

***LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI***

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2014***

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI**

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Statement Of Net Position	8
Statement Of Activities	9
Balance Sheet - Governmental Funds	10
Reconciliation Of The Statement Of Net Position Of Governmental Funds To The Balance Sheet	11
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	12
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	13
Notes To Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	22
Budgetary Comparison Schedule - Pension Fund	23
Note To Required Supplementary Information	24



INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors of
***LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI***

We have audited the accompanying financial statements of the governmental activities and each major fund, of Lake Saint Louis Fire Protection District of St. Charles County, Missouri, as of and for the year ended December 31, 2014, 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.

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

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

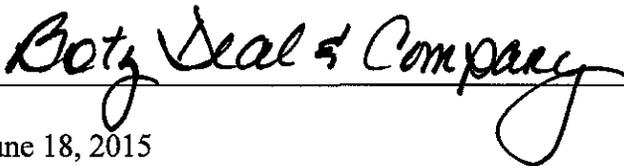
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Lake Saint Louis Fire Protection District of St. Charles County, Missouri, as of December 31, 2014, 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 22 through 24 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.



June 18, 2015

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

The discussion and analysis of Lake Saint Louis Fire Protection District of St. Charles County, Missouri's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended December 31, 2014. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the District's assets exceed its liabilities at December 31, 2014 by \$2,347,149.
- The District's net position decreased by \$163,037.
- For the year ended December 31, 2014, the General Fund reported expenditures in excess of revenues in the amount of \$84,871.
- Wages, payroll taxes and employee benefits comprise 84.6% of General Fund expenditures, approximately 4.5% more than in 2013.

REPORT LAYOUT

The District's financial statements are prepared using the reporting model prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. The District's basic financial statements are designed to emulate corporate representation models whereby all District activities are consolidated. This approach is intended to summarize and simplify the analysis of the costs associated with various emergency services provided by the District for the benefit of its residents. Within this view, all District operations are categorized and reported as either governmental or business-type activities. Governmental activities include fire protections services, capital outlays and debt service payments. The District currently does not have any business-type activities.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets and long-term liabilities and are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of District programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The District's major governmental funds are presented in their own column and any remaining funds are combined into a column title "Other Non-major Funds". Budgetary comparisons for the General Fund and major special revenue funds are now presented as required supplementary information. A budgetary comparison is presented for the General Fund and the Pension Fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

The Management Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

THE DISTRICT AS A WHOLE

Government-wide Financial Analysis

The District's combined net position was \$2,347,149 as of December 31, 2014. This analysis focuses on the net position (Table 1) and activities (Table 2) of the District's governmental activities. As mentioned earlier, the Lake Saint Louis Fire Protection District of St. Charles County, Missouri has prepared the fiscal year ending December 31, 2014 financial statements in a format prescribed by the provisions of GASB Statement No. 34.

The District's net position consist of its investment in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding, restricted and unrestricted balances. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - Statement Of Net Position

	2014	2013	Increase (Decrease)
Assets:			
Current and other assets	\$ 1,841,185	\$ 1,984,538	\$ (143,353)
Capital assets	667,141	724,826	(57,685)
Total Assets	<u>2,508,326</u>	<u>2,709,364</u>	<u>(201,038)</u>
Liabilities:			
Current and other liabilities	125,125	156,427	(31,302)
Long-term liabilities	36,052	42,751	(6,699)
Total Liabilities	<u>161,177</u>	<u>199,178</u>	<u>(38,001)</u>
Net Position:			
Invested in capital assets	667,141	724,826	(57,685)
Restricted	53,749	77,935	(24,186)
Unrestricted	1,626,259	1,707,425	(81,166)
Total Net Position	<u>\$ 2,347,149</u>	<u>\$ 2,510,186</u>	<u>\$ (163,037)</u>

Governmental activities decreased the District's net assets by \$163,037. The key elements of this decrease are as follows:

Table 2 - Statement Of Activities

	2014	2013	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for service	\$ 34,805	\$ 19,287	\$ 15,518
General Revenues:			
Taxes	1,389,167	1,384,008	5,159
Interest income	3,541	4,661	(1,120)
Miscellaneous	6,038	58,490	(52,452)
Total Revenues	<u>1,433,551</u>	<u>1,466,446</u>	<u>(32,895)</u>
Expenses:			
Public safety	1,596,588	1,598,876	(2,288)
Increase (decrease) in net position	(163,037)	(132,430)	(30,607)
Net position, beginning of year	2,510,186	2,642,616	(132,430)
Net position, end of year	<u>\$ 2,347,149</u>	<u>\$ 2,510,186</u>	<u>\$ (163,037)</u>

In 2014, total revenues decreased \$32,895 from the previous year. The main cause for the decrease was a reduction in insurance claims received.

Expenses decreased \$2,288 in 2014 from those of 2013, due to the District's effort to control costs.

Governmental Funds

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting.

Table 3

	2014	2013	Increase (Decrease)	Percentage Change
Governmental Funds:				
Taxes	\$ 1,396,943	\$ 1,397,515	\$ (572)	(0.1) %
Licenses and permits	34,805	19,287	15,518	80.5
Interest income	3,541	4,661	(1,120)	(24.0)
Miscellaneous	1,497	450	1,047	232.7
Total Governmental Revenues	<u>\$ 1,436,786</u>	<u>\$ 1,421,913</u>	<u>\$ 14,873</u>	1.0

Revenue in the governmental funds increased \$14,873 or 1.0% from last fiscal year. Approximately 97% of revenue in the governmental funds comes from property taxes. The assessed value of property located in the district decreased \$1,095,433 or 0.4% with no change in the general revenue tax rate, therefore, increase is primarily related to timing of payments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2014, the District had \$2,360,230 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. (See Table 4 on the next page) This amount is the same as the prior fiscal year.

Table 4

	2014	2013	Increase (Decrease)
Land	\$ 116,235	\$ 116,235	-
Buildings	1,156,802	1,156,802	-
Communication equipment	21,907	21,907	-
Fire fighting equipment	200,633	200,633	-
Office equipment	33,571	33,571	-
Vehicles	831,082	831,082	-
Total	<u>\$ 2,360,230</u>	<u>\$ 2,360,230</u>	<u>\$ -</u>

The most significant portion of capital assets is buildings and vehicles. Buildings account for 49% and vehicles account for 35% of total capital assets. More detailed information on the District's capital assets is presented in Note 5 to the financial statements.

THE DISTRICT'S FUNDS

At the close of the District's fiscal year on December 31, 2014, the governmental funds of the District reported a combined fund balance of \$1,656,447. This ending balance includes a decrease in fund balance of \$80,330 in the District's General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares its budget on a modified accrual basis. For 2014, actual revenues were \$1,367,468 as compared to the budget amount of \$1,360,000. For 2014, actual expenditures were \$1,452,339 compared to the budget amount of \$1,546,361.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2015 budget cycle, the District's tax rate remains at its SB711 mandated ceiling. In 2011, the District made some drastic budget cuts to help balance that year's budget. Those cuts were left in place for 2012, 2013 and 2014 budgets and even more cuts have been made for the 2015 budget. The District continues to deal with an aging fleet of fire apparatus and personal protective equipment including SCBA and turn-out gear, stations that are in need of repair and/or remodeling and expansion and numerous other capital projects. The current budget has been cut so drastically that there is no room to support these projects without cutting personnel or increase revenue via a tax levy increase/bond issue or a combination of the two. The District is currently discussing both of these options.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, contact:

Christopher Fay, Fire Chief
Lake Saint Louis Fire Protection District
of St. Charles County, Missouri
2533 Lake Saint Louis Boulevard
Lake Saint Louis, MO 63367

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI**

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 458,630
Property taxes receivable	1,371,904
Prepaid insurance	10,651
Capital assets - net:	
Nondepreciable	116,235
Depreciable	550,906
TOTAL ASSETS	<u>2,508,326</u>
LIABILITIES	
Accounts payable	9,522
Accrued wages	25,991
Pension contribution payable	89,612
Noncurrent liabilities:	
Due in one year	15,958
Due in more than one year	20,094
TOTAL LIABILITIES	<u>161,177</u>
NET POSITION	
Investment in capital assets	667,141
Restricted:	
Pension benefits	53,749
Unrestricted	1,626,259
TOTAL NET POSITION	<u>\$ 2,347,149</u>

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

LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue and Change in Net Position
Governmental Activities		Charges for Service	Governmental Activities
Public safety	\$ 1,596,588	\$ 34,805	\$ (1,561,783)
Taxes			1,389,167
Interest income			3,541
Other miscellaneous revenue			6,038
TOTAL GENERAL REVENUES			1,398,746
CHANGE IN NET POSITION			(163,037)
NET POSITION - BEGINNING OF YEAR			2,510,186
NET POSITION - END OF YEAR			\$ 2,347,149

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

LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General Fund</u>	<u>Pension Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 383,245	\$ 75,385	\$ 458,630
Property taxes receivable	1,303,928	67,976	1,371,904
Prepaid expenses	10,651	-	10,651
	<u>\$ 1,697,824</u>	<u>\$ 143,361</u>	<u>\$ 1,841,185</u>
LIABILITIES			
Account payable	\$ 9,522	\$ -	\$ 9,522
Accrued wages	25,991	-	25,991
Pension contribution payable	-	89,612	89,612
TOTAL LIABILITIES	<u>35,513</u>	<u>89,612</u>	<u>125,125</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	<u>56,659</u>	<u>2,954</u>	<u>59,613</u>
FUND BALANCES:			
Nonspendable - prepaid items	10,651	-	10,651
Restricted:			
Pension fund	-	50,795	50,795
Unassigned	1,595,001	-	1,595,001
TOTAL FUND BALANCES	<u>1,605,652</u>	<u>50,795</u>	<u>1,656,447</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,697,824</u>	<u>\$ 143,361</u>	<u>\$ 1,841,185</u>

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

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI**

RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
DECEMBER 31, 2014

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

Total fund balance per balance sheet	\$ 1,656,447
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	667,141
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred inflows in the funds.	59,613
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	<u>(36,052)</u>
Net position of governmental activities	<u><u>\$ 2,347,149</u></u>

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

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Pension Fund	Total
REVENUES			
Taxes	\$ 1,327,656	\$ 69,287	\$ 1,396,943
Permits and fees	34,805	-	34,805
Interest income	3,510	31	3,541
Miscellaneous	1,497	-	1,497
TOTAL REVENUES	1,367,468	69,318	1,436,786
EXPENDITURES			
Public safety:			
Wages	955,020	-	955,020
Employee benefits	272,946	-	272,946
Directors fees and board expenses	6,932	-	6,932
Fire prevention	5,068	-	5,068
Insurance	29,567	-	29,567
Membership dues	8,550	-	8,550
Office expense	5,326	-	5,326
Pension contribution	-	89,612	89,612
Personal equipment	5,729	-	5,729
Professional fees	25,206	3,651	28,857
Repairs and maintenance	75,982	-	75,982
Training	10,798	-	10,798
Utilities	25,193	-	25,193
Volunteer expenses	16,045	-	16,045
Capital outlay	9,977	-	9,977
TOTAL EXPENDITURES	1,452,339	93,263	1,545,602
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(84,871)	(23,945)	(108,816)
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	4,541	-	4,541
CHANGE IN FUND BALANCE	(80,330)	(23,945)	(104,275)
FUND BALANCES - BEGINNING OF YEAR	1,685,982	74,740	1,760,722
FUND BALANCES - END OF YEAR	\$ 1,605,652	\$ 50,795	\$ 1,656,447

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

LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Change in fund balance-total governmental funds	\$ (104,275)
Revenues that do not provide current financial resources are not included in the fund financial statements.	(7,776)
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(57,685)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds.	<u>6,699</u>
Change in net position of governmental activities	<u><u>\$ (163,037)</u></u>

The accompanying notes are integral part of these financial statements.

**LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
OF ST. CHARLES COUNTY, MISSOURI**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Saint Louis Fire Protection District of St. Charles County, Missouri was founded in 1971 and operates under a three person Board of Directors. The District provides fire protection services to the City of Lake Saint Louis in St. Charles County, Missouri.

A. REPORTING ENTITY

The District applies the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The District presently has no component units included within its reporting entity.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all the District's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

B. **BASIC FINANCIAL STATEMENTS - continued**

Statement of Net Position -The statement of net position is designed to display the financial position of the Primary Government (governmental and business-type activities). The District reports capital assets in the government-wide statement of net position and reports depreciation expense in the statement of activities. The net position of the District are broken down into three categories 1) net investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the District's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the District has recorded capital assets and certain other long-term assets and liabilities in the statement of net position and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement activities. The District has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward. The District does not currently have any infrastructure assets.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the Pension Fund are considered major governmental funds. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The District currently has no nonmajor funds.

C. **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. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

C. **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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental funds financial statements, the District considers all revenues susceptible to accrual earned and recognizes revenue if the accrual criteria are met. Specifically, charges for services and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue if received in the current fiscal period.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The District reports the following major governmental funds:

The General Fund - The District's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

The Pension Fund - The Pension Fund is a special revenue fund, which accounts for property tax revenue collected to make contributions the District's employee retirement plan.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$2,500 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market 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 asset lives is not capitalized.

Capital assets of the District are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Fire fighting equipment	7 - 10 years
Communication equipment	10 years
Office equipment	5 - 10 years
Vehicles	5 - 10 years

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles 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 vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

G. **COMPENSATED ABSENCES**

The District has adopted a formal personnel policy relating to vacation and sick pay. District employees are allowed to carry forward a limited number of vacation days past year-end. In the event of termination, an employee is paid for accumulated vacation days. Employees are paid for accumulated sick leave upon retirement at a rate of 100% of their pay up to 744 hours of unused sick leave. At December 31, 2014, employees had accrued vacation of \$5,569 and accumulated sick leave of \$30,483. Vacation and accrued sick leave has been recorded in the government-wide financial statements as a long-term liability.

H. **NET POSITION AND FUND EQUITY**

In government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the District (such as creditors, grantors, contributors, laws and regulations of other governments). All other net position is considered unrestricted. It is the District's policy to use restricted net position before unrestricted net position. The District has restricted net position of \$53,749, all of which is restricted by enabling legislation.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

H. **NET POSITION AND FUND EQUITY - continued**

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which the Board of Directors has delegated the authority to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The District would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

I. **CONCENTRATION OF LABOR**

Approximately 93% of the labor force was subject to a collective bargaining agreement expiring December 31, 2015.

J. **INVESTMENTS**

The District is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper. Investments are carried at cost or amortized cost.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The District adopts an annual operating budget on a modified accrual basis for the General Fund and the Pension Fund. Annual appropriations lapse at year-end.

3. CASH AND TEMPORARY INVESTMENTS

The District's bank deposits are required by state statute to be secured by the deposit of certain securities 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, 2014, the carrying amount of the District's demand deposits and certificates of deposit totaled \$458,630 with bank balances of \$472,120. As of December 31, 2014 all bank balances were either insured or collateralized.

4. PROPERTY TAX

The District's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2014, upon which the 2014 levy was based on an assessed value for real, personal and public utility property of \$244,808,447. The District's tax rate was levied per \$100 of assessed value as follows:

General Fund	\$.5371
Pension Fund	.0282

5. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2014 is as follows:

	BALANCE, BEGINNING OF YEAR	TRANSFERS AND ADDITIONS	TRANSFERS AND DELETIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 116,235	\$ -	\$ -	\$ 116,235
Capital assets, being depreciated:				
Buildings	1,156,802	-	-	1,156,802
Communication equipment	21,907	-	-	21,907
Fire fighting equipment	200,633	-	-	200,633
Office equipment	33,571	-	-	33,571
Vehicles	831,082	-	-	831,082
Total capital assets, being depreciated	2,243,995	-	-	2,243,995
Less accumulated depreciation for:				
Buildings	(609,614)	(32,981)	-	(642,595)
Communication equipment	(18,081)	(1,639)	-	(19,720)
Fire fighting equipment	(179,428)	(6,251)	-	(185,679)
Office equipment	(33,571)	-	-	(33,571)
Vehicles	(794,710)	(16,814)	-	(811,524)
Total accumulated depreciation	(1,635,404)	(57,685)	-	(1,693,089)
Total capital assets, being depreciated, net	608,591	(57,685)	-	550,906
Total governmental activities	\$ 724,826	\$ (57,685)	\$ -	\$ 667,141

All depreciation expense was charged to public safety on the government-wide financial statements.

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Accrued compensated absences	\$ 42,751	\$ 26,619	\$ (33,318)	\$ 36,052	\$ 15,958

Funds to retire accrued sick leave come from the General Fund.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to tort; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District purchases commercial insurance to cover risks related to building and other District property, crimes, business, travel, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

8. RETIREMENT PLAN

The District provides pension benefits and life insurance for all of its full-time employees through a Money Purchase Plan and Trust (the Plan), which is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The plan is administered by Union Central Retirement and Investment Services. Employees who were 21 or older were eligible to participate after reaching 1,000 hours of service in a twelve month period. The District makes a discretionary contribution annually, which is allocated to eligible employees based on their salaries. The District's contributions for each employee (and earnings allocated to the employee's account) are fully vested after six years of service. District contributions for, and earnings forfeited by employees who leave employment before six years of service are used to reduce subsequent contributions. The District's contribution for 2014 was \$89,612.

9. EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the year ended December 31, 2014, expenditures of \$93,263 in the Pension Fund exceeded appropriations of \$83,280.

10. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 18, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE SAINT LOUIS FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 1,293,843	\$ 1,325,000	\$ 1,327,656	\$ 2,656
Charges for services	18,450	28,600	34,805	6,205
Investment income	4,900	4,900	3,510	(1,390)
Miscellaneous	-	1,500	1,497	(3)
TOTAL REVENUE	<u>1,317,193</u>	<u>1,360,000</u>	<u>1,367,468</u>	<u>7,468</u>
EXPENDITURES				
Public safety:				
Wages	882,950	970,000	955,020	14,980
Employee benefits	341,950	338,157	272,946	65,211
Directors fees and board expenses	6,500	7,000	6,932	68
Fire prevention	4,925	5,100	5,068	32
Insurance	27,725	28,525	29,567	(1,042)
Membership dues	10,660	10,660	8,550	2,110
Office expense	4,850	4,860	5,326	(466)
Personal equipment	8,300	6,000	5,729	271
Professional fees	34,350	34,350	25,206	9,144
Repairs and maintenance	66,600	79,109	75,982	3,127
Training	11,000	11,000	10,798	202
Utilities	24,375	25,500	25,193	307
Volunteer expenses	13,900	16,100	16,045	55
Capital outlay	17,600	10,000	9,977	23
TOTAL EXPENDITURES	<u>1,455,685</u>	<u>1,546,361</u>	<u>1,452,339</u>	<u>94,022</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(138,492)</u>	<u>(186,361)</u>	<u>(84,871)</u>	<u>101,490</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	5,000	4,541	(459)
CHANGE IN FUND BALANCE	<u>(138,492)</u>	<u>(181,361)</u>	<u>(80,330)</u>	<u>\$ 101,031</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,685,982</u>	<u>1,685,982</u>	<u>1,685,982</u>	
FUND BALANCE - END OF YEAR	<u>\$ 1,547,490</u>	<u>\$ 1,504,621</u>	<u>\$ 1,605,652</u>	

LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
OPERATING REVENUE				
Taxes	\$ 67,450	\$ 67,450	\$ 69,287	\$ 1,837
Interest income	500	500	31	(469)
TOTAL REVENUE	<u>67,950</u>	<u>67,950</u>	<u>69,318</u>	<u>1,368</u>
EXPENDITURES				
Public safety:				
Pension contribution	80,500	80,610	89,612	(9,002)
Professional fees	1,620	2,670	3,651	(981)
TOTAL EXPENDITURES	<u>82,120</u>	<u>83,280</u>	<u>93,263</u>	<u>(9,983)</u>
DEFICIT OF REVENUES OVER EXPENDITURES	(14,170)	(15,330)	(23,945)	<u>\$ (8,615)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>74,740</u>	<u>74,740</u>	<u>74,740</u>	
FUND BALANCE - END OF YEAR	<u>\$ 60,570</u>	<u>\$ 59,410</u>	<u>\$ 50,795</u>	

LAKE SAINT LOUIS FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

1. BUDGETARY INFORMATION

The District prepares its budget on the modified accrual basis of accounting. The budgetary process is detailed in Note 2 of the notes to the financial statements.