



**MONARCH FIRE
PROTECTION DISTRICT**

FINANCIAL REPORT
(Audited)

Year Ended December 31, 2019

MONARCH FIRE PROTECTION DISTRICT
DISTRICT'S MISSION STATEMENT

The mission of the Monarch Fire Protection District is to provide the highest quality emergency services to the community through fire rescue and emergency medical services, fire prevention, and education.

We will maintain the highest standard through experience, education, and planning.

Our Commitment extends beyond the traditional role of the fire service to improve the safety and quality of life for all.

MONARCH FIRE PROTECTION DISTRICT

FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

June 23, 2020

Board of Directors
MONARCH FIRE PROTECTION DISTRICT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **MONARCH FIRE PROTECTION DISTRICT** (the District), as of and for the year ended December 31, 2019, 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 of 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 District'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 District'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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, 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 supplemental 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 REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020 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.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

Chesterfield, Missouri

MONARCH FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The Management's Discussion and Analysis (MD&A) of the Monarch Fire Protection District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this MD&A in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

1. The District's total net position increased by \$3,119,764 or 8.5% as a result of this year's operations.
2. In the government-wide financial statements, the assets of the District exceeded its liabilities at December 31, 2019 by \$39,968,052 (net position). Of this amount, \$11,141,648 represents the District's net investment in capital assets; restricted for pension of \$2,250,913; and the balance of \$26,575,491 will be used to meet the District's ongoing obligations to citizens and creditors.
3. As of December 31, 2019, the District's governmental funds reported combined ending fund balances of \$26,960,316, an increase of \$2,343,252 in comparison with the prior year. A portion of this amount, \$10,647,056, represents collections of the 2019 tax levy which are assigned to fund the District's 2020 General Fund operations.
4. Unassigned fund balance for the General Fund at December 31, 2019 was \$7,051,524 or 61% of General Fund expenditures. This fund balance resulted from prior years District surpluses and is available for contingencies.
5. At December 31, 2019, the fund balance committed for public safety of the Ambulance Fund was \$6,224,244 or 69.5% of Ambulance Fund expenditures. This fund balance and future charges for services will be used to finance 2020 and future emergency medical services (EMS) operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements provide the reader with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities provides information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in

MONARCH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present activities of the District that are principally supported by taxes and charges for services. The District provides services for fire protection, emergency medical, fire prevention, safety, rescue, and hazardous materials response services.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Ambulance Fund, Dispatch Fund, and Pension Revenue Fund, which are all considered to be major funds.

The District adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

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

Required supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information.

MONARCH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$39,968,052 at December 31, 2019. The condensed statements of net position was as follows:

	<u>December 31</u>		<u>2019 Change</u>	
	<u>2019</u>	<u>2018</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Current and other assets	\$ 31,910,907	30,055,262	1,855,645	6.2 %
Capital assets, net	11,860,303	10,720,768	1,139,535	10.6
Total Assets	<u>43,771,210</u>	<u>40,776,030</u>	<u>2,995,180</u>	7.3
LIABILITIES				
Current liabilities	1,416,286	1,258,870	157,416	12.5
Noncurrent liabilities	2,386,872	2,668,872	(282,000)	(10.6)
Total Liabilities	<u>3,803,158</u>	<u>3,927,742</u>	<u>(124,584)</u>	(3.2)
NET POSITION				
Net investment in capital assets	11,141,648	9,703,892	1,437,756	14.8
Restricted	2,250,913	2,312,563	(61,650)	(2.7)
Unrestricted	26,575,491	24,831,833	1,743,658	7.0
Total Net Position	<u>\$ 39,968,052</u>	<u>36,848,288</u>	<u>3,119,764</u>	8.5 %

The portion of the District's net position reflected in its investment in capital assets (e.g., land, buildings, fire and rescue equipment), less any related debt used to acquire those assets that is still outstanding was \$11,141,648. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining assets consist mainly of cash, investments, and property taxes receivable which are used to meet the District's ongoing obligations to its citizens.

Governmental activities. This analysis focuses on the net position and change in net position of the District's governmental activities. Governmental activities increased the District's net position in the current year by \$3,119,764. The condensed statements of activities was as follows:

MONARCH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	For The Years		2019 Change	
	Ended December 31		Amount	Percent
	2019	2018		
REVENUES				
Program revenues:				
Charges for services	\$ 1,853,309	1,962,486	(109,177)	(5.6) %
Capital contributions	102,000	-	102,000	100.0
General revenues:				
Property taxes	23,376,434	22,385,714	990,720	4.4
Investment income	215,241	104,524	110,717	105.9
Other	193,713	76,885	116,828	152.0
Gain on sale of capital assets	103,163	10,517	92,646	880.9
Total Revenues	<u>25,843,860</u>	<u>24,540,126</u>	<u>1,303,734</u>	5.3
EXPENSES				
Public safety	21,475,957	20,072,921	1,403,036	7.0
Dispatch services	1,196,360	1,132,384	63,976	5.6
Interest on long-term debt	51,779	40,951	10,828	26.4
Total Expenses	<u>22,724,096</u>	<u>21,246,256</u>	<u>1,477,840</u>	7.0
CHANGE IN NET POSITION	3,119,764	3,293,870	(174,106)	(5.3)
NET POSITION, JANUARY 1	<u>36,848,288</u>	<u>33,554,418</u>	<u>3,293,870</u>	9.8
NET POSITION, DECEMBER 31	<u>\$ 39,968,052</u>	<u>36,848,288</u>	<u>3,119,764</u>	8.5 %

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2019, the District's governmental funds reported combined ending fund balances of \$26,960,316, an increase of \$2,343,252 in comparison with the prior year. The majority of this total amount (62.7%) constitutes amounts assigned and committed for fire/safety and EMS 2020 operations, which is available for spending at the District's discretion. The remainder of fund balance is unassigned, restricted for pension, or nonspendable for prepaid items and inventory.

MONARCH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

General Fund. The General Fund is the chief operating fund of the District. As of December 31, 2019, unassigned fund balance of the General Fund was \$7,051,524, while total fund balance reached \$18,302,301. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 61% of total General Fund expenditures and total fund balance represents 158.1% of that same amount.

The fund balance of the District's General Fund increased by \$1,834,937 or 11%, during the current fiscal year. Revenues increased by \$796,633 from prior year mainly due to the removal of the voluntary tax reduction.

Ambulance Fund. The Ambulance Fund has a total fund balance of \$6,739,214, which is committed for public safety and nonspendable for prepaid items and inventory. As a measure of the Ambulance Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 75.3% of total Ambulance Fund expenditures.

The fund balance of the District's Ambulance Fund increased by \$508,880, or 8.2%, during the current fiscal year. Revenues increased by \$498,535 from the prior year mainly due to the removal of the voluntary tax reduction and resident ambulance billing.

The fund balance of the District's Dispatch Fund was unchanged for the year and the fund balance of the District's Pension Revenue Fund decreased by \$22,088, or 1.2% for the year.

BUDGETARY HIGHLIGHTS

Original budgeted expenditures in the General Fund were decreased by \$384,223 during the year. The most significant decreases to expenditures was insurance and operations.

Original budgeted expenditures in the Ambulance Fund were increased by \$236,193 during the year. The most significant increase to expenditures was to insurance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, fire apparatus and equipment, and office furniture and equipment. As of December 31, 2019, the District had invested \$11,860,303 in capital assets, net of depreciation, as shown in the following table:

	December 31	
	2019	2018
Land	\$ 2,571,167	2,469,167
Buildings and improvements	4,167,214	3,797,884
Vehicles and equipment	5,121,922	4,453,717
Total Capital Assets, Net	<u>\$ 11,860,303</u>	<u>10,720,768</u>

MONARCH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

During the year, the District's investment in capital assets increased by \$1,139,535, which is net of depreciation expense of \$1,184,045.

Additional information of the District's capital assets can be found in Note F.

Long-term debt. During the current year, the District's total debt decreased by \$282,000 due to the net effect of scheduled principal payments and increased compensated absences. Additional information of the District's long-term debt can be found in Note G.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The District is subject to the Missouri State Hancock Amendment. This restricts the amount of growth the District may have in revenue in any given year to the rate of inflation certified by the State of Missouri plus new construction. The revenue, aside from new construction, may grow at a maximum of 5%, with other restrictions within the law. Actual allowable revenue growth has been less than 5%.
- The continuing rise in the cost of providing medical coverage to employees has caused the District to begin looking at the plan design in order to mitigate the ongoing increases.
- The continuing rise in the cost of workers compensation insurance to cover its employees has caused the District to begin looking internally for ways to improve the health and safety procedures established. In 2012 the District took actions to address the workers compensation cost increase; these actions included on-site training and the implementation of a light duty program. The District has also established a fit for duty program and increased overall communication and awareness as it pertains to workers compensation. The overall efforts to decrease workers compensation premiums will continue to be recognized in 2020.

In 2020, the District expects to maintain and improve its services through several primary means as follows:

- Continued hiring and retention of highly qualified personnel.
- Training of existing personnel in the latest breakthroughs in fire suppression, emergency medicine, and other related topics.
- Fire prevention programs and educational events for the community.
- Ongoing updates and replacement of equipment and research of the latest technology related to fire suppression and emergency medicine.
- The overall economic conditions of the St. Louis metro area appear reflective of the nation as a whole; consumer spending is up, inflation is on the rise, interest rates increased slightly in 2018, and are projected to increase marginally in 2019.
- The market for fuel continues to be unstable, with many price fluctuations.

**MONARCH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

- 2020 is likely to be somewhat volatile nationwide. The District has unreserved, undesignated funds in place for such uncertain times and is monitoring revenues and expenditures on a regular basis in order to track any pressure from overall economic trends.
- In 2020 and beyond the District plans to improve the Training Tower site with the addition of a Pavilion (shelter) and two bath rooms with showers.
- The District plans to add temporary provisions at 13725 Olive in order to house the crews from firehouse 3 during the construction phase of firehouse 3. These provisions will eventually be configured to serve as 'Blue Card' training stations in order to certify emergency scene managers. (These may be dedicated to bond revenues).
- The District plans to introduce the 'Community Medic' program with additional duties to the EMS Captain position.
- The District plans to spend funds from the sale of bonds from a successful bond election on June 2, 2020 for the purpose of replacing two firehouses. (These are dedicated to the bond revenues and will likely span well into 2021).

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information about the District, please direct the request to:

Michelle DePew, Controller
Monarch Fire Protection District
13725 Olive Blvd.
Chesterfield, MO 63017

MONARCH FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash	\$ 11,912,243
Investments	4,304,102
Receivables:	
Taxes, net	13,688,006
EMS fees, net	307,759
Inventory	97,931
Prepaid items	1,020,760
Due from Fiduciary Fund, net	580,106
Capital assets:	
Land	2,571,167
Other capital assets, net of accumulated depreciation	9,289,136
Total Assets	43,771,210
LIABILITIES	
Accounts payable	972,067
Accrued payroll	444,219
Noncurrent liabilities:	
Due within one year	337,951
Due in more than one year	2,048,921
Total Liabilities	3,803,158
NET POSITION	
Net investment in capital assets	11,141,648
Restricted for pension	2,250,913
Unrestricted	26,575,491
Total Net Position	\$ 39,968,052

MONARCH FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) And Changes In Net Position
Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	In Net Position
Governmental Activities				
Public safety	\$ 21,475,957	1,853,309	-	102,000
Dispatch services	1,196,360	-	-	-
Interest on long-term debt	51,779	-	-	-
Total Governmental Activities	\$ 22,724,096	1,853,309	-	102,000
General Revenues				
Property taxes				23,376,434
Investment income				215,241
Other				193,713
Gain on sale of capital assets				103,163
Total General Revenues				23,888,551
CHANGE IN NET POSITION				3,119,764
NET POSITION, JANUARY 1				36,848,288
NET POSITION, DECEMBER 31				\$ 39,968,052

See notes to financial statements

MONARCH FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Ambulance</u>	<u>Dispatch</u>	<u>Pension Revenue</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 8,223,644	2,483,024	247,350	958,225	11,912,243
Investments	3,784,201	519,901	-	-	4,304,102
Receivables, net of allowance:					
Taxes	7,278,907	4,387,434	680,085	1,341,580	13,688,006
EMS fees	-	307,759	-	-	307,759
Inventory	-	97,931	-	-	97,931
Prepaid items	603,721	417,039	-	-	1,020,760
Due from other funds	737,646	-	-	211,075	948,721
	<u> </u>				
Total Assets	<u>\$ 20,628,119</u>	<u>8,213,088</u>	<u>927,435</u>	<u>2,510,880</u>	<u>32,279,522</u>
LIABILITIES					
Accounts payable	\$ 194,907	86,899	684,436	5,825	972,067
Accrued payroll	260,543	183,676	-	-	444,219
Due to other funds	-	41,413	73,060	254,142	368,615
Total Liabilities	<u>455,450</u>	<u>311,988</u>	<u>757,496</u>	<u>259,967</u>	<u>1,784,901</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	1,870,368	1,063,719	169,939	332,112	3,436,138
EMS fees	-	98,167	-	-	98,167
Total Deferred Inflows Of Resources	<u>1,870,368</u>	<u>1,161,886</u>	<u>169,939</u>	<u>332,112</u>	<u>3,534,305</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	603,721	417,039	-	-	1,020,760
Inventory	-	97,931	-	-	97,931
Restricted - pension	-	-	-	1,918,801	1,918,801
Committed - EMS services	-	6,224,244	-	-	6,224,244
Assigned for - subsequent year tax levy	10,647,056	-	-	-	10,647,056
Unassigned	7,051,524	-	-	-	7,051,524
Total Fund Balances	<u>18,302,301</u>	<u>6,739,214</u>	<u>-</u>	<u>1,918,801</u>	<u>26,960,316</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 20,628,119</u>	<u>8,213,088</u>	<u>927,435</u>	<u>2,510,880</u>	<u>32,279,522</u>

MONARCH FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Fund Balances - Governmental Funds	\$ 26,960,316
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 governmental funds. The cost of the assets is \$28,265,835 and the accumulated depreciation is \$16,405,532.	11,860,303
Other long-term assets (property taxes and EMS fees receivable not collected within 60 days of year-end) are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	3,534,305
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:	
Capital leases	(718,655)
Compensated absences	<u>(1,668,217)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 39,968,052</u></u>

MONARCH FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Ambulance</u>	<u>Dispatch</u>	<u>Pension Revenue</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 12,697,763	7,740,686	1,195,264	2,350,771	23,984,484
EMS fees	-	1,619,827	-	-	1,619,827
Inspection fees	270,455	-	-	-	270,455
Investment income	157,123	55,590	1,096	1,432	215,241
Other	58,379	46,355	-	-	104,734
Total Revenues	<u>13,183,720</u>	<u>9,462,458</u>	<u>1,196,360</u>	<u>2,352,203</u>	<u>26,194,741</u>
EXPENDITURES					
Current:					
Public safety	10,234,311	7,548,478	-	2,352,768	20,135,557
Dispatch services	-	-	1,196,360	-	1,196,360
Capital outlay	956,692	1,405,100	-	-	2,361,792
Debt service:					
Principal	346,175	-	-	-	346,175
Interest	3,825	-	-	-	3,825
Total Expenditures	<u>11,541,003</u>	<u>8,953,578</u>	<u>1,196,360</u>	<u>2,352,768</u>	<u>24,043,709</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,642,717</u>	<u>508,880</u>	<u>-</u>	<u>(565)</u>	<u>2,151,032</u>
OTHER FINANCING SOURCES					
Sale of capital assets	103,241	-	-	-	103,241
Insurance recoveries	88,979	-	-	-	88,979
Total Other Financing Sources	<u>192,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,220</u>
NET CHANGE IN FUND BALANCES	1,834,937	508,880	-	(565)	2,343,252
FUND BALANCES, JANUARY 1	<u>16,467,364</u>	<u>6,230,334</u>	<u>-</u>	<u>1,919,366</u>	<u>24,617,064</u>
FUND BALANCES, DECEM- BER 31	<u><u>\$ 18,302,301</u></u>	<u><u>6,739,214</u></u>	<u><u>-</u></u>	<u><u>1,918,801</u></u>	<u><u>26,960,316</u></u>

**MONARCH FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net Change In Fund Balances - Governmental Funds \$ 2,343,252

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay over the threshold \$2,221,658 exceeded depreciation (\$1,184,045) in the current period.	1,037,613
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, and donations) is to decrease net assets.	101,922
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. Decrease in unavailable revenue	(645,023)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds, however, it has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:	
Capital lease principal payments	298,221
Compensated absences earned	(204,120)
Compensated absences payments	<u>187,899</u>
Change In Net Position Of Governmental Activities	<u><u>\$ 3,119,764</u></u>

MONARCH FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
WELFARE BENEFIT PLAN TRUST FUND
DECEMBER 31, 2019

ASSETS

Cash	\$ 32,123
Investments at fair value:	
Annuities	4,050,232
Money market funds	535,030
Mutual funds	901,051
Real estate investment trusts	310,129
Limited partnerships	42,126
Total Investments	<u>5,838,568</u>
Due from other funds	<u>125,577</u>
Total Assets	<u><u>5,996,268</u></u>

LIABILITIES

Accounts payable	8,607
Due to other funds	705,683
Total Liabilities	<u><u>714,290</u></u>

NET POSITION

Restricted for welfare benefits	<u><u>\$ 5,281,978</u></u>
---------------------------------	----------------------------

MONARCH FIRE PROTECTION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
WELFARE BENEFIT PLAN TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

ADDITIONS

Net investment income	\$ 506,809
Employer contribution	347,100
Miscellaneous	45,148
Total Additions	899,057

DEDUCTIONS

Benefit payments	311,879
Disability payments	63,873
Severance payments	147,620
Insurance	38,181
Professional fees	26,559
Administrative fees	16,672
Total Deductions	604,784

CHANGE IN NET POSITION

294,273

NET POSITION - RESTRICTED FOR WELFARE BENEFITS,
 JANUARY 1

4,987,705

**NET POSITION - RESTRICTED FOR WELFARE BENEFITS,
 DECEMBER 31**

\$ 5,281,978

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MONARCH FIRE PROTECTION DISTRICT (the District) is a political subdivision duly organized under the laws of the State of Missouri to supply protection to persons and property against injuries and damage from fire and to give assistance in the event of an accident or emergency of any kind.

The accounting policies and financial reporting practices of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies applied by the District in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

The financial statements of the District include the financial activities of the District and any component units, entities which are financially accountable to the District. The District does not currently have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e., matured).

Property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Ambulance services are recorded at the time of service, net of allowances for uncollectible amounts. Inspection fees and other income are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income is recorded as earned since it is measurable and available.

The District reports unavailable revenue on its combined balance sheet. Unavailable revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability is removed from the combined balance sheet and revenue is recognized.

The District reports the following major governmental funds:

General Fund -- This 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.

Ambulance Fund -- This fund is used to account for the funds to be utilized for promotion, maintenance, and improvements of EMS.

Dispatch Fund -- This fund is used to account for the funds to be utilized for dispatching services.

Pension Revenue Fund -- This fund is used to collect the tax levy for pension funding.

Additionally, the District reports the following fund type:

Welfare Benefit Plan Trust Fund -- This fund is used to account for assets held by the District in a trustee capacity. The fund accumulates contributions from the Pension Revenue Fund. Disbursements are made for death, post-retirement medical, disability, employee education, and severance benefits.

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

4. Fund Balance Classification and Policies

The District's policy is to report the fund balance in the following categories, when applicable, listed from most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is legally or contractually required to be maintained or is not in spendable form (such as prepaids and inventory).

Restricted -- The portion of fund balance that is subject to enforceable legal restrictions by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

Committed -- The portion of fund balance with self-imposed constraints or limitations that have been imposed by formal action (motion or resolution) by the District's Board of Directors (the Board), the highest level of decision-making authority. Such constraint is binding unless modified or rescinded by formal action by the Board.

Assigned -- The portion of fund balance that the District intends to use for a specific purpose; intent can be expressed by the Board.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the District will spend the most restricted amounts before the least restricted.

5. Allowance for Doubtful Accounts

Allowances for uncollectible receivable amounts by fund are as follows:

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Allowance for Doubtful Accounts (Continued)

	December 31, 2019	
	Property Taxes	EMS Fees
General Fund	\$ 110,846	-
Ambulance Fund	66,814	670,246
Dispatch Fund	10,357	-
Pension Revenue Fund	20,430	-

6. Inventories

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

7. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Buildings and improvements	5 - 30
Vehicles and equipment	5 - 20

8. Interfund Transactions

In the fund financial statements, the District has the following types of transactions among funds:

Transfers -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Interfund Transactions (Continued)

Due From/To Other Funds -- Current portions of long-term interfund loans receivable/payable are considered “available spendable resources” and are reported as assets and liabilities of the appropriate funds.

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

9. Investments

Investments are carried at fair value.

In accordance with and subject to restrictions imposed by current Missouri State Statutes, the following list represents the entire range of investments that the District will consider and which shall be authorized for the investments of funds by the District: 1) United States Treasury securities, 2) United States Agency securities, 3) repurchase agreements, 4) collateralized public deposits (certificates of deposit), 5) banker’s acceptance, and 6) commercial paper.

10. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before December 31. All unpaid taxes are delinquent January 1 of the following year.

Property taxes levied for 2019 are recorded as receivables, net of estimated uncollectibles, as are prior year levies which are re-evaluated annually. Taxes receivable represent estimated amounts to be collected by the County Collector of Revenue for 2019 and prior tax years to be remitted to the District subsequent to year-end. The portion of taxes not collected and remitted to the District within 60 days of year-end is recorded as unavailable tax revenue. The allowance for uncollectible taxes is estimated based on past experience. Property taxes are assessed, billed, and collected by St. Louis County and remitted by the County to the District. The County’s fee is 1.5% of the taxes collected. The following is a summary of the 2019 tax rates:

	2019 Tax Rates				
	General	Ambulance	Dispatch	Pension	Total
Real property:					
Residential	0.4430	0.2680	0.0430	0.0820	0.8360
Agricultural	0.4510	0.2810	0.0420	0.0850	0.8590
Commercial	0.4810	0.3000	0.0440	0.0910	0.9160
Personal property	0.5300	0.3300	0.0480	0.1000	1.0080

Property tax rates for each of the above categories and for each fund type is levied per \$100 of assessed valuation which totaled \$2,703,383,179 for the District (real property \$2,385,208,066 and personal property \$318,175,113).

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Prepaid Items

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

12. 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 cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. 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. The District has no items that qualifies for reporting in this category.

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 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.

14. Indirect Cost Allocation

Certain indirect costs are allocated 60% to the General Fund and 40% to the Ambulance Fund for the fiscal year ended December 31, 2019. These percentages are based on the number of personnel.

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those amounts.

NOTE B - CASH AND INVESTMENTS

1. 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.

As of December 31, 2019, the District's bank balances were entirely secured or collateralized with securities held by the District or by the agent in the District's name.

2. Investments

As of December 31, 2019, the District had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>		<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	
Primary Government				
Certificates of deposit	\$ 4,304,102	-	4,304,102	N/A
Money market funds	1,205,575	1,205,575	-	Not rated
Total Primary Government Investments	<u>5,509,677</u>	<u>1,205,575</u>	<u>4,304,102</u>	
Fiduciary Fund				
Annuities	4,050,232	4,050,232	-	Not rated
Money market funds	535,030	535,030	-	Not rated
Mutual funds	901,051	901,051	-	Not rated
Real estate investment trusts	310,129	310,129	-	Not rated
Limited partnerships	42,126	42,126	-	Not rated
Total Fiduciary Fund Investments	<u>5,838,568</u>	<u>5,838,568</u>	<u>-</u>	
Grand Total Investments	<u>\$ 11,348,245</u>	<u>7,044,143</u>	<u>4,304,102</u>	

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investment Policies

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.

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.

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, 2019, the District had the following investment concentrations:

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Investments</u>
Primary Government		
Money market	\$ 1,205,575	21.88 %
Certificates of deposit	4,304,102	78.12
		Percent Of Total Plan Net Position
Fiduciary Fund		
Americo Financial Life Insurance Annuity Contract	\$ 1,487,971	28.06 %
Washington National Life Insurance Annuity Contract	1,076,532	20.30
American Funds - The Growth Fund of America	584,677	11.02
MFS Value Portfolio	347,374	6.55
UMB Money Market	321,000	6.05
PCS Commodity Strategy Fund Class A	316,374	5.97
Jennison Growth Portfolio	274,339	5.17

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements

The District classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The District has the following recurring fair value level measurements as of December 31, 2019:

- Mutual funds (\$901 thousand) are valued using quoted market prices (Level 1 inputs)
- Annuities (\$4.05 million) are valued using other observable inputs (Level 2 inputs)
- Limited partnerships (\$42 thousand) are valued using unobservable inputs (Level 3 inputs)
- Money market funds (\$1.74 million) and certificates of deposit (\$4.3 million) are not subject to fair value level classification

The District has the following investments measured at net asset value (NAV) as of December 31, 2019:

- Real estate investment trusts (\$310 thousand) estimated NAVs are based on independent valuations

NOTE C - DEFERRED COMPENSATION PLAN

The District participates in and complies with a deferred compensation plan under Internal Revenue Code Section 457. The Plan, available to all District 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. Trust provisions are incorporated so that Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. As a result, the assets and liabilities of the Plan are not included in the accompanying financial statements.

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE D - FIRE DISTRICT DIRECTORS' FEES, BENEFITS, AND RELATED EXPENSES

Directors' fees and benefits consisted of the following:

	For The Year Ended December 31, 2019		
	<u>Fees</u>	<u>Benefits</u>	<u>Total</u>
Richard Gans, President	\$ 10,953	17,067	28,020
Robin Harris, Treasurer	11,053	17,067	28,120
Jeannine Millner, Secretary	10,685	8,235	18,920
Total	<u>\$ 32,691</u>	<u>42,369</u>	<u>75,060</u>

No other related expenses were incurred by the District's Directors.

NOTE E - INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred these risks by purchasing insurance from commercial enterprises. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The following insurance policies of the District were in force during the fiscal year ended December 31, 2019:

<u>Company</u>	<u>Type Of Coverage</u>	<u>Amount Of Coverage</u>
American Alternative Insurance Corporation	Property and casualty	\$1,000,000 each occurrence \$10,000,000 aggregate
American Alternative Insurance Corporation	Automobile	\$1,000,000
American Alternative Insurance Corporation	Crime	\$1,000,000
American Alternative Insurance Corporation	Umbrella	\$6,000,000 each occurrence \$6,000,000 aggregate
Benchmark Insurance Company	Workers' compensation	State statutory requirements
Travelers Casualty & Surety Company	Fiduciary	\$2,000,000
RSUI Indemnity Company	Directors and Officers	\$3,000,000
Ironshore Indemnity, Inc.	Directors and Officers	\$2,000,000
Starr Indemnity & Liability Co.	Directors and Officers	\$5,000,000

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE F - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended December 31, 2019			Balance December 31 2019
	Balance December 31 2018	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 2,469,167	102,000	-	2,571,167
Capital assets being depreciated:				
Buildings and improvements	13,028,731	732,624	-	13,761,355
Vehicles and equipment	12,354,947	1,489,034	1,910,668	11,933,313
Total Capital Assets Being Depreciated	<u>25,383,678</u>	<u>2,221,658</u>	<u>1,910,668</u>	<u>25,694,668</u>
Less - Accumulated depreciation for:				
Buildings and improvements	9,230,847	363,294	-	9,594,141
Vehicles and equipment	7,901,230	820,751	1,910,590	6,811,391
Total Accumulated Depreciation	<u>17,132,077</u>	<u>1,184,045</u>	<u>1,910,590</u>	<u>16,405,532</u>
Total Capital Assets Being Depreciated, Net	<u>8,251,601</u>	<u>1,037,613</u>	<u>78</u>	<u>9,289,136</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,720,768</u>	<u>1,139,613</u>	<u>78</u>	<u>11,860,303</u>

Depreciation expense of \$1,184,045 for the year ended December 31, 2019 was charged to the public safety function of the primary government.

NOTE G - LONG-TERM DEBT

A summary of changes in the long-term debt is as follows:

	For The Year Ended December 31, 2019			Balance December 31 2019	Amounts Due Within One Year
	Balance December 31 2018	Additions	Payments		
Capital leases	\$ 1,016,876	-	298,221	718,655	137,765
Compensated absences	1,651,996	204,120	187,899	1,668,217	200,186
Total Long-term Debt	<u>\$ 2,668,872</u>	<u>204,120</u>	<u>486,120</u>	<u>2,386,872</u>	<u>337,951</u>

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

The capital leases and compensated absences are liquidated by the General and Ambulance Funds.

The District entered into lease agreements for financing the acquisition of certain vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Capital leases consisted of the following:

	December 31 2019
\$1,304,217 capital lease for one pumper and one apparatus, due in 6 annual principal and interest installments of \$153,000 through December 2024; interest payable at 2.12%.	\$ 718,655

The assets acquired through capital leases are as follows:

	2019
Vehicles and equipment	\$ 1,304,217
Less - Accumulated depreciation	537,607
Total Assets	\$ 766,610

A schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments are as follows:

For The Years Ending December 31	
2020	\$ 153,000
2021	153,000
2022	153,000
2023	153,000
2024	153,000
Total Future Minimum Lease Payments	765,000
Less - Amount representing interest	46,345
Present Value Of Future Minimum Lease Payments	\$ 718,655

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE H - COMPENSATED ABSENCES

The District grants vacation to all employees at a rate based on years of experience and earned in the year it is available for use. Vacation earned by December 31, 2019 must be taken by the end of that year. Unusual circumstances may permit a carryover.

The District also grants sick leave to all employees. Sick leave days are earned at a rate of six days per year for shift personnel and eight days per year for administrative personnel. Covered employees are allowed to accumulate unused sick leave up to 60 days and 90 days for shift personnel and administrative personnel, respectively. Upon termination of employment, employees with balances prior to 2004 have grandfather clause that allows them to be paid at a 2004 rate of pay up to 48 days, all days after 48 are paid at 50%. Employees hired after 2004 are subject to the current collective bargaining agreement, which pays \$250 per day for days earned. The amount paid is based upon a formula agreed to in the memorandum of understanding with the Professional Fire Fighter Local 2665. The liability for accumulated sick leave at December 31, 2019 amounted to \$1,668,217 and is reflected in the government-wide financial statements.

NOTE I - PENSION PLAN

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

The District contributes a discretionary amount to the Plan. The Plan is administered by EkonBenefits. Contributions will be made with funds derived from the tax established pursuant to Section 321.610 RSMo or, at the discretion of the District, from other available revenues of the District. Plan amendments are made via resolution by the Board with a majority vote. The contribution is allocated to participants' accounts in an amount equal to the total amount contributed multiplied by the ratio of the participant's compensation for the plan year to total compensation for all participants entitled to a contribution for the plan year. Contributions are made exclusively by the District. All employees at the end of a plan year who have completed 500 hours of service during that plan year are eligible to participate in the Plan. Participants begin to vest in these contributions after two (2) years of service in increasing percentages of 25% per qualified year of service. During the year ended December 31, 2019, the District contributed \$1,818,983 to the Plan.

NOTE J - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

The District provides post-retirement medical benefits, disability benefits, a \$50,000 per participant plus balance of participant's account as a death benefit, and severance benefits to eligible employees. These benefits are provided under a plan known as the Monarch Fire Protection District Welfare Benefit Plan. The Plan's trust fund is exempt under IRC 501(c)(9) as a voluntary employee benefit association (VEBA).

Employees are eligible to participate in VEBA after one month of full-time employment. At December 31, 2019, there were 185 participants (181 active/retired, 3 disabled retirees, and 1 beneficiary).

MONARCH FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE J - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS (Continued)

Under the terms of VEBA, the District shall contribute an amount determined by the Board to fund benefits under VEBA. In addition to the defined contribution “indemnity account”, the District has a “Disability Reserve” included in VEBA’s assets. The “Disability Reserve” assets will provide benefits to four individuals currently receiving benefits from VEBA. Disability benefits are provided to all current employees through insurance purchased through a third party. The District received an actuarial valuation performed on the “Disability Reserve”. This valuation was limited to determining the present value of projected benefits for the four individuals receiving benefits under VEBA. As of January 1, 2020, the present value of the projected benefits was \$488,101 and the value of VEBA’s assets designated for these benefits was \$663,381.

In determining the present value of the projected benefits from the “Disability Reserve”, the District uses the aggregate funding method. Under this method, the present value of future normal costs equals the present value of benefits reduced by VEBA’s assets. These future costs are spread as a level percentage over current and future expected pay. The portion attributable to current pay is the current year normal costs. Experience gains and losses are included in the present value of future normal costs and, therefore, are spread over future years as a level percentage of pay. Pre-retirement and post-retirement mortality rates are based on the 2019 PBGC Social Security Disable Life Mortality Table for males. Investment earnings are assumed to be 6.5%. All assets are valued at market value or NAV. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

During the year ended December 31, 2019, the District contributed \$347,100 to VEBA. This contribution is funded by pension property tax levy.

NOTE K - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

Due from/to other funds:

Receivable Fund	Payable Fund	December 31 2019
General Fund	Fiduciary Fund	\$ 494,608
General Fund	Ambulance Fund	41,413
General Fund	Dispatch Fund	73,060
General Fund	Pension Revenue Fund	128,565
Pension Revenue Fund	Fiduciary Fund	211,075
Fiduciary Fund	Pension Revenue Fund	125,577
Total		\$ 1,074,298

All of these interfund balances are due to timing differences. All interfund balances are expected to be repaid during the next fiscal year.

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE L - CONTRACTUAL AGREEMENTS

The District has a contractual agreement with Central County Emergency 911 for dispatching services that renews annually unless notice is given prior to July 1 of the preceding year. The agreement requires that the District pay fees equal to the amount which would be collected from a tax levy based on the assessed valuation of all taxable, tangible property within the District's boundaries. The District's assessment paid to Central County Emergency 911 for the year ended December 31, 2019 amounted to \$1,196,360.

The District has a contractual agreement with Mediclaims, Inc. for ambulance billing, billing processing, and fee collection services. The District pays Mediclaims, Inc. on a monthly basis an amount equal to 7% of "Net Collections". The agreement automatically renews on the same terms and conditions for successive one-year terms each April, unless either party gives written notice of intent not to renew at least 30 days before the expiration of any term.

The District has agreed to certain employment terms with Local 2665 of the International Association of Fire Fighters with regards to a Collective Bargaining Agreement (CBA) between the firefighters and the District. The District approved the CBA with Local 2665 through December 31, 2022.

NOTE M - COMMITMENTS AND CONTINGENCIES

As of January 1, 2018, the District entered into employment agreements with three employees. Under each of the agreements, in the event employment is terminated (other than voluntarily by the employee or by the District for cause or upon the death of the employee), the District is committed to pay certain benefits. The benefits are to be paid from the date of termination through December 31, 2020.

In June 2016, the District entered into a maintenance agreement for their security system for a fixed annual fee of \$72,120 and a monitoring agreement for \$12,600 per year for a total of five years. As of December 31, 2019 there was a \$18,030 remaining balance left on the agreement.

In September 2019 the District entered into a contract for parking lot resurfacing with a total contract price of \$55,817. As of December 31, 2019 there was \$28,407 still remaining as a commitment on the contract.

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

NOTE N - RISK MANAGEMENT

The District self-insures for employee dental and vision claims up to predetermined maximums. Under the program, the General Fund and Ambulance Fund pays claims to annual per person maximums of \$2,000 and \$300 for dental and vision claims, respectively.

MONARCH FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE N - RISK MANAGEMENT (Continued)

Liabilities are reported when it is probable that a claim has occurred and the amount of the claim can be reasonably estimated. At December 31, 2019, the total estimated liability of incurred but unpaid claims for dental and vision were \$1,762.

The District purchases commercial insurance for health claims. The District's overall program deductibles are \$5,000 individual and \$10,000 family. The employee is responsible for the first \$1,000 individual and \$2,000 family of the deductible.

NOTE O - TAX ABATEMENTS

In Missouri, a taxing district can issue industrial development revenue bonds (Revenue Bonds) pursuant to Chapter 100 of the Revised Statutes of Missouri (RSMo). Under the Act, the taxing district may issue Revenue Bonds to finance the cost of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such tax district, buildings, fixtures and machinery. Under the Chapter 100 Revenue Bonds, the District has five tax abatement projects which were entered into by St. Louis County. Total property taxes abated under this agreement totaled \$365,005 for the year ended December 31, 2019.

NOTE P - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 coronavirus a global pandemic. As a result, economic uncertainties have arisen which could adversely affect the District's net position. Other financial impacts could also occur though such potential impacts are unknown at this time.

In June 2020 voters approved Proposition F which will allow the District to issue approximately \$14.9 million in general obligation bonds to fund major capital renovations and acquisitions. The District plans to pay the bonds through an additional tax levy of seven cents per \$100 assessed valuation on both real and personal property. This assessment is effective for the 2020 tax levy.

Management has evaluated subsequent events through June 23, 2020, the date which the financial statements were available for issue and no other events require disclosure.

MONARCH FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION SECTION

MONARCH FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 12,188,561	12,793,000	12,697,763	(95,237)
Inspection fees	150,000	271,000	270,455	(545)
Investment income	25,000	134,000	157,123	23,123
Other	34,600	59,000	58,379	(621)
Total Revenues	<u>12,398,161</u>	<u>13,257,000</u>	<u>13,183,720</u>	<u>(73,280)</u>
EXPENDITURES				
Public safety:				
Salaries and personnel costs	7,187,611	7,235,670	7,193,704	(41,966)
Insurance	2,245,702	1,745,400	1,745,197	(203)
Administration	407,300	398,980	395,809	(3,171)
Operations	263,350	222,050	221,527	(523)
Maintenance	347,400	345,120	344,874	(246)
Training	117,800	131,290	122,466	(8,824)
Fire prevention	107,600	87,580	78,525	(9,055)
Professional fees	121,500	132,500	132,209	(291)
Capital outlay	1,145,500	1,260,950	956,692	(304,258)
Debt service:				
Principal	74,800	74,800	346,175	271,375
Interest	45,200	45,200	3,825	(41,375)
Total Expenditures	<u>12,063,763</u>	<u>11,679,540</u>	<u>11,541,003</u>	<u>(138,537)</u>
REVENUES OVER EXPENDITURES	<u>334,398</u>	<u>1,577,460</u>	<u>1,642,717</u>	<u>65,257</u>
OTHER FINANCING SOURCES				
Sale of capital assets	10,000	103,500	103,241	(259)
Insurance recoveries	-	89,000	88,979	(21)
Total Other Financing Sources	<u>10,000</u>	<u>192,500</u>	<u>192,220</u>	<u>(280)</u>
NET CHANGE IN FUND BALANCE	344,398	1,769,960	1,834,937	<u>64,977</u>
FUND BALANCE, JANUARY 1	<u>16,467,364</u>	<u>16,467,364</u>	<u>16,467,364</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 16,811,762</u>	<u>18,237,324</u>	<u>18,302,301</u>	

MONARCH FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 7,261,823	8,419,800	7,740,686	(679,114)
EMS fees	1,500,000	1,385,800	1,619,827	234,027
Investment income	5,000	41,400	55,590	14,190
Other	10,500	46,380	46,355	(25)
Total Revenues	<u>8,777,323</u>	<u>9,893,380</u>	<u>9,462,458</u>	<u>(430,922)</u>
EXPENDITURES				
Public safety:				
Salaries and personnel costs	5,338,679	5,371,400	5,371,067	(333)
Insurance	1,524,468	1,713,300	1,713,155	(145)
Operations	321,950	306,680	304,878	(1,802)
Professional fees	165,500	159,700	159,378	(322)
Capital outlay	1,369,400	1,405,110	1,405,100	(10)
Total Expenditures	<u>8,719,997</u>	<u>8,956,190</u>	<u>8,953,578</u>	<u>(2,612)</u>
NET CHANGE IN FUND BALANCE	57,326	937,190	508,880	<u>(428,310)</u>
FUND BALANCE, JANUARY 1	<u>6,230,334</u>	<u>6,230,334</u>	<u>6,230,334</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 6,287,660</u>	<u>7,167,524</u>	<u>6,739,214</u>	

MONARCH FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - DISPATCH FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,126,601	1,328,000	1,195,264	(132,736)
Investment income	-	-	1,096	1,096
Total Revenues	1,126,601	1,328,000	1,196,360	(131,640)
EXPENDITURES				
Dispatch:				
Dispatching fees	1,126,601	1,328,000	1,196,360	(131,640)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, JANUARY 1	-	-	-	
FUND BALANCE, DECEMBER 31	\$ -	-	-	

MONARCH FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - PENSION REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,208,885	2,615,032	2,350,771	(264,261)
Investment income	-	-	1,432	1,432
Total Revenues	<u>2,208,885</u>	<u>2,615,032</u>	<u>2,352,203</u>	<u>(262,829)</u>
EXPENDITURES				
Public safety:				
Professional fees	-	171,115	186,685	15,570
VEBA contribution	-	347,100	347,100	-
Pension contribution	2,208,885	1,861,785	1,818,983	(42,802)
Total Expenditures	<u>2,208,885</u>	<u>2,380,000</u>	<u>2,352,768</u>	<u>(27,232)</u>
NET CHANGE IN FUND BALANCE	-	235,032	(565)	<u>(235,597)</u>
FUND BALANCE, JANUARY 1	<u>1,919,366</u>	<u>1,919,366</u>	<u>1,919,366</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 1,919,366</u>	<u>2,154,398</u>	<u>1,918,801</u>	

**MONARCH FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

Budgets

Budgets are adopted on a modified accrual basis. Annual appropriated budgets are adopted for each governmental fund. All annual appropriations lapse at fiscal year-end.

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

- a. The Office Manager submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed operating expenditures, capital expenditures, and the means to finance them.
- b. The preliminary budget and proposed tax rates are presented at a public hearing to obtain comments from all interested parties.
- c. The final budget for the coming year is formally adopted on or before the last day of the current fiscal year by the Board.
- d. The legal level of control is at the activity level within an individual fund. Expenditures may not exceed budgeted appropriations at the activity level unless approved by the Board. Total fund expenditures may not legally exceed current year revenues plus prior year's fund balance. All budget revisions of any fund must be approved by the Board. This is done during a periodic review and analysis by the District.

INTERNAL CONTROL AND COMPLIANCE SECTION



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**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***

June 23, 2020

Board of Directors
MONARCH FIRE PROTECTION DISTRICT

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 **MONARCH FIRE PROTECTION DISTRICT** (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2020.

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.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A

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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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

Chesterfield, Missouri