

# **Lincoln County Fire Protection District No. 1**

**Basic Financial Statements**

**And Management's Discussion and Analysis**

**For The Year Ended December 31, 2019**

# Lincoln County Fire Protection District No. 1

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December 31, 2019

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## **Financial Section**

## **Independent Auditor's Report**

To the Board of Directors  
Lincoln County Fire Protection District No. 1  
Troy, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities of Lincoln County Fire Protection District No. 1 as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 error or fraud.

### **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.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities fund of Lincoln County Fire Protection District No. 1 as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with the cash basis of accounting as described in Note 1.

## Independent Auditor's Report (Concluded)

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

### Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Lincoln County Fire Protection District No. 1's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3-5 and 13-14, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020, on our consideration of the Lincoln County Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln County Fire Protection District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln County Fire Protection District No. 1's internal control over financial reporting and compliance.

*Wade Stables P.C.*

**Wade Stables P.C.**  
*Certified Public Accountants*

June 30, 2020  
Troy, Missouri

**Management's Discussion  
and Analysis**

# **Lincoln County Fire Protection District No. 1**

## **Management's Discussion & Analysis**

For the Year December 31, 2019

(Unaudited)

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The discussion and analysis of the Lincoln County Fire Protection District No. 1's financial performance provides an overview and analysis of the District's financial statements for the year ended December 31, 2019. It should be read in conjunction with the accompanying basic financial statements.

### **Financial Highlights**

- The assets of Lincoln County Fire Protection District No. 1 exceeded its liabilities at the close of the year ending December 31, 2019 by \$795,014 (net position). Of this amount, \$795,014 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The assets of Lincoln County Fire Protection District No. 1 exceeded its liabilities at the close of the year ending December 31, 2018 by \$614,285 (net position). Of this amount, \$614,285 (unrestricted net position) could be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$180,729 for the year ended December 31, 2019.
- The District's total net position increased by \$29,504 for the year ended December 31, 2018.

### **Overview of the Financial Statements**

The discussion and analysis serves as an introduction to Lincoln County Fire Protection District No. 1's basic financial statements. The District's financial statements are comprised of two components, combined government-wide and fund financial statements and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Combined Government-wide and Fund Financial Statements**

The fund financial statements provide detailed information about the only fund.

Governmental Fund - All of the District's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. The fund is reported using the cash basis of accounting. Revenues are recorded when they are received. Expenditures are recorded when paid.

The Lincoln County Fire Protection District No. 1 maintains the general fund which is the government's primary operating fund. It accounts for all financial resources of the general government. Information is presented in the Statement of Net Position and Governmental Funds Balance Sheet – Cash Basis for the General Fund, which is considered a major fund.

### **Notes to Financial Statements**

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

# Lincoln County Fire Protection District No. 1

Management's Discussion & Analysis  
For the Year December 31, 2019  
(Unaudited)

**Table 1**  
**Statement of Net Position- Cash Basis**  
**at December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 798,811	\$ 617,950
Total Assets	<u>\$ 798,811</u>	<u>\$ 617,950</u>
Current Liabilities		
Payroll Liabilities	\$ 3,557	\$ 3,665
Flower Fund	240	-
Total Liabilities	<u>\$ 3,797</u>	<u>\$ 3,665</u>
Net Position		
Unrestricted	<u>\$ 795,014</u>	<u>\$ 614,285</u>
	<u>\$ 798,811</u>	<u>\$ 617,950</u>

**Table 2**  
**Statement of Revenues, Expenses, and Changes in Net Position - Cash Basis**

	<u>2019</u>	<u>2018</u>
Program Revenues	\$ 139,461	\$ 210
General Revenues	2,470,727	2,674,990
Expenditures	(2,455,459)	(2,690,356)
Other Financing Sources	26,000	44,660
Change in Net Position	\$ 180,729	29,504
Net Position at beginning of year	614,285	584,781
Net Position at end of year	<u>\$ 795,014</u>	<u>614,285</u>

## Property, Plant and Equipment

The District does not maintain its fixed assets and the amount that should be recorded is not known. Capital expenditures are expensed when paid.

## General Fund Budgeting Highlights

For the fiscal year ending December 31, 2019, actual operating expenditures on a budgetary basis were \$2,455,459 compared to the budgeted amount of \$2,489,648. The \$34,189 positive variance was mainly the result of the District budgeting too much for administrative and operating expenses.

For the fiscal year ending December 31, 2018, actual operating expenditures on a budgetary basis were \$2,690,356 compared to the budgeted amount of \$2,772,479. The \$82,123 positive variance was mainly the result of the District budgeting too much for administrative and operating expenses.

The District's actual operating revenues on a budgetary basis for fiscal year ending December 31, 2019 were \$2,610,188 compared to the budgeted amount of \$2,489,648. The \$120,540 positive variance was mainly the result of the district not budgeting enough for fire marshal income.



# **Lincoln County Fire Protection District No. 1**

## **Management's Discussion & Analysis**

For the Year December 31, 2019

(Unaudited)

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The District's actual operating revenues on a budgetary basis for fiscal year ending December 31, 2018 were \$2,675,200 compared to the budgeted amount of \$2,421,140. The \$254,060 positive variance was mainly the result of the district not budgeting enough for property tax revenue, miscellaneous income and grant income and state reimbursements.

### **Economic Factors and Next Year's Budget**

Local, national and international economic factors influence the District's revenues. Positive economic growth correlates with increased revenues from property taxes. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, and assessed valuation. The District has prepared its budget for the next fiscal year considering the economic factors discussed above.

### **Contacting the District's Financial Management**

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

# Lincoln County Fire Protection District No. 1

Statement of Net Position and Governmental  
Fund Balance Sheet - Cash Basis  
December 31, 2019

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	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and equivalents	\$ 798,811	\$ -	\$ 798,811
<b>Total Assets</b>	<u>\$ 798,811</u>	<u>\$ -</u>	<u>\$ 798,811</u>
<b>Liabilities</b>			
Payroll liabilities	\$ 3,557	\$ -	\$ 3,557
Flower fund	240	-	240
<b>Total Liabilities</b>	<u>\$ 3,797</u>	<u>\$ -</u>	<u>\$ 3,797</u>
<b>Fund Balances / Net Position</b>			
Fund Balance:			
Unassigned	\$ 795,014	\$ (795,014)	\$ -
Total fund balance	<u>\$ 795,014</u>	<u>\$ (795,014)</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 798,811</u>		
<b>Net Position:</b>			
Unrestricted		\$ 795,014	\$ 795,014
<b>Total Net Position</b>		<u>\$ 795,014</u>	<u>\$ 795,014</u>

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

## Lincoln County Fire Protection District No. 1

Statement of Activities and Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances - Cash Basis  
For the Year Ended December 31, 2019

	General Fund	Adjustments	Statement of Activities
<b>Expenditures/Expenses:</b>			
Administrative expenses	\$ 574,077	\$ -	\$ 574,077
Operating expenses	1,559,372	-	1,559,372
Capital expenditures	322,010	-	322,010
Total expenditures/expenses	\$ 2,455,459	\$ -	\$ 2,455,459
<b>Program Revenues:</b>			
Charges for services			
Fire reports	\$ 200	\$ -	\$ 200
Fire marshal income	139,261	-	139,261
Total program revenues	\$ 139,461	\$ -	\$ 139,461
Net program expense	\$ (2,315,998)	\$ -	\$ (2,315,998)
<b>General Revenues:</b>			
Property tax revenue	\$ 2,436,228	\$ -	\$ 2,436,228
Miscellaneous income	19,722	-	19,722
Interest income	14,777	-	14,777
Total general revenues	\$ 2,470,727	\$ -	\$ 2,470,727
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 154,729	\$ (154,729)	\$ -
<b>Other Financing Sources/Uses</b>			
Purple Wave Auction Monies	\$ 26,000	\$ (26,000)	\$ -
<b>Excess (deficiency) of revenues and transfers in over expenditures and transfers out</b>	\$ 180,729	\$ (180,729)	\$ -
Change in net position	-	180,729	180,729
Fund balance/net position:			
Beginning of Year	614,285	-	614,285
End of Year	\$ 795,014	\$ -	\$ 795,014

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

# Lincoln County Fire Protection District No. 1

Notes to Financial Statements  
Year Ended December 31, 2019

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

Lincoln County Fire Protection District No. 1 (the District) was authorized and established under the constitution of the State of Missouri as a political subdivision in 1987. The District was incorporated upon voter approval. Upon creation, the District assumed responsibilities to provide fire protection within its defined boundaries. Those boundaries have expanded since 1987 to include a service area comprising the Troy city limits and surrounding areas. The District maintains four stations. The District operates as a "three director" district as described in RSMo Chapter 162.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

### A. BASIS OF PRESENTATION

Special-purpose governments engaged in a single governmental program and having no component units may present financial statements as combining fund financial statements with government-wide statements. This is illustrated on the Statement of Net Position and Governmental Funds Balance Sheet – Cash Basis and Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances – Cash Basis.

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The fund statements are presented on a cash basis of accounting.

The following is a brief description of the specific funds used by the District.

#### Governmental Funds

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes. The District does not maintain any other funds.

# Lincoln County Fire Protection District No. 1

Notes to Financial Statements  
Year Ended December 31, 2019

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Government-wide financial statements and Fund Financial Statements are prepared using the cash basis of accounting, a basis of accounting other than Generally Accepted Accounting Principles (GAAP). Under the cash basis, revenues are recognized when received rather than when earned and expenditures are recognized when cash is disbursed rather than when the obligation is incurred. However, liabilities for payroll taxes and the flower fund are shown in the financial statements.

### C. BUDGETS AND BUDGETARY ACCOUNTING

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

- 1) In accordance with Section 67 of the Missouri Revised Statutes, the budget officer, as designated by the District, prepares and adopts an annual budget which represents the complete financial plan for the ensuing budget year. The budget includes at least the following information:
  - a) A budget message describing the important features of the budget and major changes from the preceding year;
  - b) Estimated revenues to be collected from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund, activity and object;
  - c) The amount required for the payment of interest, amortization, and redemption charges on the debt of the District;
  - d) A general budget summary.
- 2) In no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.
- 3) The District may revise, alter, increase or decrease the items in the proposed budget, subject to such limitations as may be provided by law provided, that in no event, shall the total authorized expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.
- 4) The District shall, before the beginning of the fiscal year, approve the budget and approve or adopt such orders, motions, resolutions or ordinances as may be required to authorize the budgeted expenditures and produce the revenues in the budget.
- 5) After the District has approved the budget and approved or adopted the orders, motions, resolutions or ordinances required to authorize the expenditures proposed in the budget, the District shall not increase the total amount authorized for expenditure from any fund, unless the District Council adopts a resolution setting forth the facts and reasons making the increase necessary and approves or adopts an order, motion resolution or ordinance to authorize the expenditures.

The 2019 budget was approved at the regularly scheduled Board of Directors' meeting.

# Lincoln County Fire Protection District No. 1

Notes to Financial Statements  
Year Ended December 31, 2019

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. CAPITAL ASSETS

Capital assets are recorded as expenditures in the General Fund at the time the expenditures are made. The District does not maintain a record of its general capital assets, and therefore, no depreciation is provided on capital assets.

### E. INVENTORIES

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

### F. COMPENSATED ABSENCES

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Such amounts unused are not vested in the employee upon termination.

### G. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### H. FUND BALANCE AND NET POSITION

Net Position represents the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by laws or regulations of the government. All other net position that do not meet the definition of "restricted" are reported as unrestricted net position. It is the District's policy to expend restricted resources first if the restrictions are met.

Fund balances are classified as follows:

**Nonspendable-** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balance as of December 31, 2019.

**Restricted-** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or law or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted fund balance as December 31, 2019.

**Committed-** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District had no committed resources as of December 31, 2019.

**Assigned-** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Board through budgetary process. The District had no assigned resources as of December 31, 2019.

**Unassigned-** All amounts not included in other spendable classifications.

# Lincoln County Fire Protection District No. 1

Notes to Financial Statements  
Year Ended December 31, 2019

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

### H. FUND BALANCE AND NET POSITION (CONCLUDED)

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

### I. SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 30, 2020, the date the financial statements were available to be issued.

## 2. CASH AND CASH EQUIVALENTS

Deposits – All deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentality's of any maturity, as provided by law.

### Deposits

At December 31, 2019, the carrying amount of the District's deposits was \$798,811 and the bank balance was \$810,213. Of the bank balance, \$250,000 was covered by federal depository insurance and \$560,213 was covered by pledged securities held in the District's name.

### Investments

For the year ended December 31, 2019, the District had no investments.

## 3. LITIGATION

At December 31, 2019 there were no claims or lawsuits pending against the District.

## 4. TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable by December 31. All unpaid taxes become delinquent January 1, of the following year. The county collects the property taxes and remits them to the District on a monthly basis.

## 5. PENSION PLAN

The Lincoln County Fire Protection District No. 1 contributed to a 401a plan set up through Mass Mutual for full-time employees who have been employed continuously for at least one year. The District matches employee deferrals up to 8% of each employee's wages. The District contributed \$81,980 to the 401a plan in 2019.

# Lincoln County Fire Protection District No. 1

Notes to Financial Statements  
Year Ended December 31, 2019

## 6. CAPITAL LEASES

2007 Elite Pumper and Tanker – On May 20, 2016, the District signed a lease with option to purchase with Community First National Bank (lessor). The lease is for a 2007 Elite pumper and tanker. The total equipment cost is \$210,000. In 2019, the District paid off the lease.

Rescue Pumper – On May 15, 2011, the District signed a lease with option to purchase with Community First National Bank (lessor). The lease is for a pumper truck. The total equipment cost is \$612,509. The following schedule represents the future payments required:

<u>Rescue Pumper #3</u> <u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	70,618	6,734	77,352
2021	73,908	3,444	77,352
Total	<u>\$ 144,526</u>	<u>\$ 10,178</u>	<u>\$ 154,704</u>

Fire Station No. 1 – On August 22, 2007, the District signed a lease with option to purchase with Kansas State Bank of Manhattan (lessor). The lease is for the construction and furnishing of the new fire station. The total cost to construct the fire station is \$2,211,000. The following schedule represents the future payments required:

<u>Fire Station # 1</u> <u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	104,975	47,536	152,511
2021	110,003	42,508	152,511
2022	777,433	37,239	814,672
Total	<u>\$ 992,411</u>	<u>\$ 127,283</u>	<u>\$ 1,119,694</u>

## 7. RELATED PARTIES

There were no related party transactions during the year.



## **Supplementary Information**

## Lincoln County Fire Protection District No. 1

Statement of Revenues, Expenses and Changes in Net Position -  
Budget and Actual - Cash Basis  
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues Received:</b>				
Property tax revenue	\$ 2,474,138	\$ 2,474,138	\$ 2,436,228	\$ (37,910)
Fire reports	-	-	200	200
Fire marshal income	15,510	15,510	139,261	123,751
Miscellaneous income	-	-	19,722	19,722
Interest income	-	-	14,777	14,777
<b>Total Revenues Received</b>	<b>\$ 2,489,648</b>	<b>\$ 2,489,648</b>	<b>\$ 2,610,188</b>	<b>\$ 120,540</b>
<b>Expenditures Disbursed:</b>				
Administration:				
Advertising	\$ 13,500	\$ 13,500	\$ 2,736	\$ 10,764
Dispatch	18,000	18,000	22,615	(4,615)
Director fees	-	-	3,900	(3,900)
Professional fees	35,500	35,500	62,354	(26,854)
Workers compensation insurance	-	-	43,643	(43,643)
Health insurance	431,000	431,000	311,550	119,450
Other insurance	-	-	33,055	(33,055)
401a retirement plan	75,000	75,000	81,980	(6,980)
Office supplies	15,000	15,000	12,244	2,756
<b>Total Administration Expenses</b>	<b>\$ 588,000</b>	<b>\$ 588,000</b>	<b>\$ 574,077</b>	<b>\$ 13,923</b>
Operating:				
Repairs and maintenance - buildings	\$ 48,500	\$ 48,500	\$ 44,774	\$ 3,726
Communications	-	-	14,291	(14,291)
Fuel and oil	35,000	35,000	24,159	10,841
Insurance - liability and vehicle	45,000	45,000	42,803	2,197
Salaries/ Inc Taxes	1,152,318	1,152,318	1,132,453	19,865
Repairs and maintenance - equipment and trucks	134,000	134,000	128,956	5,044
Special teams	4,750	4,750	349	4,401
Training and education	39,000	39,000	25,041	13,959
Volunteer and employee recognition	-	-	6,926	(6,926)
Utilities	64,000	64,000	60,417	3,583
Firefighter supplies	62,210	62,210	67,367	(5,157)
Physical examinations	5,000	5,000	3,946	1,054
Fire prevention	15,510	15,510	7,890	7,620
<b>Total Operating Expenditures Disbursed</b>	<b>\$ 1,605,288</b>	<b>\$ 1,605,288</b>	<b>\$ 1,559,372</b>	<b>\$ 45,916</b>
Capital Expenditures:				
Land and building	\$ 152,511	\$ 152,511	\$ 152,511	\$ -
Pumper	77,353	77,353	77,352	1
2007 Elite pumper and tanker	66,496	66,496	66,496	-
2019 Polaris Ranger	-	-	25,651	(25,651)
<b>Total Capital Expenditures Disbursed</b>	<b>\$ 296,360</b>	<b>\$ 296,360</b>	<b>\$ 322,010</b>	<b>\$ (25,650)</b>
<b>Total Expenditures Disbursed</b>	<b>\$ 2,489,648</b>	<b>\$ 2,489,648</b>	<b>\$ 2,455,459</b>	<b>\$ 34,189</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,729</b>	<b>\$ 154,729</b>
<b>Other financing sources/uses:</b>				
Purple Wave Auction Monies	\$ -	\$ -	\$ 26,000	\$ 26,000
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	\$ -	\$ -	\$ 26,000	\$ 26,000
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 180,729</b>	<b>\$ 180,729</b>
Fund Balance - beginning of the year		614,285	614,285	
Fund Balance - end of year		<b>\$ 614,285</b>	<b>\$ 795,014</b>	

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

# Lincoln County Fire Protection District No. 1

Statement of Administrative and Other Expenditures - Cash Basis  
Year Ended December 31, 2019

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## Administrative Expenses:

Advertising	\$	2,736
Dispatch		22,615
Director fees		3,900
Professional fees		62,354
Workers compensation insurance		43,643
Health insurance		311,550
Other insurance		33,055
401a retirement plan		81,980
Office supplies		12,244
Total Administrative	\$	<u>574,077</u>

## Operating Expenses:

Repairs and maintenance - buildings	\$	44,774
Communications		14,291
Fuel and oil		24,159
Insurance - liability and vehicle		42,803
Salaries		1,052,163
Payroll taxes		80,290
Repairs and maintenance - equipment and trucks		128,956
Special teams		349
Training and education		25,041
Volunteer and employee recognition		6,926
Utilities		60,417
Firefighter supplies		67,367
Physical examinations		3,946
Fire prevention		7,890
Total Operating	\$	<u>1,559,372</u>

## Capital Expenditures:

Building payment	\$	152,511
Pumper payment		77,352
2007 Elite pumper payment		66,496
2019 Polaris Ranger		25,651
Total Capital Expenditures	\$	<u>322,010</u>

## **Compliance Section**

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Lincoln County Fire Protection District No. 1  
Troy, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Lincoln County Fire Protection District No.1, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Lincoln County Fire Protection District No. 1's basic financial statements, and have issued our report thereon dated June 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lincoln County Fire Protection District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County Fire Protection District No. 1s internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County Fire Protection District No. 1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (Finding 2019-01).

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* (Concluded)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lincoln County Fire Protection District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items (Finding 2019-01).

**Lincoln County Fire Protection District No. 1's Responses to Findings**

Lincoln County Fire Protection District No. 1's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Lincoln County Fire Protection District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wade Stables P.C.*

**Wade Stables P.C.**  
*Certified Public Accountants*

June 30, 2020  
Troy, Missouri

## **Lincoln County Fire Protection District No. 1**

Schedule of Findings and Responses  
Year Ended December 31, 2019

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### **Finding 2019-01 Segregation of Duties:**

***Condition:***

A lack of segregation of duties was noted during the engagement. Segregation of duties is normally difficult to accomplish within a small organization, but management should be ever mindful of areas that can easily be improved. We noted a deficiency in the cash receipts and disbursements area that needs to be strengthened.

***Reason Improvement Needed:***

Management or employees, in the normal course of performing their assigned functions, may fail to prevent or detect misstatements on a timely basis.

***Recommendation:***

The District should segregate duties the best they can. Cash receipts should be recorded and the deposits prepared by someone other than the employees responsible for posting to QuickBooks. Bank statements, cancelled checks, and appropriate advices should be received by someone other than the employees maintaining cash records. Bank reconciliations should be prepared by someone without other cash responsibilities and reviewed by a second party.

***Response:***

The District is aware and mindful of the lack of segregation of duties. However, with the District being so small, it is hard to put the recommended practices into place.