

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019**

**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 Financial Statements

We were engaged to audit the accompanying 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, 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 Responsibilities for the Financial Statements

The District's 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.

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. 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.

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

determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and capital assets, and the elements making up the basic financial statements.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tightwad Fire Protection District, Clinton, Missouri's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information on page 13 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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.

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri

May 5, 2022

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**STATEMENT OF NET POSITION AND GOVERNMENTAL
FUNDS BALANCE SHEET -- MODIFIED CASH BASIS
DECEMBER 31, 2019**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 33,503	\$ -	\$ 33,503
Capital assets:			
Capital assets in process	-	7,931	7,931
Building Improvements	-	3,100	3,100
Durable Goods	-	1,874	1,874
Furniture, Fixtures, and Appliances	-	11,160	11,160
Portable Equipment	-	7,306	7,306
Less: accumulated depreciation	-	(5,947)	(5,947)
Total capital assets	-	25,424	25,424
 Total assets	 \$ 33,503	 \$ 25,424	 \$ 58,927
FUND BALANCE/NET POSITION			
Unrestricted	\$ 33,503	\$ (33,503)	\$ -
Total fund balance	\$ 33,503	(33,503)	-
Net position:			
Net investment in capital assets		25,424	25,424
Unrestricted		33,503	33,503
Total net position		\$ 58,927	\$ 58,927

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, 2019

Reconciliation to the Statement of Net Position:

Total fund balance, governmental funds	<u>\$ 33,503</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>25,424</u>
Total net position	<u><u>\$ 58,927</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, 2019**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES:			
Administrative:			
Elections	\$ 37	\$ -	\$ 37
Insurance	8,170	-	8,170
Memberships	520	-	520
Office expense	211	-	211
Legal fees	3,503	-	3,503
Facilities:			
Building and grounds	5,561	-	5,561
Furniture, fixture and appliance supplies	888	-	888
Utilities	4,901	-	4,901
Human resources,			
Worker's compensation insurance	2,120	-	2,120
Operational:			
Depreciation	-	4,030	4,030
Clothing	1,590	-	1,590
Communications	1,132	-	1,132
Emergency Medical Services (EMS)	6,531	-	6,531
Fire and fuel	4,076	-	4,076
Repairs and maintenance	4,432	-	4,432
Capital outlay	21,750	(13,042)	8,708
Miscellaneous	2,487	-	2,487
	67,909	(9,012)	58,897
Total expenditures/expenses			
General revenues:			
Property taxes	40,877	-	40,877
Interest	62	-	62
Contributions and donations	34,362	-	34,362
Reimbursements	150	-	150
	75,451	-	75,451
Total general revenues			
Excess of revenues over expenditures	7,542	(7,542)	-
CHANGE IN NET POSITION	-	16,554	16,554
FUND BALANCE/NET POSITION, beginning	25,961	16,412	42,373
FUND BALANCE/NET POSITION, ending	\$ 33,503	\$ 25,424	\$ 58,927

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, 2019**

Reconciliation to the Statement of Activities:

Net change in governmental fund balances	\$ 7,542
<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	13,042
Depreciation	<u>(4,030)</u>
	<u>9,012</u>
 Change in Net Position of governmental activities	 <u>\$ 16,554</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.

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, 2019, 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, 2019, none of the District's bank balances of \$32,391 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 November 1, 2018, was \$18,172,586. The tax levy per \$100 assessed valuation of tangible real and personal property for the calendar year of 2019 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, 2019, in violation of Missouri state statutes and the District's budgetary process, the District had expenditures in excess of the budget amount of \$32,909. The overage is due to the District not meeting budget requirement deadlines and as a result were required to use the 2018 budget for 2019 expenditures.

For the year ended December 31, 2019, in violation of Missouri state statutes, the District budgeted for negative fund balance in the amount of \$9,039. The District did not budget for revenue collected.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 5, 2022, 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, 2019**

	Budgeted Amounts		Actual Amounts Modified Cash Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property taxes	\$ -	\$ -	\$ 40,877	\$ 40,877
Interest	-	-	62	62
Contributions and donations	-	-	34,362	34,362
Reimbursements	-	-	150	150
	-	-	75,451	75,451
EXPENDITURES:				
Administrative:				
Elections	1,200	1,200	37	1,163
Insurance	-	-	8,170	(8,170)
Memberships	800	800	520	280
Office expense	30	30	211	(181)
Legal fees	-	-	3,503	(3,503)
Facilities:				
Building and grounds	450	450	5,561	(5,111)
Furniture, fixture and appliance supplies	-	-	888	(888)
Utilities	3,040	3,040	4,901	(1,861)
Human resources,				
Worker's compensation insurance	1,500	1,500	2,120	(620)
Operational:				
Clothing	-	-	1,590	(1,590)
Communications	-	-	1,132	(1,132)
Emergency Medical Services (EMS)	-	-	6,531	(6,531)
Fire and fuel	1,000	1,000	4,076	(3,076)
Repairs and maintenance	8,000	8,000	4,432	3,568
Capital outlay	7,700	7,700	21,750	(14,050)
Miscellaneous	-	-	2,487	(2,487)
	35,000	35,000	67,909	(32,909)
Excess (deficit) of revenues over expenditures	(35,000)	(35,000)	7,542	42,542
OTHER FINANCING SOURCES (USES),				
Proceeds from sale/loss on disposal of capital assets	-	-	-	-
Change in fund balance	(35,000)	(35,000)	7,542	42,542
FUND BALANCE, Beginning	25,961	25,961	25,961	
FUND BALANCE, Ending	<u>\$ (9,039)</u>	<u>\$ (9,039)</u>	<u>\$ 33,503</u>	

See accompanying notes.

Client: **5831 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Engagement: **2019 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Period Ending: **12/31/2019**
 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			2019 TB	
AJE to move Capital Outlay from asset account to expenditure for General Fund reporting purposes.				
8002	Capital Expenditures:Durable Goods		1,471.00	
8005	Capital Expenditures:Equipment Purchases:Furniture, Fixtures, and Appliances		10,122.00	
8006	Capital Expenditures:Equipment Purchases:Portable Equipment		7,716.00	
8025	Capital Expenditures:Work in Progress		2,441.00	
1510	Buildings and Land			2,441.00
1515	Durable Goods			1,471.00
1525	Furniture, Fixtures, and Appliances			10,122.00
1530	Portable Equipment			7,716.00
Total			21,750.00	21,750.00
	Total Adjusting Journal Entries		21,750.00	21,750.00
	Total All Journal Entries		21,750.00	21,750.00

Client: **5831 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Engagement: **2019 - TIGHTWAD FIRE PROTECTION DISTRICT**
 Period Ending: **12/31/2019**
 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 # 301				
PY GW entries				
1505	Building Improvements		3,100.00	
1515	Durable Goods		1,874.00	
1525	Furniture, Fixtures, and Appliances		1,038.00	
1530	Portable Equipment		6,826.00	
1535	CIP		5,491.00	
1550	Accumulated Depreciation			1,917.00
3005	Retained Earnings			16,412.00
Total			18,329.00	18,329.00
GASB Entries JE # 302				
E-01 CY depreciation expense				
6050	Depreciation expense		4,030.00	
1550	Accumulated Depreciation			4,030.00
Total			4,030.00	4,030.00
GASB Entries JE # 303				
E-03 To record CY fixed asset additions				
1525	Furniture, Fixtures, and Appliances		10,122.00	
1530	Portable Equipment		480.00	
1535	CIP		2,440.00	
8005	Capital Expenditures:Equipment Purchases:Furniture, Fixtures, and Appliances			10,122.00
8006	Capital Expenditures:Equipment Purchases:Portable Equipment			480.00
8025	Capital Expenditures:Work in Progress			2,440.00
Total			13,042.00	13,042.00
Fund: 10	GASB Entries		35,401.00	35,401.00
All Funds	Total GASB Entries		35,401.00	35,401.00
All Funds	All Journal Entries		35,401.00	35,401.00