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Chesterfield, MO 63017  
636.532.9525

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Board of Directors  
**KINLOCH FIRE PROTECTION DISTRICT**

We have audited the financial statements of the governmental activities and each major fund of the **KINLOCH FIRE PROTECTION DISTRICT** (the District) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 7, 2019. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management makes various other accounting estimates related to allowance for doubtful accounts and depreciation. These estimates are based on historical experience of collections and useful life of capital assets.

We evaluated the key factors and the assumptions used to develop the above estimates and determined they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, during the audit we encountered delays in obtaining certain accounting records, support for cash receipts and disbursements, and various other supporting documentation to support the significant amounts in the financial statements.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has elected not to adjust unreconciled payroll tax expense of \$7,575. Management has corrected all other misstatements considered to be material, either individually or in the aggregate. Refer to the attached schedule labeled Adjusting Journal Entries for a summary of the corrected misstatements.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 28, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis and the required supplemental information (RSI), as listed in the table of contents of the financial report, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Restriction on Use**

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

*Sikich LLP*

Chesterfield, Missouri  
September 28, 2021

# KINLOCH FIRE PROTECTION DISTRICT

## ADJUSTING JOURNAL ENTRIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To match prior year balances			
100-1700	Tax Receivables	134,730.00	
100-1900	Restitution	211,331.00	
100-3000	Opening Balance Equity	479.00	
100-3000	Opening Balance Equity	480.00	
200-1300	Due from General Fund	470.00	
200-1700	Tax Receivable	34,020.00	
300-1300	Due from General Fund	904.00	
300-1700	Tax Receivable	65,403.00	
100-1200	Computers		1,090.00
100-1210	Fire Trucks		5,377.00
100-1220	Tools and Equipment		36,663.00
100-1230	Vehicles		16,265.00
100-1240	Furniture		4,015.00
100-1600	Prepaid Items		7,979.00
100-1800	Allowance Uncollectable		2,021.00
100-1950	Restitution Allowance		183,459.00
100-2100	Deferred Taxes		29,472.00
100-2200	Unavailable Restitution		27,872.00
100-2300	Payroll Liabilities		349.00
100-2400	Accrued Payroll		1,508.00
100-2500	Due to Ambulance Fund		470.00
100-2550	Due to Debt Service		904.00
100-3000	Opening Balance Equity		29,445.00
100-4300	Misc Income		131.00
200-1800	Allowance Uncollectable		510.00
200-2100	Deferred Tax		2,425.00
200-3000	Equity		31,555.00
300-1800	Allowance Uncollectable		981.00
300-2100	Deferred Tax		4,663.00
300-3000	Equity		60,663.00
<b>Total</b>		<b><u>447,817.00</u></b>	<b><u>447,817.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
To reverse and correct various retained earnings entries			
100-3000	Opening Balance Equity	210,333.00	
100-5080	Repairs & Maintenance	4,221.00	
100-1900	Restitution		210,333.00
100-3000	Opening Balance Equity		4,221.00
<b>Total</b>		<b><u>214,554.00</u></b>	<b><u>214,554.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To enter prior year due to/from balances			
200-1300	Due from General Fund	30,805.00	
300-1300	Due from General Fund	62,433.00	
100-2500	Due to Ambulance Fund		30,805.00
100-2550	Due to Debt Service		62,433.00
<b>Total</b>		<b><u>93,238.00</u></b>	<b><u>93,238.00</u></b>

# KINLOCH FIRE PROTECTION DISTRICT

## ADJUSTING JOURNAL ENTRIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 4</b>			
To correct 2020 insurance expense			
100-5040	Insurance	958.00	
100-3000	Opening Balance Equity		958.00
<b>Total</b>		<b><u>958.00</u></b>	<b><u>958.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
To adjust restitution and deferred restitution			
100-4200	Tax Revenue	1,872.00	
100-4100	Fraud Restitution		1,872.00
<b>Total</b>		<b><u>1,872.00</u></b>	<b><u>1,872.00</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
To expense the prior year prepaids			
100-5040	Insurance	3,378.00	
100-5060	Office Supplies & Software	479.00	
100-1600	Prepaid Items		3,857.00
<b>Total</b>		<b><u>3,857.00</u></b>	<b><u>3,857.00</u></b>
<b>Adjusting Journal Entries JE # 7</b>			
To reverse client prepaids; correct year-end amount			
100-1600	Prepaid Items	4,455.00	
100-1600	Prepaid Items	11,836.00	
100-1600	Prepaid Items		2,777.00
100-5040	Insurance		11,836.00
100-5060	Office Supplies & Software		1,678.00
<b>Total</b>		<b><u>16,291.00</u></b>	<b><u>16,291.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
To reverse duplicated audit fee accrual			
100-2000	Accounts Payable	20,900.00	
100-5180	Legal & Professional Services		20,900.00
<b>Total</b>		<b><u>20,900.00</u></b>	<b><u>20,900.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>			
To record accrued payroll and take out prior year accrual; correct expense			
100-2300	Payroll Liabilities	349.00	
100-2400	Accrued Payroll	1,508.00	
100-5080	Repairs & Maintenance	543.00	
100-5151	Payroll Wages		892.00
100-5151	Payroll Wages		1,508.00
<b>Total</b>		<b><u>2,400.00</u></b>	<b><u>2,400.00</u></b>
<b>Adjusting Journal Entries JE # 10</b>			
To expense current year fixed asset purchases per detail review			
100-5095	Tools and Equipment	9,477.00	
100-1200	Computers		1,810.00
100-1220	Tools and Equipment		7,667.00
<b>Total</b>		<b><u>9,477.00</u></b>	<b><u>9,477.00</u></b>

**KINLOCH FIRE PROTECTION DISTRICT**

**ADJUSTING JOURNAL ENTRIES**

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

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 11</b>			
Reclass insurance claim/recoveries			
100-5080	Repairs & Maintenance	17,663.00	
100-4300	Misc Income		17,663.00
<b>Total</b>		<b><u>17,663.00</u></b>	<b><u>17,663.00</u></b>

**Adjusting Journal Entries JE # 12**

To reverse prior year taxes accounts receivable and record current year taxes accounts receivable

100-1700	Tax Receivables	116,753.00	
100-1800	Allowance Uncollectable	2,021.00	
100-2100	Deferred Taxes	29,472.00	
100-4200	Tax Revenue	103,237.00	
200-1700	Tax Receivable	30,178.00	
200-1800	Allowance Uncollectable	510.00	
200-2100	Deferred Tax	2,425.00	
200-4200	Tax Revenue	31,085.00	
300-1700	Tax Receivable	58,401.00	
300-1800	Allowance Uncollectable	981.00	
300-2100	Deferred Tax	4,663.00	
300-4200	Tax Revenue	59,759.00	
100-1700	Tax Receivables		134,730.00
100-1800	Allowance Uncollectable		1,751.00
100-2100	Deferred Taxes		36,857.00
100-4200	Tax Revenue		78,145.00
200-1700	Tax Receivable		34,020.00
200-1800	Allowance Uncollectable		453.00
200-2100	Deferred Tax		5,204.00
200-4200	Tax Revenue		24,521.00
300-1700	Tax Receivable		65,403.00
300-1800	Allowance Uncollectable		876.00
300-2100	Deferred Tax		9,621.00
300-4200	Tax Revenue		47,904.00
<b>Total</b>		<b><u>439,485.00</u></b>	<b><u>439,485.00</u></b>

**Adjusting Journal Entries JE # 13**

To correct revenue allocations

100-2550	Due to Debt Service Fund		1,153.00
300-4200	Tax Revenue	3,213.00	
100-4200	Tax Revenue		1,153.00
200-4200	Tax Revenue		2,060.00
300-1300	Due from General Fund	1,153.00	
100-2500	Due to Ambulance Fund		2,060.00
200-1300	Due from General Fund	2,060.00	
<b>Total</b>		<b><u>6,426.00</u></b>	<b><u>6,426.00</u></b>

**KINLOCH FIRE PROTECTION DISTRICT**

**ADJUSTING JOURNAL ENTRIES**

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

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<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 14</b>			
Current year payments on restitution			
100-2200	Unavailable Restitution	1,872.00	
100-1900	Restitution		1,872.00
<b>Total</b>		<u><u>1,872.00</u></u>	<u><u>1,872.00</u></u>
 <b>Adjusting Journal Entries JE # 15</b>			
To correct balancing			
300-1300	Due from General Fund	2.00	
100-2550	Due to Debt Service Fund		2.00
<b>Total</b>		<u><u>2.00</u></u>	<u><u>2.00</u></u>
 <b>Adjusting Journal Entries JE # 16</b>			
To expense payments for fund accounting			
100-5180	Legal & Professional Services	1,100.00	
100-2000	Accounts Payable		1,100.00
<b>Total</b>		<u><u>1,100.00</u></u>	<u><u>1,100.00</u></u>

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## **COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT**

Board of Directors  
**KINLOCH FIRE PROTECTION DISTRICT**

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. 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 **KINLOCH FIRE PROTECTION DISTRICT**'s (the District'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.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication. This letter does not affect our report dated September 28, 2021, on the financial statements of the District. In addition, we have not audited the District's responses to our findings and recommendations.

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

*Sikich LLP*

Chesterfield, Missouri  
September 28, 2021

**KINLOCH FIRE PROTECTION DISTRICT**  
**SCHEDULE OF MANAGEMENT COMMENTS**  
**AND RECOMMENDATIONS**

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**Findings for the year ended December 31, 2020:**

**1. BUDGET OVERRUNS AND USE OF RESTRICTED FUNDS**

**Comment**

We noted the District's General Fund exceeded budgeted expenditures by \$109,824 for the year ended December 31, 2020. In addition, the District used restricted property tax monies (from Ambulance and Debt Service Funds) to cover operational expenditures during the year 2020. Significant burden exists for the District to repay restricted monies from future General Fund resources. We noted the District did not prepare budgets for the Ambulance or Debt Service Funds, nor revise its General Fund budget for the additional expenditures.

**Recommendation**

We recommend the District not pay for operating expenditures intended for other restricted purposes. In addition, the District should closely monitor budgeted expenditures to not exceed appropriated amounts for the year.

**District's Response**

The District issued bonds in early 2021 and used an approved portion of those funds to reimburse 2020 expenditures. During 2021 the District is reimbursing the Debt Service Fund.

**2. PAYROLL RECONCILIATIONS**

**Comment**

We noted that the District's calculated payroll tax expense did not reconcile with what was reported in the general ledger. We were unable to determine the cause of the discrepancy.

**Recommendation**

We recommend the District prepare periodic payroll reconciliations that show agreement between payroll reported to the government and payroll expenditures in the general ledger accounts.

**District's Response**

The District will prepare future payroll reconciliations as part of its ongoing monitoring progress for financial reporting.

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**KINLOCH FIRE PROTECTION DISTRICT**  
**SCHEDULE OF MANAGEMENT COMMENTS**  
**AND RECOMMENDATIONS**

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**Findings for the years ended December 31, 2019 and 2018:**

**1. CAPITAL ASSETS AND PHYSICAL INVENTORY**

**Comment**

We noted the District does not maintain a listing of physical inventory (small tools and supplies), property, and capital assets. In addition, there is no formal policy for taking and maintaining a physical inventory, property, and capital assets listing.

**Recommendation**

We recommend the District adopt a formal policy and procedure for physical inventory, property, and capital asset management. We also recommend the District take at least an annual physical count of these items and reconcile it to the listing and to the general ledger, if applicable. This process is good business practice, and will allow the District to properly track and maintain its physical property and assets.

**District's Response**

The District's outside accountant is currently assisting with development of a physical inventory, property, and capital asset policy. In addition, an inventory of these items is in progress to determine the financial impact to the District. This comment remains for the 2020 audit.

**2. FUND BALANCE POLICY**

**Comment**

We noted that the District does not have a formalized fund balance policy.

**Recommendation**

We recommend the District prepare and adopt a formalized fund balance policy in accordance with GASB 54.

**District's Response**

The District will review this matter and work to develop the proper policy required by GASB 54. This comment remains for the 2020 audit.

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2020

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*Courage, Honor, Integrity, Education, Faith*

**KINLOCH FIRE PROTECTION DISTRICT**  
**FINANCIAL REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
**KINLOCH FIRE PROTECTION DISTRICT**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities and each major fund of the **KINLOCH FIRE PROTECTION DISTRICT** (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 District'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 District'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 qualified audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the District'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 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 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 the District's internal control over financial reporting and compliance.

*Sikich LLP*

Chesterfield, Missouri  
September 28, 2021

# KINLOCH FIRE PROTECTION DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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This section of the Kinloch Fire Protection District's (the District) financial report presents management's discussion and analysis (MD&A) of the District's financial activities during the fiscal year ended December 31, 20. The MD&A is designed to focus on current activities, resulting changes, and currently known facts for the current year. Professional standards also require the inclusion of certain comparative information be included in the MD&A. Please read the MD&A in conjunction with the District's financial statements, which follows this section. Responsibility for the completeness and fairness of this information rests with the District's management.

#### USING THIS ANNUAL REPORT

The financial statements are reported using the reporting model under Governmental Accounting Standards Board Statement No. 34 (GASB 34), which focuses on the District as a whole. The District's basic financial statements are designed to emulate corporate presentation models whereby all District activities are consolidated into one total. The focus of the statement of net position is designed to be similar to bottom line results for the District. The statement of net position combines and consolidates current financial resources (short-term spendable resources) with capital assets. The statement of activities focuses on both the gross costs and the net costs of the District's activities, which are supported mainly by property taxes and by other District revenues. This approach is intended to summarize and simplify the user's analysis of the costs of various District services to the public.

#### FINANCIAL HIGHLIGHTS

In the government-wide financial statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2020 by \$146,529 (net position). Of this amount, \$8,785 represents the District's net investment in capital assets; restricted for debt service of \$122,031; restricted for EMS of \$63,060; and the balance of (\$47,347) will be used to meet the District's ongoing operations.

As of December 31, 2020, the District's governmental funds reported combined ending fund balances of \$113,909, a decrease of \$62,787 in comparison with the prior year. A portion of this amount, \$170,266, represents restricted EMS and debt service fund balance.

Unassigned fund deficit for the General Fund at December 31, 2020 was (\$60,812). This fund deficit resulted from prior years District accrued expenses.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplemental information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements provide the reader with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

# KINLOCH FIRE PROTECTION DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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The statement of activities provides information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

The government-wide financial statements present activities of the District that are principally supported by taxes and charges for services. The District provides services for fire protection, emergency medical, fire prevention, safety, rescue, and hazardous materials response services.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate their comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Ambulance Fund, and Debt Service Fund, which are all considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the basic 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.

**Required supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As of December 31, 2020, the District's net position was \$146,529. The District's assets totaled \$241,382, of which 1.8% represented prepaid items, 3.6% represented net capital assets, 83.8% represented property taxes receivable, and 10.7% represented other receivable. The District's liabilities of \$94,853 represented accounts payable, accrued salaries and related payroll taxes, and note payable.

**KINLOCH FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

A condensed version of the statement of net position is as follows:

	<u>December 31</u>		<u>2020 Change</u>	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>Percent</u>
<b>ASSETS</b>				
Current and other assets	\$ 232,611	263,514	(30,903)	(11.7) %
Capital assets, net	8,785	11,488	(2,703)	(23.5)
Total Assets	<u>241,396</u>	<u>275,002</u>	<u>(33,606)</u>	(12.2)
<b>LIABILITIES</b>				
Current liabilities	41,020	22,386	18,634	83.2
Noncurrent liabilities	53,847	54,947	(1,100)	(2.0)
Total Liabilities	<u>94,867</u>	<u>77,333</u>	<u>17,534</u>	22.7
<b>NET POSITION</b>				
Net investment in capital assets	8,785	11,488	(2,703)	(23.5)
Restricted	185,091	99,306	85,785	86.4
Unrestricted	(47,347)	86,875	(134,222)	(154.5)
Total Net Position	<u>\$ 146,529</u>	<u>197,669</u>	<u>(51,140)</u>	(25.9) %

General revenues include local property taxes, miscellaneous income, and investment earnings. The District's expenses for the purpose of providing fire protection, emergency medical services, and administrative activities. The District's expenses are funded primarily through general revenues (property taxes). Expenses exceeded revenues by \$51,140 for the year ended December 31, 2020.

Total expenses for the year ended December 31, 2020 were \$255,594. Fire protection and administration represented the entire amount of operating costs.

**Governmental activities.** This analysis focuses on the net position and change in net position of the District's governmental activities. A condensed version of the statement of activities is as follows:

**KINLOCH FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	For The Years Ended December 31		2020 Change	
	2020	2019	Amount	Percent
<b>REVENUES</b>				
Charges for services	\$ 11,663	-	11,663	100.0 %
General revenues:				
Taxes	173,135	213,749	(40,614)	(19.0)
Miscellaneous	19,473	902	18,571	2,058.9
Investment income	183	50	133	266.0
Total Revenues	<u>204,454</u>	<u>214,701</u>	<u>(10,247)</u>	<u>(4.8)</u>
<b>EXPENSES</b>				
Fire protection and administration	<u>255,594</u>	<u>107,163</u>	<u>148,431</u>	138.5
<b>CHANGE IN NET POSITION</b>	(51,140)	107,538	(158,678)	147.6
NET POSITION, JANUARY 1	<u>197,669</u>	<u>90,131</u>	<u>107,538</u>	119.3
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 146,529</u></u>	<u><u>197,669</u></u>	<u><u>(51,140)</u></u>	<u>(25.9) %</u>

**FUND ANALYSIS**

**General Fund.** General Fund expenditures exceeded revenues by \$158,498. The largest expenditure in the General Fund is related to administration, which accounted for 25% of total General Fund expenditures, followed by repairs and maintenance, which accounted for 23% of the total General Fund expenditures. The fund balance decreased from \$84,478 to a (\$56,357) deficit.

**Ambulance Fund.** Ambulance Fund revenues for the year were \$26,301. This fund balance increase was primarily due to tax revenues for the year. There were no expenditures incurred for the year.

**Debt Service Fund.** Debt Service Fund revenues for the year were \$51,747. The fund balance increased by the same amount due to tax revenues and no expenditures for the year.

**BUDGET ANALYSIS**

General Fund revenues exceeded budgeted amounts by \$113,617 and expenditures exceeded budgeted amounts by \$109,824 for the year ended December 31, 2020.

**CAPITAL ASSETS**

The District's capital assets decrease is due to depreciation exceeding capital outlay expenditures during the year. There were no Capital asset additions during 2020.

**KINLOCH FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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As of December 31, 2020, the District had invested \$8,785 in capital assets, net of accumulated depreciation, as shown in the following table:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Vehicle	\$ 13,515	13,515
Less - Accumulated depreciation	<u>4,730</u>	<u>2,027</u>
Total Capital Assets, Net	<u>\$ 8,785</u>	<u>11,488</u>

**Long-term debt.** During the current year, the District's total debt decreased by \$1,100 due to payments on a note payable during the year. Additional information of the District's long-term debt can be found in Note F.

### **HISTORY AND PERSONNEL**

The City of Kinloch's first volunteer fire department, organized in January 1936. The one fire station was located on Carson Road, now Martin Luther King Boulevard. The department became a tax-supported District in April 1944, and has remained completely volunteer-operated. The District is currently a full-service fire and emergency services provider.

The District's professional staff consists of volunteers within administration, operations, prevention, and education divisions. The District had minimal turnover for 2020. The staff level for 2020 was 29 volunteers. The District had one salaried employee as of December 31, 2020.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District serves approximately 300 residents and has contractual mutual aid agreements with many fire districts and fire departments in the north-central area of St. Louis County, Missouri. While the District includes commercial buildings and local shopping areas, it is primarily a family-oriented community and, therefore, is somewhat insulated from major changes in the economy.

The District issued general obligation bonds in February 2021 to be used for fire apparatus and other capital outlay.

In addition to servicing equipment and public safety needs, the District has appropriated newly-enacted tax levy funds in 2021 for personnel costs and continued capital replacement and enhancement projects.

### **CONTACT INFORMATION**

This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of the District's financial operations. If the reader has questions or would like additional information about the District, please direct the request to:

Kevin J. Stewart, Fire Chief  
Kinloch Fire Protection District  
5684 Martin Luther King Blvd.  
Kinloch, MO 63140  
314-521-0448

**KINLOCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

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	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash	\$ 14
Prepaid items	4,455
Receivables, net of allowance:	
Property taxes	202,252
Other	25,890
Capital assets, net of accumulated depreciation	8,785
Total Assets	<u>241,396</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	38,526
Accrued salaries and payroll taxes	2,222
Bank overdrafts	272
Total Current Liabilities	<u>41,020</u>
Noncurrent liabilities:	
Due within one year	2,400
Due in more than one year	51,447
Total Noncurrent Liabilities	<u>53,847</u>
Total Liabilities	<u>94,867</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,785
Restricted - debt service	122,031
Restricted - ambulance	63,060
Unrestricted	<u>(47,347)</u>
Total Net Position	<u>\$ 146,529</u>

**KINLOCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net Revenues (Expenses) And Change In Net Position</b>
<b>FUNCTIONS/PROGRAMS</b>			
<b>Governmental Activities</b>			
Fire protection and administration	\$ 255,594	11,663	(243,931)
<b>General Revenues</b>			
Taxes			173,135
Miscellaneous			19,473
Investment income			183
Total General Revenues			192,791
<b>CHANGE IN NET POSITION</b>			(51,140)
<b>NET POSITION, JANUARY 1</b>			197,669
<b>NET POSITION, DECEMBER 31</b>			\$ 146,529

**KINLOCH FIRE PROTECTION DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ -	-	14	14
Prepaid items	4,455	-	-	4,455
Receivables, net of allowance:				
Property taxes	115,002	29,725	57,525	202,252
Other	25,890	-	-	25,890
Due from other funds	-	33,335	64,492	97,827
	<u>-</u>	<u>33,335</u>	<u>64,492</u>	<u>97,827</u>
Total Assets	<u>\$ 145,347</u>	<u>63,060</u>	<u>122,031</u>	<u>330,438</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 38,526	-	-	38,526
Accrued salaries and payroll taxes	2,222	-	-	2,222
Bank overdrafts	272	-	-	272
Due to other funds	97,827	-	-	97,827
	<u>97,827</u>	<u>-</u>	<u>-</u>	<u>97,827</u>
Total Liabilities	<u>138,847</u>	<u>-</u>	<u>-</u>	<u>138,847</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Property taxes	36,857	5,204	9,621	51,682
Other	26,000	-	-	26,000
	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>26,000</u>
Total Deferred Inflows Of Resources	<u>62,857</u>	<u>5,204</u>	<u>9,621</u>	<u>77,682</u>
<b>FUND BALANCE (DEFICIT)</b>				
Nonspendable - prepaid items	4,455	-	-	4,455
Restricted - debt service	-	-	112,410	112,410
Restricted - EMS service	-	57,856	-	57,856
Unassigned	(60,812)	-	-	(60,812)
	<u>(60,812)</u>	<u>-</u>	<u>-</u>	<u>(60,812)</u>
Total Fund Balance (Deficit)	<u>(56,357)</u>	<u>57,856</u>	<u>112,410</u>	<u>113,909</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balance (Deficit)	<u>\$ 145,347</u>	<u>63,060</u>	<u>122,031</u>	<u>330,438</u>

**KINLOCH FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

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Total Fund Balance - Governmental Funds	\$ 113,909
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$13,515 and the accumulated depreciation is \$4,730.	8,785
Other long-term assets (property taxes and ambulance fees not collected within 60 days of year-end) are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund.	77,682
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Note payable	<u>(53,847)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 146,529</u></u>

**KINLOCH FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>General Fund</b>	<b>Ambulance Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 79,965	26,301	51,747	158,013
Permit fees	11,663	-	-	11,663
Miscellaneous	3,682	-	-	3,682
Investment income	183	-	-	183
Total Revenues	<u>95,493</u>	<u>26,301</u>	<u>51,747</u>	<u>173,541</u>
<b>EXPENDITURES</b>				
Current - public safety	244,514	-	-	244,514
Capital outlay	9,477	-	-	9,477
Total Expenditures	<u>253,991</u>	<u>-</u>	<u>-</u>	<u>253,991</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(158,498)	26,301	51,747	(80,450)
<b>OTHER FINANCING SOURCES</b>				
Insurance recoveries	<u>17,663</u>	<u>-</u>	<u>-</u>	<u>17,663</u>
<b>NET CHANGE IN FUND BALANCE</b>	(140,835)	26,301	51,747	(62,787)
FUND BALANCE, JANUARY 1	<u>84,478</u>	<u>31,555</u>	<u>60,663</u>	<u>176,696</u>
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>	<u>\$ (56,357)</u>	<u>57,856</u>	<u>112,410</u>	<u>113,909</u>

**KINLOCH FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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Net Change In Fund Balance - Governmental Funds \$ (62,787)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,703) exceeded capital outlay over the threshold in the current period. (2,703)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.  
 Increase in unavailable revenues 13,250

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds, however, it has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:  
 Decrease of note payable 1,100

Change In Net Position Of Governmental Activities \$ (51,140)

# KINLOCH FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**KINLOCH FIRE PROTECTION DISTRICT** (the District) is a political subdivision duly organized under the laws of the State of Missouri to supply protection to persons and property against injuries and damage from fire and to give assistance in the event of an accident or emergency of any kind. The financial statements include all accounts for the District which are controlled by the Board of Directors.

The accounting policies and financial reporting practices of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant accounting policies:

#### **1. Reporting Entity**

The financial statements of the District include the financial activities of the District and any component units, entities which are financially accountable to the District. The District does not currently have any component units.

#### **2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, if any, are recorded only when payment is due (i.e., matured).

Property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Inspection fees and other income, if any, are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income is recorded as earned since it is measurable and available.

The District reports deferred inflows of resources on its balance sheet. Deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred inflows of resources is removed from the combined balance sheet and revenue is recognized.

The District reports the following major governmental funds:

**General Fund** -- This fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

**Ambulance Fund** -- This fund is used to account for the funds to be utilized for promotion, maintenance, and improvements of emergency medical services.

**Debt Service Fund** -- The Debt Service Fund is used to account for the property tax collected for the payment of long-term debt.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Amounts reported as program revenues include primarily charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

**4. Cash and Cash Equivalents**

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District had no investments meeting this criteria during the year ended December 31, 2020.

**5. Other Receivables and Allowance for Doubtful Accounts**

The District has a restitution receivable related to an amount from individuals that is scheduled to be paid in accordance with the terms as determined by the U.S. District Court-Eastern Missouri.

Allowances for uncollectible receivable amounts by fund are as follows:

	<u>December 31, 2020</u>	
	<u>Property</u>	
	<u>Taxes</u>	<u>Restitution</u>
General Fund	\$ 1,751	183,459
Ambulance Fund	453	-
Debt Service Fund	876	-

**6. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before December 31. All unpaid taxes are delinquent January 1 of the following year.

Property taxes levied for 2020 are recorded as receivables, net of estimated uncollectibles, as are prior year levies which are re-evaluated annually. Taxes receivable represent estimated amounts to be collected by the County Collector of Revenue for 2020 and prior tax years to be remitted to the District subsequent to year-end. The portion of taxes not collected and remitted to the District within 60 days of year-end is recorded as unavailable tax revenue. The allowance for uncollectible taxes is estimated based on past experience.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Property Taxes (Continued)**

Property taxes are assessed, billed, and collected by St. Louis County and remitted by the County to the District. The County's fee is 1.5% of the taxes collected. The following is a summary of the 2020 tax rates:

	2020 Tax Rates			Total
	General Fund	Ambulance Fund	Debt Service Fund	
Real property:				
Residential	0.5000	0.4170	0.8070	1.7240
Commercial	1.4000	0.4170	0.8070	2.6240
Agricultural	0.5000	0.4170	0.8070	1.7240
Personal property	1.4908	0.4170	0.8070	2.7148

Property tax rates for each of the above categories and for each fund type is levied per \$100 of assessed valuation which totaled \$6,870,737 for the District (real property \$3,137,869 and personal property \$3,732,868).

**7. Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**8. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those amounts.

**9. Net Position**

The government-wide statement reports net position which represents the difference between assets and liabilities in three classifications. The portion of net position invested in capital assets is recorded net of outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, if any. The restricted net position is reported due to enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not currently have any deferred outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from property taxes and other amounts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

**11. Fund Balance Policies**

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance with constraints or limitations by formal action (resolution) of the Board of Directors, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the District intends to use for a specific purpose as determined by the applicable District officials to which the Board of Directors has designated authority.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the District will spend the most restricted amounts before the least restricted.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Interfund Transactions**

In the fund financial statements, the District has the following types of transactions among funds:

**Transfers** -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

**Due From/To Other Funds** -- Current portions of long-term interfund loans receivable/payable are considered "available spendable resources" and are reported as assets and liabilities of the appropriate funds.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

**13. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items on the consumption method. Prepaid items are recorded as expenditures when consumed rather than when purchased.

**NOTE B - CASH AND CASH EQUIVALENTS**

Custodial credit risk for bank deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2020, all of the District's bank balances were covered by federal depository insurance. No amount of the balance was uninsured or uncollateralized.

**NOTE C - CONTRACTUAL AGREEMENTS**

The District has a contractual agreement with Central County Emergency 911 Dispatching Center (the Center) for dispatching services. The agreement calls for the District to pay an annual assessment for services. The agreement is for a ten-year period, commencing January 1, 2014, and ending December 31, 2023. The District's assessment paid to the Center for the year ended December 31, 2020 amounted to \$3,809.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - INSURANCE COVERAGE AND 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. The District has transferred these risks by purchasing insurance from commercial enterprises. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Insurance policies were obtained for the policy effective dates of March 19, 2020 through March 19, 2021.

The following insurance policies of the District were in force during the period ended December 31, 2020:

<u>Company</u>	<u>Type Of Coverage</u>	<u>Amount Of Coverage</u>
Church Asset Management	Commercial general liability	\$1,000,000 each occurrence \$2,000,000 aggregate
Church Asset Management	Crime	\$100,000
Church Asset Management	Firefighter Liability	\$1,000,000
Church Asset Management	Property	\$35,000
Church Asset Management	Public Official Liability	\$1,000,000
Church Asset Management	Automobile	\$1,000,000
Church Asset Management	Umbrella Liability	\$2,000,000
Missouri Employers Mutual	Workers' compensation	\$500,000

**NOTE E - CAPITAL ASSETS**

Capital asset activity was as follows:

	<u>For The Year Ended December 31, 2020</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>December 31</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31</u>
	<u>2019</u>			<u>2020</u>
Capital assets being depreciated:				
Vehicles	\$ 13,515	-	-	13,515
Less - Accumulated depreciation	2,027	2,703	-	4,730
Capital Assets, Net	<u>\$ 11,488</u>	<u>(2,703)</u>	<u>-</u>	<u>8,785</u>

Depreciation expense of \$2,703 for the year ended December 31, 2020 was charged to the fire protection and administration function.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - LONG-TERM DEBT**

A summary of changes in the long-term debt is as follows:

	<b>For The Year Ended December 31, 2020</b>			<b>Balance December 31 2020</b>	<b>Amounts Due Within One Year</b>
	<b>Balance December 31 2019</b>	<b>Additions</b>	<b>Payments</b>		
Note payable	\$ 54,947	-	1,100	53,847	2,400

The note payable will be liquidated by the General Fund.

The District entered into an agreement for financing the repayment of professional fees with the Missouri State Auditor's Office for an invoice that was previously recorded as an accounts payable based on an invoice received in 2018. The note consists of the following:

\$54,947 unsecured note due in 275 monthly principal installments of \$200 through December 2043, no stated interest	<b>December 31 2020</b>
	\$ 53,847

**NOTE G - DIRECTORS' FEES**

Directors Fees paid for the year ending December 31, 2020 were \$1,650 to Edna Reese, President, \$1,575 Martha Peebles, Treasurer, and \$1,575 Andre Green, Secretary, respectively.

**NOTE H - INTERFUND TRANSACTIONS**

Individual interfund transactions are as follows:

**Due from/to other funds**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>December 31 2020</b>
Ambulance Fund	General Fund	\$ 33,335
Debt Service Fund	General Fund	64,492
Total		\$ 97,827

Each of these interfund balances are due to timing differences. All interfund balances are expected to be repaid during the next fiscal year.

**KINLOCH FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - SUBSEQUENT EVENTS**

On February 5, 2021 the District issued General Obligation bonds in the amount of \$502,700 for the purpose of purchasing a new fire truck, apparatus, and other repairs and maintenance expenditures.

In February 2021, the District was awarded a FEMA grant in the amount of \$120,000 to be used for training and equipment.

The District purchased a new fire truck in 2021 for approximately \$325,000 which was put into service in May 2021.

Management has evaluated subsequent events through September 28, 2021, the date which the financial statements were available for issue and no other events require disclosure.

**KINLOCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**KINLOCH FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Property taxes	\$ 193,990	79,965	(114,025)
Permit fees	12,000	11,663	(337)
Miscellaneous	3,060	3,682	622
Investment income	60	183	123
Total Revenues	209,110	95,493	(113,617)
<b>EXPENDITURES</b>			
Public safety:			
Administration	27,449	64,270	36,821
Contracted services	6,570	4,978	(1,592)
Dispatch fees	-	3,809	3,809
Education	4,000	12,794	8,794
Supplies	1,800	8,437	6,637
Insurance	14,280	20,950	6,670
Miscellaneous	762	597	(165)
Office supplies and expenses	2,010	5,739	3,729
Personnel	37,856	43,252	5,396
Repairs and maintenance	35,240	58,548	23,308
Utilities	14,200	21,140	6,940
Total Public Safety	144,167	244,514	100,347
Capital outlay	-	9,477	9,477
Total Expenditures	144,167	253,991	109,824
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	64,943	(158,498)	(223,441)
<b>OTHER FINANCING SOURCES</b>			
Insurance proceeds	-	17,663	17,663
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 64,943</b>	<b>(140,835)</b>	<b>(205,778)</b>
FUND BALANCE, JANUARY 1		84,478	
<b>DEFICIT, DECEMBER 31</b>		<b>\$ (56,357)</b>	

**KINLOCH FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Budgets and Budgetary Accounting**

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

- a. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget is adopted on a basis that is generally consistent with the modified accrual basis of accounting.
- b. The Board of Directors approves the tax rate by resolution to fund District operations. Once this rate has been established, the Board of Directors approves the total budget appropriation and may later provide for amendments.
- c. Unused appropriations for the above annually budgeted fund lapse at the end of the year.
- d. Expenditures exceeded budgeted amounts in General Fund by \$109,824 for the year ended December 31, 2020.

**INTERNAL CONTROL AND COMPLIANCE SECTION**

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Chesterfield, MO 63017  
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**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**

Board of Directors  
**KINLOCH FIRE PROTECTION DISTRICT**

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 and each major fund of the **KINLOCH FIRE PROTECTION DISTRICT** (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 28, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item #1, that we consider to be a material weakness.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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 as item #2.

## **DISTRICT'S RESPONSE TO FINDINGS**

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings. This 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sikich LLP*

Chesterfield, Missouri  
September 28, 2021

# KINLOCH FIRE PROTECTION DISTRICT

## SCHEDULE OF FINDINGS

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### Findings for the year ended December 31, 2020:

#### 1. CRITERIA

As noted in the previous year, the District should maintain financial and accounting records in a reasonable manner.

#### CONDITION

We noted the District had financial accounting and reporting issues and irregularities; summarized as follows:

- a. The District does not have an individual with the adequate skills, knowledge, and experience to be able to review and approve financial statements prepared using accounting principles generally accepted in the United States of America (GAAP).
- b. A significant amount of material adjusting journal entries needed to be prepared in order for the District's 2020 financial statements to be prepared in accordance with GAAP.

#### EFFECT

Due to a lack of reasonable financial and accounting records, various report irregularities occurred.

#### CAUSE

The District did not have appropriate oversight and review process in place for financial accounting and reporting. Audit adjustments from prior periods have not been recorded in the District's general ledger.

#### RECOMMENDATION

We recommend the District review and resolve the various financial and accounting issues to comply with State and Local governmental regulations and improve its overall financial strength.

#### DISTRICT'S RESPONSE

The District hired an outside accountant in 2019 to perform the accounting function and record transactions dating back to 2017. The accountant has also assisted with preparing budgets starting with the 2018 year and drafting policies and procedures in 2019 and 2020. The Board of Directors and Fire Chief are managing and overseeing the District's financial well-being. The District has engaged an independent auditor to perform a financial audit for year 2020. In addition, the District continues to cooperate with the Missouri State Auditor's office regarding compliance with State regulations. This finding was not resolved for the 2020 audit.

#### 2. CRITERIA

As noted in the previous year, the District should monitor compliance requirements with laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial amounts.

**KINLOCH FIRE PROTECTION DISTRICT**  
**SCHEDULE OF FINDINGS**

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**CONDITION**

We noted the District had various financial noncompliance issues as follows:

- a. A financial audit of the District, as required by Missouri law had not been performed for prior years, and thus initiated an external audit by the Missouri State Auditor's office.
- b. Formal budgets were prepared but there was no documentation of approval of the budgets.

**EFFECT**

Various requirements were not in compliance.

**CAUSE**

The District does not have sufficient procedures for monitoring compliance.

**RECOMMENDATION**

We recommend the District review and resolve the various financial compliance issues to comply with State and Local governmental regulations and improve its overall financial strength.

**DISTRICT'S RESPONSE**

This comment was resolved for the 2020 audit.