

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

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INDEPENDENT AUDITOR'S REPORT

To the Tightwad Fire Protection District
Clinton, Missouri

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the modified cash basis financial statements of the governmental activities and each major fund of the Tightwad Fire Protection District, Clinton, Missouri (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the District. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

The District has no formal policies, procedures or ethics manuals in place. As a result, there were numerous findings in which we were unable to rely upon the District's ability to prevent or detect material misstatements. Additionally, prior to 2018, the District did not maintain capital asset records for financial purposes. As a result of these matters, we were unable to conduct 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Emphasis of Mater - Basis of Accounting

We draw attention on Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash-basis of accounting described in Note 1. This includes determining that the modified cash-basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the District's financial statements in accordance with auditing standards generally accepted in the United States of America. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri

February 6, 2023

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**STATEMENT OF NET POSITION AND GOVERNMENTAL
FUNDS BALANCE SHEET -- MODIFIED CASH BASIS
DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 60,814	\$ -	\$ 60,814
Capital assets:			
Building Improvements	-	18,354	18,354
Durable Goods	-	5,328	5,328
Furniture, Fixtures, and Appliances	-	11,160	11,160
Portable Equipment	-	12,440	12,440
Less: accumulated depreciation	-	(12,426)	(12,426)
Total capital assets	-	34,856	34,856
 Total assets	\$ 60,814	\$ 34,856	\$ 95,670
FUND BALANCE/NET POSITION			
Unrestricted	\$ 60,814	\$ (60,814)	\$ -
Total fund balance	\$ 60,814	(60,814)	-
Net position:			
Net investment in capital assets		34,856	34,856
Unrestricted		60,814	60,814
Total net position		\$ 95,670	\$ 95,670

See accompanying notes.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
DECEMBER 31, 2020**

Reconciliation to the Statement of Net Position:

Total fund balance, governmental funds	<u>\$ 60,814</u>
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	<u>34,856</u>
Total net position	<u><u>\$ 95,670</u></u>

See accompanying notes.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES:			
Administrative:			
Elections	\$ 897	\$ -	\$ 897
Insurance	6,983	-	6,983
Computers	49	-	49
Office expense	522	-	522
Advertising and marketing	124	-	124
Facilities:			
Building and grounds	964	-	964
Utilities	4,977	-	4,977
Human resources:			
Training	1,356	-	1,356
Worker's compensation insurance	4,130	-	4,130
Operational:			
Depreciation	-	6,479	6,479
Reimbursable expenses	438	-	438
Clothing	401	-	401
Communications	524	-	524
Fire and fuel	839	-	839
Repairs and maintenance	4,611	-	4,611
Capital outlay	19,813	(15,911)	3,902
Miscellaneous	1,220	-	1,220
	47,848	(9,432)	38,416
Total expenditures/expenses			
General revenues:			
Property taxes	51,221	-	51,221
Interest	64	-	64
Intergovernmental grants	2,903	-	2,903
Contributions and donations	550	-	550
Refund from legal overpayment	1,965	-	1,965
Insurance proceeds	18,456	-	18,456
	75,159	-	75,159
Total general revenues			
Excess of revenues over expenditures	27,311	(27,311)	-
CHANGE IN NET POSITION	-	36,743	36,743
FUND BALANCE/NET POSITION, beginning	33,503	25,424	58,927
FUND BALANCE/NET POSITION, ending	\$ 60,814	\$ 34,856	\$ 95,670

See accompanying notes.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUNDS BALANCE TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
DECEMBER 31, 2020**

Reconciliation to the Statement of Activities:

Net change in governmental fund balances	\$ 27,311
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period:</p>	
Capital outlay	15,911
Depreciation	<u>(6,479)</u>
	<u>9,432</u>
Change in Net Position of governmental activities	<u>\$ 36,743</u>

See accompanying notes.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Tightwad Fire Protection District, Clinton, Missouri (the District), have been prepared on a modified cash basis of accounting, as further discussed in Note 1. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The Tightwad Fire Protection District, Clinton, Missouri, is a single governmental unit, the purpose of which is to provide fire protection to approximately 45 square miles in Henry County, Missouri. The District has two fire stations that serve approximately 1,172 residents living in 516 households.

The accompanying financial statements present the District's primary government and any component unit over which the District exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the District (as distinct from legal relationships). Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the District's financial statement.

Government-Wide Statements: The Statement of Net Position and the Statement of Activities (modified cash basis) display information about the reporting government as a whole. The governmental activities of the District are financed through tax revenues and intergovernmental revenues.

Fund Financial Statements: Fund financial statements (modified cash basis) of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The following are the District's governmental fund types:

General Fund – The general operating fund of the District is used to account for all financial resources.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Financial Statements (Continued):

Measurement Focus: In the government-wide Statement of Net Position and Statement of Activities, the activities are presented using the economic resources measurement focus, within the limitations of the basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resource" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate within the limitation of the modified cash basis of accounting are defined below.

The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of a period.

Basis of Accounting: In the government-wide Statement of Net Position, Statement of Activities, and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expense (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statement for the governmental fund would use the accrual basis of accounting. The government-wide financial statement would be presented on the accrual basis of accounting.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets: Budgets for the District are prepared and adopted on the cash receipts and disbursement basis of accounting (budget basis). Reported budget amounts are as originally adopted or amended by Board resolution. Annual operating budgets are adopted each year and lapse at fiscal year-end, but may be re-appropriated in the following fiscal year.

The actual results of operations are presented in comparison to the budgets on the budgetary comparison schedule – modified cash basis – general fund. The actual results are presented in accordance with the modified cash basis (budget basis) of accounting. A budget was not approved for the year ended December 31, 2020.

Capital Assets: The District’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable. The District did not record any capital asset activity prior to 2018, which was one basis for the disclaimer of opinion. Historical cost was used to value assets acquired since January 1, 2018. Donated fixed assets are reported at estimated fair market value at the time received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. Subsequent to January 1, 2018, a capitalization threshold of \$1,000 and expected useful life in excess of one year is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	7-40 years
Durable goods and portable equipment	3-7 years
Furniture, fixtures and equipment	5-7 years

Fund Equity - Government-Wide Statements: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- b. Restricted net position consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets ".

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Equity - Fund Financial Statements: Governmental fund equity is classified as fund balance.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. COLLATERALIZATION:

At December 31, 2020, cash balances were comprised of demand deposits. As required by law, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance or obtain surety bonds to equal the amount on deposit at all times.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2020, none of the District's bank balances of \$60,366 were exposed to custodial credit risk.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY TAXES:

The estimated assessed valuation of tangible property for the purpose of local taxation as of July 29, 2019, was \$18,620,738. The tax levy per \$100 assessed valuation of tangible real and personal property for the calendar year of 2020 was:

General	\$ <u>0.2859</u>
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Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

4. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year.

5. STEWARDSHIP:

For the year ended December 31, 2020, in violation of Missouri state statutes and the District's budgetary process, the District had expenditures in excess of the budget amount of \$12,848. The overage is due to the District not meeting budget requirement deadlines and as a result were required to use the 2018 budget for 2020 expenditures.

For the year ended December 31, 2020, in violation of Missouri state statutes, the District budgeted for negative fund balance in the amount of \$1,497. The District did not budget for revenue collected.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 6, 2023, which is the date the financial statements were available to be issued. In October 2021, a Court Order was put in place to vacate all seats on the District's Board. The Order called for an election to take place on April 5, 2022 to elect three new Board members. The new members were sworn in to office on April 5, 2022.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS -- GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts Modified Cash Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property taxes	\$ -	\$ -	\$ 51,221	\$ 51,221
Interest	-	-	64	64
Intergovernmental grants	-	-	2,903	2,903
Contributions and donations	-	-	550	550
Reimbursements	-	-	1,965	1,965
Insurance proceeds	-	-	18,456	18,456
	-	-	75,159	75,159
EXPENDITURES:				
Administrative:				
Advertising and marketing	2,200	2,200	124	2,076
Elections	1,200	1,200	897	303
Insurance	-	-	6,983	(6,983)
Memberships	800	800	49	751
Office expense	30	30	522	(492)
Facilities:				
Building and grounds	450	450	964	(514)
Building improvements	8,080	8,080	-	8,080
Utilities	3,040	3,040	4,977	(1,937)
Human resources:				
Training	1,000	1,000	1,356	(356)
Worker's compensation insurance	1,500	1,500	4,130	(2,630)
Operational:				
Clothing	-	-	401	(401)
Communications	-	-	524	(524)
Reimbursable expenses	-	-	438	(438)
Fire and fuel	1,000	1,000	839	161
Repairs and maintenance	8,000	8,000	4,611	3,389
Capital outlay	7,700	7,700	19,813	(12,113)
Miscellaneous	-	-	1,220	(1,220)
	35,000	35,000	47,848	(12,848)
Excess (deficit) of revenues over expenditures	(35,000)	(35,000)	27,311	<u>\$ 62,311</u>
FUND BALANCE, Beginning	33,503	33,503	33,503	
FUND BALANCE, Ending	<u>\$ (1,497)</u>	<u>\$ (1,497)</u>	<u>\$ 60,814</u>	

See accompanying notes.

Client: **5831 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Engagement: **2020 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Period Ending: **12/31/2020**
 Trial Balance: **TB - Working Trial Balance**
 Workpaper: **3521 - Adjusting Journal Entries**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 201		R-01		
To remove fixed assets reported on governmental financial statements.				
3006	Retained Earnings Fixed Asset offset		699,963.00	
1500	Apparatus			263,538.00
1505	Building Improvements			10,232.00
1510	Buildings and Land			183,401.00
1515	Durable Goods			13,518.00
1520	Electronic Equipment			6,225.00
1525	Furniture, Fixtures, and Appliances			44,578.00
1530	Portable Equipment			178,471.00
Total			699,963.00	699,963.00
Adjusting Journal Entries JE # 202				
		S-01		
To remove delinquent AR related to PPT as the client reports modified basis of accounting.				
4024	Tax Revenue:Property Taxes		7,695.00	
1011	Delinquent Property Taxes:Delinquent Personal Property Taxes			3,311.00
1012	Delinquent Property Taxes:Delinquent Real Estate Property Taxes			4,384.00
Total			7,695.00	7,695.00
Total Adjusting Journal Entries			707,658.00	707,658.00
Total All Journal Entries			707,658.00	707,658.00

Client: **5831 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Engagement: **2020 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Period Ending: **12/31/2020**
 Trial Balance: **TB - Working Trial Balance**
 Workpaper: **3522 - GW GASB Entries**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
GASB Entries				
Fund: 10	General Fund			
GASB Entries JE # 401				
To record beg bal of ppe.				
1505	Building Improvements		3,100.00	
1515	Durable Goods		1,874.00	
1525	Furniture, Fixtures, and Appliances		11,160.00	
1530	Portable Equipment		7,306.00	
1535	CIP		7,931.00	
1550	Accumulated Depreciation			5,947.00
3005	Retained Earnings			25,424.00
Total			31,371.00	31,371.00
GASB Entries JE # 402				
To record net changes in PPE.				
		E-01		
1505	Building Improvements		15,254.00	
1515	Durable Goods		3,454.00	
1530	Portable Equipment		5,134.00	
1535	CIP		7,323.00	
7000	Depreciation expense		6,479.00	
1535	CIP			15,254.00
1550	Accumulated Depreciation			6,479.00
8000	Capital Expenditures			15,911.00
Total			37,644.00	37,644.00
Fund: 10	GASB Entries		69,015.00	69,015.00
All Funds	Total GASB Entries		69,015.00	69,015.00
All Funds	All Journal Entries		69,015.00	69,015.00