



January 27, 2022

Monte Olsen, Special Master and Receiver
Tightwad Fire Protection District
11585 East Highway 7
Clinton, Missouri 64735

Dear Monte:

We have enclosed five bound copies and one unbound copy of the District's audited financial statements, together with our Independent Auditor's Report for the year ended December 31, 2018. Also enclosed are eight copies of our Management Letter and eight copies of the Communication with Those Charged with Governance.

If you have any questions regarding these financial statements, please give me a call. It is a pleasure to be of service to the District.

Sincerely,

Butch Beeman

Ivan E. Beeman, CPA
TROUTT, BEEMAN & CO., P.C.

IEB/akd

Enclosures

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018**

**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's 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
January 27, 2022

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**STATEMENT OF NET POSITION AND GOVERNMENTAL
FUNDS BALANCE SHEET -- MODIFIED CASH BASIS
DECEMBER 31, 2018**

	General Fund	Adjustments	Statement of Net Position
ASSETS:			
Cash and cash equivalents	\$ 25,961	\$ -	\$ 25,961
Capital assets:			
Capital assets in process	-	5,491	5,491
Building Improvements	-	3,100	3,100
Durable Goods	-	1,874	1,874
Furniture, Fixtures, and Appliances	-	1,038	1,038
Portable Equipment	-	6,826	6,826
Total capital assets	-	18,329	18,329
Accumulated depreciation	-	1,917	1,917
Net capital assets	-	16,412	16,412
 Total assets	 \$ 25,961	 \$ 16,412	 \$ 42,373
 FUND BALANCE/NET POSITION,			
Unrestricted	\$ 25,961	\$ 16,412	\$ 42,373
Total fund balance	\$ 25,961	16,412	42,373
 Net position:			
Net investment in capital assets		16,412	16,412
Unrestricted		25,961	25,961
Total net position		\$ 42,373	\$ 42,373

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, 2018

Reconciliation to the Statement of Net Position:

Total fund balance, governmental funds	<u>\$ 25,961</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>16,412</u>
Total net position	<u><u>\$ 42,373</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, 2018**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES:			
Administrative:			
Advertising and marketing	\$ 493	\$ -	\$ 493
Elections	73	-	73
Insurance	7,485	-	7,485
Memberships	490	-	490
Office expense	214	-	214
Facilities:			
Building and grounds	4,644	-	4,644
Building improvements	308	-	308
Furniture, fixture and appliance supplies	151	-	151
Utilities	6,296	-	6,296
Human resources:			
Training	450	-	450
Worker's compensation insurance	1,455	-	1,455
Operational:			
Depreciation	-	1,917	1,917
Clothing	1,606	-	1,606
Communications	748	-	748
Emergency Medical Services (EMS)	12,259	-	12,259
Fire and fuel	2,738	-	2,738
Repairs and maintenance	3,742	-	3,742
Capital outlay	18,329	(18,329)	-
Miscellaneous	1,014	-	1,014
Total expenditures/expenses	<u>62,495</u>	<u>(16,412)</u>	<u>46,083</u>
General revenues:			
Property taxes	51,076	-	51,076
Interest	52	-	52
Intergovernmental grants	3,000	-	3,000
Contributions and donations	19,855	-	19,855
Reimbursements	218	-	218
Total general revenues	<u>74,201</u>	<u>-</u>	<u>74,201</u>
Other financing sources,			
Proceeds from sale/loss on disposal of capital assets	800	-	800
Total revenues and other financing sources (uses)	<u>75,001</u>	<u>-</u>	<u>75,001</u>
Excess of revenues over expenditures	12,506	16,412	28,918
CHANGE IN NET POSITION	-	-	28,918
FUND BALANCE/NET POSITION, beginning	<u>13,455</u>	<u>-</u>	<u>13,455</u>
FUND BALANCE/NET POSITION, ending	<u>\$ 25,961</u>	<u>\$ 16,412</u>	<u>\$ 42,373</u>

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, 2018**

Reconciliation to the Statement of Activities:

Net change in governmental fund balances	\$ 12,506
<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	18,329
Depreciation	<u>(1,917)</u>
	<u>16,412</u>
 Change in Net Position of governmental activities	 <u>\$ 28,918</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, 2018, 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, 2018, none of the District's bank balances of \$25,961 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, 2017, was \$17,623,372. The tax levy per \$100 assessed valuation of tangible real and personal property for the calendar year of 2018 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, 2018, in violation of Missouri state statutes and the District's budgetary process, the District had expenditures in excess of the budget amount of \$23,729. The overage primarily is due to capital expenditures and expenditures related to Emergency Medical Services.

For the year ended December 31, 2018, in violation of Missouri state statutes, the District budgeted for negative fund balance in the amount of \$21,545. The District did not budget for revenue collected.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 27, 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.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

**BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS -- GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Amounts Modified Cash Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property taxes	\$ -	\$ -	\$ 51,076	\$ 51,076
Interest	-	-	52	52
Intergovernmental grants	-	-	3,000	3,000
Contributions and donations	-	-	19,855	19,855
Reimbursements	-	-	218	218
	-	-	74,201	74,201
EXPENDITURES:				
Administrative:				
Advertising and marketing	1,200	1,200	493	707
Elections	-	-	73	(73)
Insurance	-	-	7,485	(7,485)
Memberships	800	800	490	310
Office expense	30	30	214	(184)
Legal fees	2,200	2,200	-	2,200
Facilities:				
Building and grounds	450	450	4,644	(4,194)
Building improvements	8,080	8,080	308	7,772
Furniture, fixture and appliance supplies	-	-	151	(151)
Utilities	3,040	3,040	6,296	(3,256)
Human resources:				
Training	1,000	1,000	450	550
Worker's compensation insurance	1,500	1,500	1,455	45
Operational:				
Clothing	-	-	1,606	(1,606)
Communications	-	-	748	(748)
Emergency Medical Services (EMS)	-	-	12,259	(12,259)
Fire and fuel	1,000	1,000	2,738	
Repairs and maintenance	8,000	8,000	3,742	4,258
Capital outlay	7,700	7,700	18,329	(10,629)
Miscellaneous	-	-	1,014	1,014
	35,000	35,000	62,495	(23,729)
Excess (deficit) of revenues over expenditures	(35,000)	(35,000)	11,706	50,472
OTHER FINANCING SOURCES (USES),				
Proceeds from sale/loss on disposal of capital assets	-	-	800	800
Change in fund balance	(35,000)	(35,000)	12,506	51,272
FUND BALANCE, Beginning	13,455	13,455	13,455	
FUND BALANCE, Ending	<u>\$ (21,545)</u>	<u>\$ (21,545)</u>	<u>\$ 25,961</u>	

See accompanying notes.

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

COMMUNICATION OF MATERIAL WEAKNESSES



To the Special Master and Receiver, Monte Olsen
Tightwad Fire Protection District, Clinton, Missouri

In planning and performing our audit of the basic financial statements of the Tightwad Fire Protection District, Clinton, Missouri (the District), as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

We consider the following deficiencies in the District's internal control to be material weaknesses:

Material Weaknesses

Policies and Procedures: The District has no formal policies or ethics manuals in place, which resulted in several findings that are in cumulation considered a material weakness:

- We noted that the District did not maintain timely financial records. Financial records for the audit period were not maintained until the instatement of the Special Master and Receiver in 2021. As such, there was up to a three-year delay in recording accounting data. Financial information should be input and reviewed timely.
- During the audit, we noted that in several instances the District was unable to provide supporting documentation for receipts and expenditures. Furthermore, upon conversation with Mr. Olsen, we were made aware that up to nearly half of all documentation was not provided upon his initial request of the District during his process of uploading data to QuickBooks. All supporting documentation should be obtained and maintained.
- We noted no indication that the District notified the public nor had a public hearing for the implementation of their levy rates. The District has no process in place to ensure that they are complying with Missouri state statutes surrounding the approval and collection of revenue. We recommend that the District review Missouri state statutes surrounding levy rates and implement a policy to ensure they are following the statute.
- During the review of opening balances for 2018, we determined that bank balances were not reconciled prior to the month ending January 31, 2018. Bank reconciliations should be done monthly.
- During our audit, we noted that the District utilized credits on account at various vendors. We noted no indication through the supporting documentation provided that there were policies surrounding 1) approved purchases, 2) spending limits and 3) supporting documentation requirements. We suggest removing the use credit on account purchases or implementing a process to limit the potential for unapproved spending or fraudulent activity.
- During the audit, we noted through discussions with Mr. Olsen that a raffle occurring in December 2018 was not properly approved by the Board. Revenues received during the raffle were noted to be restricted as determined by pictures provided by the District. However, the revenue was not allocated as restricted in the Treasurer's Report. Purchases related to the stated purpose of the raffle never appear to have occurred. Additionally, we are relying on Mr. Olsen's understanding regarding this issue as there was not proper supporting documentation for the transaction.

Overall, we recommend that the District create and adopt a policies and procedures manual that guides those responsible for accounting and management functions in the proper execution of their duties.

Capital Assets: During the audit, we determined that the District has not maintained a list of capital asset and accumulated depreciation for assets purchased prior to January 1, 2018 nor do they have any formal processes in place surrounding capital asset purchases and a capital asset policy. Below is an overview of the other findings we sighted during our audit:

- During 2018, we were unable to obtain documentation regarding the approval within the Board minutes of nearly all capital assets purchased. Capital assets purchased should be approved by the Board.
- There were several instances in which receipts provided for capital purchases in 2018 were incomplete, lacked pertinent information or there was no indication of proper approval on documentation. Documentation for all purchases should be complete, have adequate information to determine purpose and amount and approval should be evident on supporting documentation.
- We were notified that during Mr. Olsen's review of capital assets, there was one asset that he believes was purchased prior to 2018. However, there was no indication of that asset on hand during 2018. We recommend that the District have a policy for the sale, donation, recycling, cannibalism, and otherwise disposal of assets so that there is a record of the status or disposition of all assets.
- During the audit, we were provided a contract for lease agreement of land and a building between the District and the Village of Tightwad, Missouri. Upon further conversations with Mr. Olsen, it was determined that there is currently a dispute between the District and the Village regarding the validity of the lease and the value of the asset. We would suggest the District employ legal counsel to settle the issue.
- During the audit, we noted that the District engaged in a trade of services relating to a Ford F350 truck. The District traded services provided by a fellow Board member for the truck. The District did not report a payroll transaction related to the issue and upon review of an estimated value of the truck, the value of the truck was understated based on the value provided by the District's Board member. This transaction was not done in accordance with the District's current policies (implemented in 2021) and the transaction was not in accordance with best practices and procedures for the disposal of assets.

Along with the recommendations noted above, we recommend that the District implement a capitalization policy in order to properly identify which purchases should be included as fixed assets, as well as utilize capital outlay accounts in the governmental funds to properly record those purchases. We recommend that the District perform an inventory of capital assets purchased prior to 2018 and are still in use. We recommend that the District consider a valuation be completed on those assets so that they may be recorded and tracked by the District in the following years. We recommend that district implement a disposal process and follow that process.

Noncompliance with Missouri state statutes: During our audit, we noted that the District was not in compliance with the Missouri state statutes surrounding the budgeting process and other general processes. The overview of those violations is listed below:

- The District did not budget revenue for 2018. As a result, the overall budget reflected a negative ending fund balance as of December 31, 2018.
- We noted no indication that the budget was proposed or approved by the Board. We also noted that the budget was not published as required by Missouri state statute.
- We were only able to obtain minutes from 3 meetings held within the audit period. We are uncertain if other meetings were held without minutes as required by Missouri state statute or if no other meetings were held.
- We noted that total actual expenditures were greater than budgeted expenditures.
- We noted that the District hosted a raffle during the year which is prohibited by Missouri state statutes for a governmental entity.
- During conversations with Monte Olsen, it was noted that a portion of members of the District's Board of Directors did not comply with Missouri state statute regarding attending the necessary educational training as presented in Chapter 321.

The District should review Missouri state statutes regarding meeting requirements and implement a policy to follow such policy. The District should consider having meetings timely, such as monthly or quarterly. Each of the District's Board of Director's should take the necessarily training in a timely fashion.

Approved Vendors: During our audit, we were unable to validate some vendors utilized for purchases. The vendors were unable to be located in the Missouri state business database. We also noted that one purchase selected was from the Fire Chief.

We recommend that the District implement a vendor selection process that includes selecting vendors that are deemed valid through a formal bidding process and that the District implement a process for related party transactions.

Financial Statement Preparation: Auditing standards require us to inform you that the District does not have personnel with certified expertise to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

We understand that management does not find it cost effective to hire personnel on a full-time basis with this expertise.

Missouri State Agencies for Surplus Property: We noted that there was an excess amount of purchases from this agency. We question the purpose of the purchases and whether the District is properly utilizing property purchases through this program.

We recommend that the Board implement a policy for the purchase and use of property from this agency to ensure that purchases are valid and that the property is used appropriately.

This communication is intended solely for the information and use of management, the Board of Aldermen, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri
January 27, 2022

**TIGHTWAD FIRE PROTECTION DISTRICT
CLINTON, MISSOURI**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE



January 27, 2022

To the Special Master and Receiver, Monte Olsen
Tightwad Fire Protection District, Clinton, Missouri

We have audited the financial statements of Tightwad Fire Protection District, Clinton, Missouri, as of and for the year ended June 30, 2018, and have issued our report thereon dated January 27, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 14, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Tightwad Fire Protection District, Clinton, Missouri, solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 27, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Tightwad Fire Protection District, Clinton, Missouri, is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements is depreciation.

Management's estimate of depreciation for assets acquired after January 1, 2018, is based on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. The District did not record capital assets and related depreciation prior to January 1, 2018, which is one factor in the determination of a disclaimer opinion. For assets purchased in 2018, we evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures

affecting the financial statements. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit. However, The District has no formal policies, procedures or ethics manuals in place and in many instances, there was a lack of supporting documentation. 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.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached adjusting journal entry report lists the material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Tightwad Fire Protection District, Clinton, Missouri's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 27, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters except for those accountants that assisted in the compilation of monthly accounting data.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Tightwad Fire Protection District, Clinton, Missouri, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Tightwad Fire Protection District, Clinton, Missouri's auditors.

Modification of the Auditor's Report

We have made the following modification to the auditor's report. The District has no formal policies and procedures in place to serve as guidance in the execution of accounting and management duties. In addition, the District has not maintained or updated its capital asset records for financial reporting prior to 2018. As a result of these matters, we observed several instances of a lack of controls that would prevent or detect fraud. The cumulation of the magnitude of these matters were deemed material in nature. Accordingly, we do not express an opinion on the statements of revenues, expenditures, and changes in fund balances – modified cash basis and the fund balance sheet – modified cash basis for the General fund, nor the statement of net position – modified cash basis and the statement of activities – modified cash basis for the governmental funds.

This report is intended solely for the information and use of the Special Receiver and Master, Honorable Judge M. Brandon Baker of the 27th Circuit Court of Henry County and future members of the Board of Directors of the Tightwad Fire Protection District, Clinton, Missouri, and is not intended to be and should not be used by anyone other than these specified parties.

Troutt, Beeman & Co., P.C.

TROUTT, BEEMAN & CO., P.C.
Harrisonville, Missouri



Tightwad Fire Protection District

www.tightwadfpd.org

Address:

11585 East Highway 7
Tightwad, Missouri 64735-9298

Telephone:

9-1-1 Emergency
660-477-3456 Non-Emergency

January 27, 2022

Troutt, Beeman & Co., P.C.
1212 Locust
Harrisonville, MO 64701

This representation letter is provided in connection with your audit of the financial statements of Tightwad Fire Protection District, Clinton, Missouri, as of December 31, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Tightwad Fire Protection District, Clinton, Missouri, in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 27, 2022.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 14, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with modified cash basis of accounting.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All material events subsequent to the date of the financial statements have been adjusted or disclosed.
- There is no summary of unrecorded misstatements since all adjustments proposed by the auditor have been recorded.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- For periods after January 1, 2018, capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated. Due to insufficient record-keeping prior to my appointment, capital asset values were unable to be fully substantiated and as such they are not presented on the beginning balances of this report for 2018.
- All supplementary information is measured and presented within the prescribed guidelines.
- With respect to the preparing the draft financial statements and related notes and updating capital assets and calculating of depreciation expense, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Tightwad Fire Protection District, Clinton, Missouri, has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Tightwad Fire Protection District, Clinton, Missouri, is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no, other than those previously communicated to you:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Tightwad Fire Protection District, Clinton, Missouri, has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- As part of your audit, you prepared the draft financial statements and related notes and updated capital assets and calculation of depreciation expense. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management function. We have reviewed, approved and accepted responsibility for those financial statements and related notes.

Material Audit Adjustments

- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements

Supplementary Information

With respect to the supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the modified cash-basis of accounting described in Note 1.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with the modified cash-basis of accounting described in Note 1.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

Cordially

A handwritten signature in black ink, appearing to read "Monte Olsen". The signature is written in a cursive, flowing style.

Monte Olsen
Special Master and Receiver
monteolsen@tightwadfpd.org
816-213-7108

Client: 5831 - TIGHTWAD FIRE PROTECTION DISTRICT
 Engagement: 2018 - TIGHTWAD FIRE PROTECTION DISTRICT
 Period Ending: 12/31/2018
 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					
		3010.00			
To remove opening balances PPE & negative cash for items related to FY 2017 and before as a PPE list was not properly maintained.					
1005	General Fund:Pre-2018 Checking		392,519.00		
3005	Retained Earnings		265,670.00		
1500	Apparatus			263,536.00	
1505	Building Improvements			10,232.00	
1510	Buildings and Land			172,993.00	
1515	Durable Goods			5,489.00	
1520	Electronic Equipment			6,225.00	
1525	Furniture, Fixtures, and Appliances			34,456.00	
1530	Portable Equipment			165,258.00	
Total			658,189.00	658,189.00	
Adjusting Journal Entries JE # 202					
		3010.00			
To reverse cash posted to RE in FY 2018					
3005	Retained Earnings		386,402.00		
1005	General Fund:Pre-2018 Checking			386,402.00	
Total			386,402.00	386,402.00	
Adjusting Journal Entries JE # 203					
		E-03			
To record capital outlay within governmental fund for capital purchases (capitalized on GW statements)					
1500	Apparatus		800.00		
4003	Donations Received:In-Kind Donations		6,500.00		
8002	Capital Expenditures:Durable Goods		1,874.00		
8005	Capital Expenditures:Equipment Purchases:Furniture, Fixtures, and Appliances		1,038.00		
8006	Capital Expenditures:Equipment Purchases:Portable Equipment		6,827.00		
8011	Capital Expenditures:Land and Buildings:Building Improvements		3,100.00		
8025	Capital Expenditures:Work in Progress		5,490.00		
1505	Building Improvements			3,100.00	
1510	Buildings and Land			5,490.00	
1515	Durable Goods			1,874.00	
1525	Furniture, Fixtures, and Appliances			1,038.00	
1530	Portable Equipment			12,232.00	
8050	Loss/Gain on Asset Disposal			1,095.00	
8051	Sale of assets			800.00	
Total			25,629.00	25,629.00	0.00
Total Adjusting Journal Entries			1,070,220.00	1,070,220.00	
Total All Journal Entries			1,070,220.00	1,070,220.00	

Client: 5831 - TIGHTWAD FIRE PROTECTION DISTRICT
 Engagement: 2018 - TIGHTWAD FIRE PROTECTION DISTRICT
 Period Ending: 12/31/2018
 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			
GASB Entries JE # 304				
To record CY depreciation expense.				
6050	Depreciation expense		1,917.00	
1550	Accumulated Depreciation			1,917.00
Total			1,917.00	1,917.00
GASB Entries JE # 305				
To record CY activity for Fixed Assets				
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	
8002	Capital Expenditures:Durable Goods			1,874.00
8005	Capital Expenditures:Equipment Purchases:Furniture, Fixtures, and Appliances			1,038.00
8006	Capital Expenditures:Equipment Purchases:Portable Equipment			6,827.00
8011	Capital Expenditures:Land and Buildings:Building Improvements			3,100.00
8025	Capital Expenditures:Work in Progress			5,490.00
Total			18,329.00	18,329.00
Fund: 10	GASB Entries		20,246.00	20,246.00
All Funds	Total GASB Entries		20,246.00	20,246.00
All Funds	All Journal Entries		20,246.00	20,246.00