

FINANCIAL STATEMENTS AND
ACCOUNTANTS' REVIEW REPORT

KEYSTONE VALLEY REGIONAL
FIRE DISTRICT

DECEMBER 31, 2018

KEYSTONE VALLEY REGIONAL FIRE DISTRICT
DECEMBER 31, 2018

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FRANCE, ANDERSON, BASILE and COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Keystone Valley Regional Fire District
Pomeroy, PA

We have reviewed the accompanying statement of assets, liabilities, and net assets - cash basis of the Keystone Valley Regional Fire District (a not-for-profit Corporation) as of December 31, 2018, and the related statements of revenue, expenses, and changes in net assets - cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America applied on the cash basis.

France, Anderson, Basile and Company, P.C.

Emmaus, Pennsylvania
March 18, 2019

KEYSTONE VALLEY REGIONAL FIRE DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND
NET ASSETS - CASH BASIS
 December 31, 2018
See Independent Accountants' Review Report

ASSETS

| | |
|---------------------------|------------|
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 416,548 |
| Total Current Assets | \$ 416,548 |
| | ===== |

LIABILITIES AND NET ASSETS

| | |
|-------------------------------------|----------------|
| LIABILITIES | |
| Total Liabilities | \$ -0- |
| NET ASSETS | |
| Unrestricted | 49,092 |
| Restricted Truck Fund | 177,561 |
| Restricted Building Fund | <u>189,895</u> |
| Total Net Assets | <u>416,548</u> |
| Total Liabilities and Net Assets | \$ 416,548 |
| | ===== |

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

KEYSTONE VALLEY REGIONAL FIRE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN
NET ASSETS - CASH BASIS
For The Year Ended December 31, 2018
See Independent Accountants' Review Report

SUPPORT AND REVENUE

| | |
|---------------------------|----------------|
| West Sadsbury Township | \$ 164,870 |
| Parkesburg Borough | 144,393 |
| Sadsbury Township | 40,605 |
| Highland Township | 32,298 |
| Interest Income | <u>101</u> |
| Total Support and Revenue | <u>382,267</u> |

EXPENSES

| | |
|--|----------------|
| Keystone Valley Fire Department Operations | 205,213 |
| Keystone Valley Fire Department Equipment | 27,646 |
| Keystone Valley Fire Department Building and Station Improvements | 75,000 |
| Administrative Expenses | 12,209 |
| Legal and Accounting Expenses | <u>1,340</u> |
| Total Expenses | <u>321,408</u> |

| | |
|--|--------|
| EXCESS OF CASH RECEIPTS OVER CASH DISBURSEMENTS | 60,859 |
|--|--------|

| | |
|-----------------------------|----------------|
| NET ASSETS, JANUARY 1, 2018 | <u>355,689</u> |
|-----------------------------|----------------|

| | |
|-------------------------------|---------------------|
| NET ASSETS, DECEMBER 31, 2018 | \$ 416,548 ===== |
|-------------------------------|---------------------|

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

KEYSTONE VALLEY REGIONAL FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
See Independent Accountants' Review Report

NOTE 1 Nature of Operation

The District is a not for profit organization formed to oversee the consolidation of the Pomeroy, Parkesburg and Atglen Fire Companies. The District receives funding from the member Municipalities and disburses the funds to the Keystone Valley Regional Fire Company and reserve accounts for future building and equipment needs. The member municipalities are; West Sadsbury Township, Parkesburg Borough, Sadsbury Township and Highland Township.

NOTE 2 Summary of Significant Accounting Policies

The summary of significant accounting policies of the Keystone Valley Regional Fire District are presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management whom are responsible for their integrity and objectivity. These accounting policies conform to the cash basis of accounting which is a comprehensive accounting basis other than generally accepted accounting principles. Consequently, only cash received and cash disbursed have been applied in the preparation of the financial statements.

Income Taxes

The District is a not for profit corporation. Accordingly, no federal or state income taxes are recorded.

Disclosure About the Fair Value of Financial Instruments

The carrying amount of financial instruments approximate fair value of those instruments, consequently there is no statement of comprehensive income.

Date of Management's Review

Management has evaluated subsequent events through March 18, 2019, the date which the financial statements are available to be issued.

NOTE 3 Concentration of Credit Risk

Financial instruments that potentially subject the District to concentrations of credit risk consist principally of cash.

The District places all its cash with financial institutions. The accounts of the District are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2018, the District had \$166,548 of uninsured cash balances.

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March 18, 2019

To the Board of Directors
Keystone Valley Regional Fire District
Pomeroy, PA 19367

We are pleased to confirm our acceptance and understanding of the services we are to provide for the year ended December 31, 2018.

You have requested that we prepare the financial statements of Keystone Valley Regional Fire District. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets as of December 31, 2019, and the related statement of revenue, expenses and change in net assets for the year then ended, and the related notes to the financial statements, and perform a review engagement with respect to those financial statements.

Our Responsibilities

The objective of our engagement is to-

1. prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you, and
2. obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when preparing the financial statements and performing the review engagement.

A review engagement includes primarily applying analytical procedures to your financial data and making inquires of management. A review is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole. A review engagement does not contemplate obtaining an understanding of the Keystone Valley Regional Fire District internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or other examination of source documents; or other procedures

ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Keystone Valley Regional Fire District, or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our review procedures that indicates fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our review procedures regarding noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
2. The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the Keystone Valley Regional Fire District complies with the laws and regulations applicable to its activities.

6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with-
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the review engagement.
 - unrestricted access to persons within Keystone Valley Regional Fire District of whom we determine it necessary to make inquiries.
8. To provide us, at the conclusion of the engagement, with a letter that confirms certain representations made during the review.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

We will issue a written report upon completion of our review of the Keystone Valley Regional Fire District's financial statements. Our report will be addressed to the Board of Directors of the Keystone Valley Regional Fire District. We cannot provide assurance that an unmodified accountant's review report will be issued. Circumstances may arise in which it is necessary for us to report known departures from accounting principles generally accepted in the United States of America, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If, for any reason, we are unable to complete the review of your financial statements, we will not issue a report on such statements as a result of this engagement.

You agree to include our accountant's review report in any document containing financial statements that indicates that such financial statements have been reviewed by us and, prior to inclusion of the report, to ask our permission to do so.

Other Relevant Information

Alan C. France, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates except that we agree that our gross fee will not exceed \$1,385. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a

new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan C. France". The signature is fluid and cursive, with a long horizontal stroke at the end.

Alan C. France, CPA
Shareholder

Acknowledged:
Keystone Valley Regional Fire District.

Officer

Date

KEYSTONE VALLEY REGIONAL FIRE DISTRICT
P. O. BOX 180
POMEROY, PA 19367

March 18, 2019

France, Anderson, Basile and Company, P.C.
Certified Public Accountants
903 Chestnut Street
Emmaus, PA 18049

Gentlemen:

We are providing this letter in connection with your review of the financial statements of Keystone Valley Regional Fire District as of December 31, 2018, and for the year then ended, for the purpose of expressing limited assurance that there are no material modifications that should be made to the statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America, prepared on the cash basis method of accounting.

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

We confirm, to the best of our knowledge and belief, as of March 18, 2019, the following representations made to you during your review.

- 1 We acknowledge our responsible and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America, prepared on the cash basis method of accounting, as set out in the terms of the engagement.
2. We have made available to you all;
 - a. Financial records and related data.
 - b. Minutes of the meetings of the directors, and committees of the director, or summaries of actions of recent meetings for which minutes have not been prepared.
 - c. Additional information you have requested from us for the purpose of the review.
 - d. unrestricted access to district personnel from whom you determined it necessary to obtain review evidence.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices

4. All material transactions have been recorded and have been properly reflected in the financial statements.

5. There are no uncorrected misstatements.

6. We acknowledge and have fulfilled my responsibility for design, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

7. We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.

8. We have no knowledge of any fraud or suspected fraud affecting the district involving management, employee who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, including any communications received from employees, former employees, or others.

9. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

10. The following have been properly recorded or disclosed in the financial statements:

a. Related-party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.

b. Guarantees, whether written or oral, under which the company is contingently liable to the bank or other lending institutions.

c. Commitments to purchase or sell investments or agreements to repurchase assets previously sold.

d. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, risks and uncertainties.

11. There are no:

a. Known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

b. Actual or possible claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in the financial statements in accordance with FASB ASC 450, contingencies.

c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, contingencies.

12. The District has satisfactory title of all owned assets, and there are no liens or encumbrances on such assets, nor has any assets been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.

13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

14. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

15. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the District's accounts.

16. No events have occurred subsequent to the date of the district's financial statements and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements.

17. We have responded fully and truthfully to all inquiries made to us by you during your review.

18. In regards to the financial statement preparation services performed by you, we have;

- a. assumed all management responsibilities.
- b. Overseen the services by designating an individual, Vicki P. Florian, who possesses suitable skills, knowledge, and/or experience.
- c. Evaluated the adequacy and results of the services performed.
- d. Accepted responsibility for the results of the services.

Sincerely yours,

Vicki Florian