20,000
EMS Reporting devices	$ 4,000

Planning assumptions will be reevaluated annually to provide the closest possible estimates. In addition this reevaluation will be used to evaluate if the assumptions used in making growth projections are still accurate or if the plan needs to be revised.

Apparatus assumptions are as follows

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

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

Technology assumptions are based on property, plant and equipment upgrades on a 4 year cycle and Computer systems on a 5 year cycle.

Personnel Issues

In 2018 the following members were promoted to the rank of Battalion Chief, Brian Callahan, Philip Goode, and William Stamberger. Scott Barthelmass was promoted to the rank of Division Chief in charge of Planning and Community Services. Additionally, Kurt Sontheimer was promoted to Captain. Josh Voight and Virgil Davis were promoted to the rank of Lieutenant.

The following individuals were hired for the position of Fire Fighter / Paramedic in 2018.
Sean Robinson, Sam Stein, Ken Alsop, Dan Brown, Marc Cleavelin, Brian Fielder, Arin Fisher, Brandon Folk, Ken James, Kelvin Klenke, Mike Massey and Jack Reilly.

In 2018 Captain Dave Liebenguth retired. Further, Steve McKinney and Mike Nies left employment to take jobs at other Fire Protection Districts.

Long-Term Debt

Maturities of the District's bonds are as follows:

Bond	Interest	Total	Maturity
$ 420,000	$ 248,572	$ 668,572	2019
245,000	279,125	524,125	2020
260,000	270,200	530,200	2021
270,000	261,100	531,100	2022
234,939	292,411	527,350	2023
6,867,890	2,505,460	9,373,350	Thereafter
$ 8,297,829	$ 3,856,868	$ 12,154,697	Total

During the year ended December 31, 2018, the following changes occurred in liabilities reported as Long-term Debt:

	January 1, 2018	Additions	Reductions	December 31, 2018
2009 Series G.O. Bonds	$ 130,000	$ -	$ 130,000	$ -
2013 Series G.O Bonds	500,000	-	220,000	280,000
2016 Series G.O Bonds	1,840,000	-	45,000	1,795,000
Plus issuance premium	209,833	-	57,225	152,608
2017 Series G.O Bonds	2,762,829	-	40,000	2,722,829
Plus issuance premium	247,193	-	14,307	232.886
2018 Series G.O Bonds	-	3,500,000	-	3,500,000
Plus issuance premium	-	131,195	-	131,195
OPEB Obligation, as restated	1,500,252	523,799	-	2,024,051
Net pension liability	1,616,899	1,047,072	-	2,663,971
	$ 8,807,006	$ 5,202,066	$ 506,532	$ 13,502,540

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.

Occupancy of existing commercial space has seen an uptick in 2018. Melvin Brewery, St Luke's Doctors office, Camila's Mexican restaurant, Comprehensive Chiropractic Training Center, along with several other businesses has taken up some existing commercial space. On the Old Hwy 66 Corridor ADB has opened their headquarters and are already adding 2 additional buildings to their campus. Currently they employee 250 to 300 people. Also, in the corridor NB is currently building their new headquarters. There has been the development on a new soccer park on Williams road which has currently 2 turf fields and plans to add up to 5 additional fields including and indoor facility, this is expected to bring a large influx of persons coming to Eureka.

Residential development is moving at an extremely fast pace. Development in The Arbors of Rockwood has more than 100 homes either occupied or under construction. This is a 530 lot development which includes a new elementary school, which opens fall of 2019, a new Day Care which has opened and a St. Louis County Library which should start construction in 2020. The Arbors of Rockwood is a McBride Homes Development. Additionally McBride has opened Windswept Farm at Hwy 109 and Hwy FF, this development is going to have 550 homes currently display homes are open. 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 Has homes under construction. Rowles Development has work starting at Cerny Estate a 10 lot development.

In April 2018 the City of Eureka passed a ½ cent sales tax to build a new Police station, develop permeant flood reduction strategies for both the Flat Creek and Cliffty creek drainage basins. Additionally, there are funds allocated for a new bridge into the Allenton area. This bridge will open up a large area for economic development.

CONTACT INFORMATION

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

Eureka Fire Protection District
Statement of Net Position
December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 6,451,193
Taxes receivable, net of allowance	2,857,414
Due from other funds	-
Capital assets:	
Land	177,440
Buildings	4,447,246
Equipment and other	7,762,426
Less accumulated depreciation	(7,571,101)
Total capital assets, net of depreciation	4,816,011
Total assets	$ 14,124,618
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on advance debt refunding and bond issue costs	437,533
Deferred amounts related to pensions	1,112,950
Deferred amounts related to insurance	259,242
Total deferred outflows of resources	1,809,725
LIABILITIES	
Accounts payable	99,716
Accrued wages and payroll taxes	223,786
Due to other funds	670
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	420,000
Accrued interest	80,909
Portion due or payable after one year:	
Bonds	8,394,518
Net OPEB liability	2,024,051
Net pension liability	2,663,971
Total liabilities	13,907,621
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	200,397
Total deferred outflows of resources	200,397
NET POSITION	
Invested in capital assets, net of related debt	(4,079,416)
Restricted for:	
Debt service	790,458
Capital projects	3,892,246
Ambulance and dispatching operations	1,231,921
Unrestricted	(8,884)
Total net position	$ 1,826,325

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

EUREKA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2018

	Total	Fire Service and Administration	Ambulance	Dispatch	Debt Service
Program expenses:					
Salaries, wages and benefits	$ 4,560,949	2,526,630	2,034,319	-	-
Material and supplies	506,688	428,873	77,815	-	-
Depreciation	714,580	506,348	208,232	-	-
Interest on debt	176,883	-	-	-	176,883
Contractual services, administration and other	493,286	331,445	38,562	123,279	
Total program expenses	6,452,386	3,793,296	2,358,928	123,279	176,883
Program revenue:					
Charges for permit fees	30,781	30,781	-	-	-
Charges for ambulance calls	537,467	-	537,467	-	-
Operating grants and other	2,647	2,105	542	-	-
Net program expense	5,881,491	3,760,410	1,820,919	123,279	176,883
General revenue:					
Taxes levied and contract protection	5,686,982				
Gain on disposal of assets	-				
Income from investments	10,040				
Total general revenue	5,697,022				
Change in net position	(184,469)				
Net position-beginning of year, as restated	2,010,794				
Net position-end of year	$ 1,826,325				

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

Eureka Fire Protection District
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and cash equivalents	$ 1,633,379	$ 337,032	$ 525,282	$ 3,886,550	$ 58,015	$ 6,440,258
Property taxes receivable	1,932,209	550,168	320,362	-	54,675	2,857,414
Due from other Funds	9,186	242,774	-	5,696	234	257,890
Total assets	3,574,774	1,129,974	845,644	3,892,246	112,924	9,555,562
Deferred outflows of resources:						
Prepaid insurance	137,398	121,844	-	-	-	259,242
Total deferred outflows of resources	137,398	121,844	-	-	-	259,242
Total Assets and Deferred Outflows of Resources	$ 3,712,172	$ 1,251,818	$ 845,644	$ 3,892,246	$ 112,924	$ 9,814,804
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 22,860	$ 11,403	$ 39,400	$ -	$ -	$ 73,663
Accrued wages and payroll taxes	109,927	113,859	-	-	-	223,786
Due to other funds	250,333	7,559	15,786	-	-	273,678
Total liabilities	383,120	132,821	55,186	-	-	571,127
Deferred inflows of resources:						
Unavailable revenue - property taxes	533,143	151,805	88,396	-	15,086	788,430
Total deferred inflows of resources	533,143	151,805	88,396	-	15,086	788,430
Fund balances:						
Nonspendable-prepaid insurance	137,398	121,844	-	-	-	259,242
Restricted	-	845,348	702,062	3,892,246	97,838	5,537,494
Unassigned	2,658,511	-	-	-	-	2,658,511
Total Fund Balances	2,795,909	967,192	702,062	3,892,246	97,838	8,455,247
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	$ 3,712,172	$ 1,251,818	$ 845,644	$ 3,892,246	$ 112,924	$ 9,814,804

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, 2018

Total fund balances - governmental funds		$ 8,455,247
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 $ 12,387,112 and the accumulated depreciation is $ 7,571,101.		4,816,011
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.		788,430
To recognize deferred outflows of resources on pension plan		1,112,950
To recognize deferred outflows of resources from bond refunding		437,533
To recognize interest accrual to year-end on general obligation bonds		(80,909)
To recognize deferred inflows related to pensions		(200,397)
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	(8,814,518)	
Retiree medical benefits actuarial accrued liability	(2,024,051)	
Net pension liability	(2,663,971)	(13,502,540)
Net position-governmental activities		$ 1,826,325

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, 2018

	General Fund	Ambulance Fund	Debt Service Fund	Capital Projects Fund	Non-Major Dispatch Fund	Total
REVENUE						
Property taxes	$ 3,611,138	$ 1,056,143	$ 614,990	$ -	$ 104,958	$ 5,387,229
Contract protection	8,384	2,387	1,390	-	237	12,398
Ambulance billings	-	537,467	-	-	-	537,467
Inspection and permit fees	30,781	-	-	-	-	30,781
Income from investments	5,461	1,608	1,450	1,482	39	10,040
Miscellaneous	2,105	542	-	-	-	2,647
Total Revenue	3,657,869	1,598,147	617,830	1,482	105,234	5,980,562
EXPENDITURES						
Personal services	1,508,272	1,185,674	-	-	-	2,693,946
Employee benefits	233,201	191,756	-	-	-	424,957
Supplies	59,178	63,877	-	-	-	123,055
Heat, light and power	57,503	-	-	-	-	57,503
Capital outlay	-	-	-	-	-	-
Dispatching service	-	-	-	-	123,279	123,279
Building and mobile equipment	369,695	13,938	-	-	-	383,633
Miscellaneous	61,529	38,562	-	-	-	100,091
Administration	212,413	-	-	-	-	212,413
Payments in lieu of insurance premiums	281,620	251,466	-	-	-	533,086
Debt service:						
Principal retirement	-	-	435,000	-	-	435,000
Interest and other charges	-	-	184,763	-	-	184,763
	2,783,411	1,745,273	619,763	-	123,279	5,271,726
Total expenditures						
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	874,458	(147,126)	(1,933)	1,482	(18,045)	708,836
OTHER FINANCING SOURCES (USES)						
General obligation bond proceeds at par value	-	-	-	3,500,000	-	3,500,000
Premium on issuance of general obligation bonds	-	-	-	131,195	-	131,195
Bond underwriter discount and bond issuance costs	-	-	-	(29,538)	-	(29,538)
Operating transfers in	-	50,000	-	-	11,000	61,000
Operating transfers out	(61,000)	-	-	-	-	(61,000)
Total Other Financing Sources (Uses)	(61,000)	50,000	-	3,601,657	11,000	3,601,657
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	813,458	(97,126)	(1,933)	3,603,139	(7,045)	4,310,493
FUND BALANCES AT BEGINNING OF YEAR	1,982,451	1,064,318	703,995	289,107	104,883	4,144,754
FUND BALANCES AT END OF YEAR	$ 2,795,909	$ 967,192	$ 702,062	$ 3,892,246	$ 97,838	$ 8,455,247

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, 2018

Total net change in fund balances - governmental funds	$	4,310,493
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 ($714,580) exceeded capital outlay ($-0-).		(714,580)
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.		287,356
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.		(3,065,000)
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 issue costs and refunding losses exceeded the amortization.		6,642
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 premium collected exceeded the amortization.		(59,663)
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.		(40,757)
Retiree medical benefits are measured by the amounts earned during the year in the statement of activities but are measured by the amount of financial resources used in the governmental funds. This is the amount by which the amount earned exceeded the amount of financial resources used.		(523,799)
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 other pension plan. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(385,161)
Change in net position of governmental activities	$	(184,469)

Eureka Fire Protection District

Statement of Net Assets

December 31, 2018

	Internal Service Fund
ASSETS	
Cash and Cash Equivalents	$ 10,935
Due from other funds	15,118
Total Assets	26,053
LIABILITIES	
Claims and accounts payable	26,053
Due to other funds	-
Total Liabilities	26,053
NET ASSETS	
Unrestricted - Designated for future catastrophe losses	$ -

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

Eureka Fire Protection District

Statement of Revenue, Expenditures, and Changes in Fund Net Position

For the Year Ended December 31, 2018

	Internal Service Fund
OPERATING REVENUE	
Charges for services	$ 573,364
Total operating revenue	573,364
OPERATING EXPENDITURES	
Insurance claims	397,544
Insurance premiums	175,583
Administrative fees and miscellaneous	273
Total operating expenditures	573,400
NONOPERATING REVENUE	
Investment earnings	36
Total nonoperating revenue	36
NET INCOME	0
NET ASSETS AT BEGINNING OF YEAR	-
NET ASSETS AT END OF YEAR	$ 0

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, 2018

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	$ 590,124
Benefit and insurance payments	(579,772)
Administrative fees and miscellaneous	(273)
Net cash provided (used) by operating activities	10,079
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Subsidies	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	36
Net increase in cash and cash equivalents	10,115
Cash and equivalents at beginning of year	820
Cash and equivalents at end of year	$ 10,935

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

Eureka Fire Protection District
Statement of Fiduciary Net Assets
December 31, 2018

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 193,699
Due from other funds	670
Property taxes receivable	184,315
Investments, at fair value	11,626,601
Total Assets	12,005,285
LIABILITIES	
Accounts Payable	730
Due to other funds	-
Deferred revenue	50,857
Total Liabilities	51,587
NET ASSETS	
Held in trust for benefits and employee welfare	$ 11,953,698

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

Eureka Fire Protection District
Statement of Changes in Fiduciary Net Assets
December 31, 2018

	Pension Trust Fund
ADDITIONS	
Employer contribution - property taxes	$ 353,824
Employer contribution - supplemental	-
Contract fee income	800
Investment earnings (loss)	(327,258)
Total Additions	27,366
DEDUCTIONS	
Benefit payments	430,976
Actuarial and consulting fees	-
Plan administrative fees and miscellaneous	3,079
Total Deductions	434,055
Change in net assets	(406,689)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR	12,360,387
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR	$ 11,953,698

The accompanying notes are an integral part of these 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:

<u>Reporting Entity</u>

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.

<u>Basis of Presentation</u>

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

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

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

The District reports the following governmental funds:

<u>General Fund</u>

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.

<u>Special Revenue-Ambulance Fund</u>

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.

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

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

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 2018 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 2018 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:

	Estimated Lives	Capitalization Limit
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.

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.

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

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, 2018, 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.

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 $ 6,644,892 and the bank balance was $ 6,740,257. 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, 2018, the Pension Trust Fund had $11,626,601 invested in the following types of investments as categorized by credit risk (ratings by Moody's):

Fiduciary funds:	Maturities	Fair Value	Credit Quality
Goldman Sachs Bank, USA – certificate of deposit	July 28, 2023	$ 906,778	not rated
KBS REIT III, Inc. – real estate	-	684,139	not rated
John Hancock - mutual funds invested in equities	-	10,035,684	not rated
		$11,626,601	

NOTE B – DEPOSIT AND INVESTMENT BALANCES (Continued)

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, 2018, the District had the following investment concentrations:

Fiduciary funds:	Fair Value	Percent of Total Plan Net Position
Goldman Sachs Bank, USA – certificate of deposit	$ 906,778	7.58%
KBS REIT III, Inc. – real estate investment trust	684,139	5.72
John Hancock - mutual funds invested in equities	10,035,684	83.95
	$11,626,601	

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.

NOTE B – DEPOSIT AND INVESTMENT BALANCES (Continued)

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, 2018:

- Mutual funds ($10,036 thousand) and the Goldman Sachs Bank, USA certificate of deposit ($907 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, 2018:

- Real estate investment trust ($312 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, 2018	Additions	Deletions	December 31, 2018
Capital assets not being depreciated:				
Land	$ 177,440	$ -	$ -	$ 177,440
Capital assets being depreciated:				
Buildings & improvements	4,447,246	-	-	4,447,246
Equipment & other	7,762,426	-	-	7,762,426
Total capital assets being depreciated:	12,209,672	-	-	12,209,672
Less accumulated depreciation for:				
Buildings & improvements	(2,090,758)	(111,181)	-	(2,201,939)
Equipment & other	(4,765,763)	(603,399)	-	(5,369,162)
Total accumulated depreciation	(6,856,521)	(714,580)	-	(7,571,101)
Total capital assets being depreciated, net:	5,353,151	(714,580)	-	4,638,571
Totals	$5,530,591	$ (714,580)	$ -	$4,816,010

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).

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
Ambulance Fund	General Fund	$ 242,774
Capital Projects Fund	General Fund	$ 5,696
Medical Insurance Fund	General Fund	$ 7,559
Medical Insurance Fund	Ambulance Fund	$ 7,559
Dispatch Fund	General Fund	$ 234
General Fund	Debt Service Fund	$ 15,786
Pension Fund	General Fund	$ 670

Operating transfers in and out that occurred during 2018 were as follows:

Fund	Transfers In	Transfers Out
General	$ -	$ 61,000
Ambulance	50,000	-
Dispatch	11,000	-

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.

Plan Membership

The Plan's membership consisted of the following as of January 1, 2019:

NOTE E – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Active employees	35
Retirees and beneficiaries currently receiving benefits	16
Terminated employees entitled to benefits not yet received	16
Total	67

Benefit Provisions

The Plan covers each participant whose employment commencement date is before January 1, 2018 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, 2018, the District contributed $412,300 to the Plan, which represents 17.78% of covered payroll.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2018 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP 2014 Healthy Annuitant Table for males and females, with projected mortality improvement based on Scale MP 2018.

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.

NOTE E – DEFINED BENEFIT RETIREMENT PLAN (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	6.7%
International equity	4	7.3
Fixed income	40	2.2
Real estate	6	5.3
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed a level employee population and that employer contributions increase 2.75 percent per year from the 2018 estimated level. The municipal bond rate used of 3.10 percent is based on approximate 20 year average yield to maturity of AA rated bonds as of December 2018. 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 12/31/2017	$ 13,660,651	$ 12,043,752	$ 1,616,899
Changes for the year:			
Service cost	317,080	-	317,080
Interest	941,161	-	941,161
Actuarial losses/(gains)	(197,344)	-	(197,344)
Benefit payments	(430,976)	(430,976)	-
Employer contributions	-	344,853	(344,853)
Net investment income (loss)	-	(327,949)	327,949
Administrative expenses	-	(3,079)	3,079
Assumption changes	-	-	-
Net changes	629,921	(417,151)	1,047,072
Balances at 12/31/2018	$ 14,290,572	$ 11,626,621	$ 2,663,971

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 12/31/2018	$ 4,761,851	$ 2,663,971	$ 941,753

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

For the year ended December 31, 2018, the District recognized pension expense of $733,201. At December 31, 2018, 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	$ 316,568	$ (200,397)
Changes of assumptions	130,883	-
Net difference between projected and actual Earnings as pension plan investments	665,499	-
Total	$ 1,112,950	$ (200,397)

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:	
2018	$ 320,535
2019	162,454
2020	162,597
2021	277,830
2022	5,984
Thereafter	(16,847)

Payable to the Pension Plan

At December 31, 2018, the District reported a payable of $ 670 for property taxes due to the pension plan for the year ended December 31, 2018.

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, 2018, there were 2 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 did not make any contributions to the Plan for 2018.

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

Retiree Monthly Self Pay

	Retiree	Spouse
Medical/Non-Medicare	$87.62	$464.35

Dental	$0.00	N/A
Vision	$0.00	N/A

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Financing of Benefits

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

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, 2019
Cost Method	Entry Age Normal
Mortality Rates	RP-2014 Healthy Employee Table
Discount Rate	3.10% per annum
Inflation	2.75% per annum
Payroll Growth Rate	4.5% per annum
Retirement Age	57
Healthcare Inflation	5.0% per annum
Coverage Election	100% of active, eligible retirees
Marital Status	80% married

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

The Plan's membership consisted of the following as of January 1, 2019:

Active employees not eligible to retire	46
Active employees eligible to retire	2
Retired participants and beneficiaries	5
Total	53

OPEB Liability

The District's total OPEB liability of $2,024,051 was measured as of December 31, 2018, as was determined by an actuarial valuation as of that date.

Changes in the total OPEB balance is as follows:

Balance at 12/31/2017, as restated	$	1,500,252
Changes for the year:		
Service cost		175,334
Interest		45,948
Actuarial losses/(gains)		43,995
Benefit payments		(36,114)
Assumption changes		294,636
Net changes		523,799
Balance at 12/31/2018	$	2,024,051

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 12/31/2018	$ 2,267,751	$ 2,024,051	$ 1,814,299

NOTE I - LEGAL DEBT MARGIN

Assessed valuation - January 1, 2018	$440,670,319
Debt limit - 5% of assessed value	$ 22,033,516
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	8,297,829
Less amount available in debt service fund	(702,062)
	7,595,767
Legal Debt Margin	$ 14,437,749

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, 2018:

INSURANCE IN FORCE	INSURANCE COMPANY	COVERAGE
Commercial Automobile	American Alternative Ins. Corp.	$ 1,000,000/Occurrence
Excess Liability	American Alternative Ins. Corp.	$2,000,000/Occurrence $4,000,000 General Aggregate
General/Healthcare Liability	American Alternative Ins. Corp.	$ 1,000,000/Occurrence $ 3,000,000 General Aggregate
Management Liability	American Alternative Ins. Corp.	$1,000,000/$3,000,000
Commercial Property	American Alternative Ins. Corp.	
Buildings		Guaranteed Replacement Value
Business Personal Property		Replacement Cost
Portable Equipment	American Alternative Ins. Corp.	Scheduled Values

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 $2,000,000 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 $2,000,000. MOFAD has published its own financial report for the year ended December 31, 2018 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 $26,053 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 March 2009, proceeds of $3,616,528 were received from the sale of general obligation capital improvement bonds. The interest rate on these bonds ranges from 2.5% to 5%.

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

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.

NOTE L – LONG-TERM DEBT (Continued):

Maturities of the District's bonds are as follows:

Bond	Interest	Total	Maturity
$ 420,000	$ 248,572	$ 668,572	2019
245,000	279,125	524,125	2020
260,000	270,200	530,200	2021
270,000	261,100	531,100	2022
234,939	292,411	527,350	2023
188,197	337,303	525,500	2024
194,693	334,707	529,400	2025
300,000	230,875	530,875	2026
310,000	220,025	530,025	2027
315,000	209,000	524,000	2028
330,000	197,700	527,700	2029
440,000	185,125	625,125	2030
515,000	170,150	685,150	2031
540,000	153,375	693,375	2032
570,000	135,700	705,700	2033
560,000	115,400	675,400	2034
595,000	92,300	687,300	2035
630,000	67,800	697,800	2036
670,000	41,800	711,800	2037
710,000	14,200	724,200	2038
$ 8,297,829	$ 3,856,868	$ 12,154,697	Total

During the year ended December 31, 2018, the following changes occurred in liabilities reported as Long-term Debt:

	January 1, 2018	Additions	Reductions	December 31, 2018	Due Within One Year
2009 Series G.O. Bonds	$ 130,000	$ -	$ 130,000	$ -	$ -
2013 Series G.O Bonds	500,000	-	220,000	280,000	210,000
2016 Series G.O Bonds	1,840,000	-	45,000	1,795,000	190,000
Plus issuance premium	209,833	-	57,225	152,608	-
2017 Series G.O Bonds	2,762,829	-	40,000	2,722,829	20,000
Plus issuance premium	247,193	-	14,307	232,886	-
2018 Series G.O Bonds	-	3,500,000	-	3,500,000	-
Plus issuance premium	-	131,195	-	131,195	-
	5,689,855	3,631,195	506,532	8,814,518	420,000
OPEB Obligation, as restated	1,500,252	523,799	-	2,024,051	-
Net pension liability	1,616,899	1,047,072	-	2,663,971	-
	$ 8,807,006	$ 5,202,066	$ 506,532	$ 13,502,540	$ 420,000

NOTE M – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain postemployment benefits. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accordingly, beginning net position, and other postemployment benefits on the Statement of Net Position were adjusted as noted in the following table:

	District-Wide Statement of Net Position	
	Other Postemployment Benefits	Net Position
Balance at December 31, 2017, as previously reported	$ 873,638	$ 2,637,408
Adoption of GASB Statement No. 75:		
Increase liability	626,614	(626,614)
Balance at December 31, 2017, as restated	$ 1,500,252	$ 2,010,794

NOTE N – 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 $12,070,900 for the 2018 tax year.

NOTE N – TAX ABATEMENTS (Continued)

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 O - SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 27, 2019, the date the financial statements were available to be issued.

NOTE P – VIOLATIONS OF FINANCE-RELATED LEGAL PROVISIONS

During the year ended December 31, 2018, expenditures exceeded appropriations in the following funds:

Fund	Expenditures Over Budget
General Fund	$ 124,532

NOTE Q – FUTURE GASB PRONOUNCEMENTS

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. The District is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary

NOTE P – FUTURE GASB PRONOUNCEMENTS (Continued)

assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District is required to adopt the provisions of this Statement for the year ending December 31, 2019.

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 April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* The primary objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The District is required to adopt the provisions of this Statement for the year ending December 31, 2019.

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Over (Under)
REVENUE				
Property taxes	$ 2,775,147	$ 2,775,147	$ 3,313,414	$ 538,267
Contract protection	4,300	4,300	8,384	4,084
Inspection and Permit Fees	12,000	12,000	30,781	18,781
Income from Investments	8,000	8,000	5,461	(2,539)
Miscellaneous	20,000	20,000	2,105	(17,895)
Proceeds from sale of assets	100,000	100,000	-	(100,000)
Total Revenue	2,919,447	2,919,447	3,360,145	440,698
EXPENDITURES				
Personal services	1,517,525	1,517,525	1,470,226	(47,299)
Employee benefits	200,000	200,000	370,599	170,599
Supplies	75,450	75,450	59,178	(16,272)
Pension supplement	100,000	100,000	-	(100,000)
Heat, light and power	157,010	157,010	186,875	29,865
Capital outlay	41,919	41,919	41,960	41
Building and mobile equipment	201,500	201,500	208,008	6,508
Miscellaneous	66,457	66,457	61,529	(4,928)
Administration	139,200	139,200	208,598	69,398
Payment in lieu of insurance premiums	265,000	265,000	281,620	16,620
Total expenditures	2,764,061	2,764,061	2,888,593	124,532
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	155,386	155,386	471,552	316,166
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(155,386)	(155,386)	(50,000)	105,386
Total Other Financing Sources (Uses)	(155,386)	(155,386)	(50,000)	105,386
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	-	421,552	421,552

Eureka Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - Ambulance Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Over (Under)
REVENUE				
Property taxes	$ 1,099,110	$ 1,099,110	$ 1,099,758	$ 648
Contract protection	1,750	1,750	2,387	637
Ambulance charges	590,000	590,000	537,467	(52,533)
Income from Investments	2,500	2,500	1,608	(892)
Miscellaneous	600	600	542	(58)
Proceeds from sale of assets	-	-	-	-
Total Revenue	1,693,960	1,693,960	1,641,762	(52,198)
EXPENDITURES				
Personal services	1,281,000	1,281,000	1,135,171	(145,829)
Employee benefits	201,000	201,000	313,600	112,600
Supplies	40,000	40,000	61,611	21,611
Capital outlay	3,000	3,000	1,280	(1,720)
Building and mobile equipment	25,500	25,500	12,659	(12,841)
Miscellaneous	34,000	34,000	38,562	4,562
Administration	-	-	-	-
Payment in lieu of insurance premiums	259,846	259,846	251,466	(8,380)
Total expenditures	1,844,346	1,844,346	1,814,349	(29,997)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(150,386)	(150,386)	(172,587)	(22,201)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	150,386	150,386	50,000	(100,386)
Total Other Financing Sources (Uses)	150,386	150,386	50,000	(100,386)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	-	(122,587)	(122,587)

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	$ 3,360,145	1,641,762
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.	297,724	(43,615)
Total revenue as reported on the statement of revenue, expenditures and changes in fund balances-governmental funds	$ 3,657,869	$ 1,598,147
Uses/outflows of resources		
Actual amounts (budgetary basis) from the budgetary comparison schedule	$ 2,888,593	$ 1,814,349
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.	(105,182)	(69,076)
Total expenditures as reported on the statement of revenue, expenditures and changes in fund balances-governmental funds	$ 2,783,411	$ 1,745,273

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

	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	N/A
Total pension liability - beginning	$ 13,660,651	$ 12,381,045	$ 11,644,349	$ 10,601,877	$ 10,224,352	N/A
Service cost	317,080	273,629	288,584	250,269	275,746	N/A
Interest cost	941,161	854,859	805,011	735,186	711,036	N/A
Plan amendments	-	-	-	-	-	N/A
Assumption changes	-	189,443	-	-	-	N/A
Actuarial losses/(gains)	(197,344)	299,217	(68,522)	255,463	(475,862)	N/A
Benefit payments	(430,976)	(337,542)	(288,377)	(198,446)	(133,395)	N/A
Total pension liability - ending (a)	$14,290,572	$13,660,651	$12,381,045	$11,644,349	$10,601,877	N/A
Plan Fiduciary Financial Position						
Employer contributions	344,853	412,300	405,000	331,000	342,500	N/A
Employee contributions					-	N/A
Net investment income	(327,949)	1,465,942	692,116	(108,747)	416,042	N/A
Benefit payments	(430,976)	(337,542)	(288,377)	(198,446)	(133,395)	N/A
Administrative expenses	(3,079)	(505)	(470)	(405)	(303)	N/A
Net change in plan fiduciary net position	(417,151)	1,540,195	808,269	23,402	624,844	N/A
Fiduciary net position - beginning	12,043,752	10,503,557	9,695,288	9,671,886	9,047,042	N/A
Fiduciary net position - ending (b)	$ 11,626,601	$ 12,043,752	$ 10,503,557	$ 9,695,288	$ 9,671,886	N/A
District's net pension liability - ending (a) - (b)	$ 2,663,971	$ 1,616,899	$ 1,877,488	$ 1,949,061	$ 929,991	N/A
Fiduciary net position as % of total pension liability	81.36%	88.16%	84.84%	83.26%	91.23%	N/A
Covered payroll	$ 2,520,413	$ 2,318,610	$ 2,204,253	$ 2,326,692	$ 2,384,764	N/A
Net pension liability as % of covered payroll	105.70%	69.74%	85.18%	83.77%	39.00%	N/A

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

	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 533,381	$ 430,985	$ 433,239	$ 367,014	$ 433,316	$ 531,226	$ 563,518
Contributions in relation to the actuarially determined contribution	344,853	412,300	405,000	331,000	342,500	315,000	285,000
Contribution deficiency (excess)	$ 188,528	$ 18,685	$ 28,239	$ 36,014	$ 90,816	$ 216,226	$ 278,518
Covered - employee payroll	$ 2,520,413	$ 2,318,610	$ 2,204,253	$ 2,326,692	$ 2,384,764	$ 2,351,391	$ 2,116,979
Contributions as a percentage of covered-employee payroll	13.68%	17.78%	18.37%	14.23%	14.36%	13.40%	13.46%
Annual dollar-weighted rate of return net of expenses	-2.71%	13.81%	7.01%	-1.10%	4.51%	10.60%	11.00%

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

	2018	2017	2016
Total OPEB Liability:			
Discount rate	3.10%	5.00%	5.00%
Total OPEB liability - beginning	$ 1,500,253	$ 1,370,994	$ 1,251,186
Service cost	175,334	72,673	69,212
Interest cost	45,948	68,258	62,268
Plan amendments	-	-	-
Assumption changes	294,636	-	-
Actuarial losses/(gains)	43,995	-	-
Benefit payments	(36,114)	(11,672)	(11,672)
Total OPEB liability - ending (a)	$2,024,052	$1,500,253	$1,370,994
Covered payroll	$ 2,993,169	N/A	N/A
Net OPEB liability as % of covered payroll	67.62%	N/A	N/A

EUREKA FIRE PROTECTION DISTRICT
SCHEDULE OF ASSESSED VALUATION AND TAX RATES
Tax Year 2018

	2018
ASSESSED VALUATION	
Real estate	$ 375,109,241
Personal property	65,561,078
Total Assessed Valuation	$ 440,670,319
TIF Assessed Valuation	(12,070,900)
Adjusted Assessed Valuation	$ 428,599,419

TAX RATE (PER $100 OF ASSESSED VALUATION)	2018
General fund	.9047
Ambulance fund	.2576
Debt service fund	.1500
Pension fund	.0863
Dispatching fund	.0256
Total Tax Rate	1.4242

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, 2018

OFFICE HOLDER		ANNUAL COMPENSATION
Patrick D. Feder	Chairman	$ 4,950
Francis B. Oberkramer	Treasurer	$ 3,600
Charles E. Kuhn	Secretary	$ 3,200

The Board of Directors is elected and the Board 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.

McCoy & Associates, LLC
Certified Public Accountants and Consultants
16 Emerald Terrace **Telephone (618) 257-1200**
Swansea, IL 62226 **Fax (618) 257-1202**

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, 2018, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 26, 2019. Our report on the Governmental Activities was qualified.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

McLoy & Associates, LLC

June 26, 2019

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 records ambulance revenue on the cash basis and that policies and procedures do not adequately address the completeness, accuracy and cut-off of ambulance billings.

With respect to ambulance billings, we recommend that the District implement accounting procedures and internal controls to 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 continues to work towards improving internal controls over this area. The Office manager, who also does the bookkeeping, has announced her retirement at the end of 2019. With this being known the District is planning on redistributing some of the duties of the Office Manager. It is the intention of the District to hire an accounting professional as part of the full time staff. This person will have responsibility to set up internal controls, not only over ambulance billing but to ensure that the District will system wide have an increased level of oversight.

PENSION TRUST FUND

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

We recommend that policies and procedures be adopted to address the recording of pension trust fund investment activity on a periodic basis. If outside assistance is needed in recording such activity, it should be arranged ahead of the year-end audit.

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

District Response: The District has made a number of changes in the Pension program over the past several years, in order to provide a pension program for its employees. These changes are also designed to protect the tax payers on long term pension liabilities. With the addition of staff focused on accounting, internal controls and procedures the District believes we are moving forward making sure all items are properly recorded and monitored.

BOND ISSUANCE AND REDEMPTION

During 2018, the District issued capital improvement general obligation bonds. Proper accounting for the issuance would require that the proceeds and deposit be recognized in the governmental statement of revenue, expenditures and changes in fund balances. In addition, the issuance of the 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: Moving forward the District continues to develop policies and internal controls in cooperation of Bond council and Bond Advisors to track future issuances and refunding.

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, etc. In connection with the performing the 2018 audit, several requests were necessary before receiving the information necessary to make the accrual adjustments.

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

We recommend that the District accumulate the information necessary to make the accrual adjustments as soon as practical after the end of the year. The required information and format remains relatively constant from year to year. Ideally, the District would record these entries internally. However, if the entries are to continue to be made during the audit, the underlying supporting information would be readily available prior to the commencement of the audit and the entries could be made well in advance of the audit.

District Response: With the creation of the new staff position we will be moving forward policy and procedures to accomplish being able to make timelier accrual entries.

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: Dedicating staff and insuring policy and procedures are in place, we will be able to provide focus to ensure we are moving forward with Auditor Findings.