

Woodcrest Rural Fire Protection District
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Audited Financial Statements
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Woodcrest Rural Fire Protection District
Guthrie, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodcrest Rural Fire Protection District ("District"), as of and for the year ended June 30, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 10 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 supplementary 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and budgetary comparison materials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, 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.

James F. Imel, P. C.



Amber, Oklahoma
June 20, 2017

Management's Discussion and Analysis (MD&A)
Woodcrest Rural Fire Protection District
June 30, 2016

As management of the Woodcrest Rural Fire Protection District ("District") in Logan County, Oklahoma, we offer readers of these financial statements a narrative overview and analysis of the same for the fiscal year ended **June 30, 2016**. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the actual financial statements, which follow this narrative.

The MD&A is an opportunity for management to proactively address any issues that might be affecting the unit's financial status or questions that might be posed by readers of the financial statements.

Financial Highlights

The assets of the District exceeded its liabilities at the close of the fiscal year by **\$1,061,355** (*net position*). The District's total net position increased by **\$155,307**. Ending total assets were **\$1,068,353**.

As of the close of the current fiscal year, the District's governmental funds reported a combined ending net position of **\$578,960** with a net change of **+\$70,784**. Approximately **3.0%**, or **\$17,334**, is non spendable or restricted. At the end of the current fiscal year, the unassigned net position balance for the General Fund was **\$561,626**, or **248.7%** of total fund expenditures for the fiscal year, **\$225,798**.

The District is accumulating funds for a new, larger building facility to serve the community. This facility will be constructed on already owned land.

The District has retired all remaining debt, **\$44,291** and excluding payables in the normal course of operations, is now debt free.

Overview of the Financial Statements

The District's basic financial statements consist of three components:

- 1) government wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

The District's condensed financial information for the fiscal year ending **6/30/2016** is as follows:

1. Capital assets, **\$482,395**; non capital assets, **\$585,958**.
2. Long term liabilities due after one year, **\$0**; other liabilities, **\$6,998**.
3. Net capital assets less related debt, **\$482,395**; unrestricted assets, **\$561,626**; restricted, **\$17,334**.
4. Program revenues: grants, dues, contributions & other, **\$132,789**; property & sales taxes, **\$255,158**; total revenues, **\$387,947**.
5. Operating expenses, **\$174,889**; depreciation and interest, **\$59,074**; total **\$233,963**.

Overview of Budgeted Amounts

The amount that was budgeted for incoming receipts, **\$292,663**, exceeded by actual collections, **\$292,558**, primarily due to minor changes in tax receipts, out-of-area dues and billing-for-service. Budgeted expenditures, **\$578,673**, were less than actual amounts expended, **\$225,798**, due to a delay in the budgeted construction of a new fire station building.

Significant Capital Transactions

The District continued to incur engineering and design fees for a new building during the fiscal year, **\$11,875**; the total advance design fees incurred through the end of the fiscal year was **26,818**. Other equipment necessary for the District's purpose was added as well, **\$101,327**. The District continues to accumulate funds for the new fire station building.

Financial Reporting Overview

The District has continued to make improvements in the quality of the financial reporting cycle. Bank and custodian accounts, fund balances and other material accounts are being reconciled on a routine basis. Longevity in key accounting personnel has contributed to the improvement. A part time office secretary was added.

Regular Board of Directors meetings are being documented by improved Minutes to archive the District activity. Financial position and expenditures are reviewed at that time. The Board monitors compliance with state budgeting and disbursement regulations.

The delays encountered in the financial reporting cycle are improving. With the issuance of the audit report for the year ending June 30, 2016, the District's financial reporting is current and it is planned for audited financial statements in the future to be issued within the 120 day required time period after the end of the year.

The District received a reimbursement from FEMA of \$35,910 for costs of a 2014 wildfire during the year.

Woodcrest Rural Fire Protection District
Statement of Net Position
as of June 30, 2016

Governmental
Activities

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

06/30/2016

Assets	
Cash	\$ 404,855
Cash with fiscal agent	168,094
Accounts receivable	-
Subsequent Year Expenses Paid	13,009
Capital assets not being depreciated	25,000
Capital assets, net of accumulated depreciation	457,395

Total Assets	1,068,353
Deferred Outflows of Resources	0

Total Assets and Deferred Outflows of Resources	\$ 1,068,353
	=====

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES:

Accounts payable	\$ 6,998
Accrued interest payable	-
Other payables	-
Due and payable within one year, Capital Leases	-
Long-term liabilities	
Due and payable after one year	
Capital leases	-

Total Liabilities	6,998

Deferred Inflows of Resources	0

NET POSITION:

Net Investment in Capital Assets	482,395
Restricted	
Maintenance & Operations	4,325
Other	13,009
Unrestricted	561,626

Total net position	1,061,355

Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,068,353
	=====

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

Woodcrest Rural Fire Protection District
Statement of Activities
For the Year Ended June 30, 2016

June 30, 2016

Function / Program

Administration

Expenses:

Operations	\$	174,889
Depreciation		57,688
Interest and fiscal charges		1,386
Loss on transfer of capital assets		-

Total expenses -----
233,963

Program revenue:

Operating grants and contributions		4,290
Gain on transfer of capital assets		77,718
Charges for service		7,340
Other revenue		43,441

Total program revenue -----
132,789

Net program expense -----
101,174

General revenues:

Property Tax		190,648
Sales Tax		64,510
Other revenue		-

Total general revenues -----
255,158

Transfers to reserves

4,325

Change in net position -----
158,309

Net position, beginning balance 903,046

Net position, ending balance \$ 1,061,355
=====

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

Woodcrest Rural Fire Protection District
Balance Sheet Governmental Funds and
Reconciliation of Governmental Funds to Statement of Activities
as of June 30, 2016

	June 30, 2016		
	General Fund	Debt Service	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
ASSETS:			
Cash	\$ 404,855	\$ -	\$ 404,855
Cash with fiscal agent	168,094	-	168,094
Accounts receivable	-	-	-
Subsequent Year Expenses Paid	13,009	-	13,009
	-----	-----	-----
Total Assets	585,958	-	585,958
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
	-----	-----	-----
Total Assets and Deferred Outflows of Resources	\$ 585,958	\$ -	\$ 585,958
	=====	=====	=====
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:			
LIABILITIES:			
Accounts payable	\$ 6,998	\$ -	6,998
Accrued interest payable	-	-	-
Other payables	-	-	-
	-----	-----	-----
Total Liabilities	6,998	-	6,998
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
	-----	-----	-----
NET POSITION:			
Restricted:			
Reserve for encumbrances	4,325	-	4,325
Reserve for subsequent year costs paid	13,009	-	13,009
Reserve for others	-	-	-
Unrestricted:			
Designated for subsequent year's expenditures		-	-
Designated for maintenance and operation	-	-	-
Designated for capital outlay	-	-	-
Undesignated	561,626	-	561,626
	-----	-----	-----
Total net position	578,960	-	578,960
	-----	-----	-----
Total liabilities, deferred inflows of resources and net position	\$ 585,958	\$ -	\$ 585,958
	=====	=====	=====
Net position - total governmental funds			\$ 578,960
Reconciliation of Gov't Funds to Statement of Activities:			
Capital Assets, net of accumulated depreciation			482,395
Long term liabilities, due beyond one year			-

Net position of governmental activities			\$ 1,061,355
			=====

Woodcrest Rural Fire Protection District
Statement of Revenues, Expenditures and
Changes in Net Position - Gov't Funds
For the Year Ended June 30, 2016

June 30, 2016

	General Fund	Debt Service	Total Governmental Funds
Revenues:			
Property Tax	190,648	\$ -	\$ 190,648
Sales Tax	64,510	-	64,510
Grants	4,290	-	4,290
Charges for services	7,340	-	7,340
Other Revenue	25,471	-	25,471
	-----	-----	-----
Total Revenue	292,258	-	292,258
	-----	-----	-----
Expenditures:			
Operations	97,172	-	97,172
Capital Outlay	82,949	-	82,949
Debt Service:			
Principal	-	44,291	44,291
Interest and fiscal charges	-	1,386	1,386
	-----	-----	-----
Total expenditures	180,121	45,677	225,798
	-----	-----	-----
Excess (deficit) revenue over expenditures	112,137	(45,677)	66,460
Other financing sources (uses):			
Capital leases	-	-	-
Interfund transfers in	(45,677)	45,677	-
Interfund transfers out	4,325	-	4,325
	-----	-----	-----
Total other financing sources (u	(41,352)	45,677	4,325
	-----	-----	-----
Net change in net position	70,785	-	70,785
Net position - beginning	508,175	-	508,175
	-----	-----	-----
Net Position - ending	\$ 578,960	\$ -	\$ 578,960
	=====	=====	=====

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

Woodcrest Rural Fire Protection District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Position
 to the Statement of Activities, Governmental Funds

For the Year Ended June 30, 2016

	<u>June 30, 2016</u>
	<u>Governmental Funds</u>
Net Change in net position - total governmental funds	\$ 70,785
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays 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 capital outlays less depreciation.</p>	25,262
<p>Retirement of capital assets is recorded as losses on the the statement of activities. Governmental funds report this as a decrease in capital assets</p>	17,972
<p>Proceeds of long-term debt (including capital leases) recorded as an other financing source for governmental funds but it is not recorded in the statement of activities. Proceeds of long-term debt are liabilities.</p>	-
<p>Repayment of capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment made in the current period.</p>	44,291
Change in net position of governmental activities	----- \$ 158,309 =====

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

Woodcrest Rural Fire Protection District
 Budgetary Comparison Schedule
 Governmental Funds
 For the Year Ended June 30, 2016

June 30, 2016

	General Fund			Debt Service		
	Actual	Adopted Budget	Variance Favorable (Unfavorable)	Actual	Adopted Budget	Variance Favorable (Unfavorable)
Revenues:						
Property Tax	\$ 190,648	\$ 170,000	\$ 20,648	\$ -	\$ -	\$ -
Sales Tax	64,510	81,000	(16,490)	-	-	-
Grants	4,290	4,500	(210)	-	-	-
Charges for services; donations	7,340	5,500	1,840	-	-	-
Other Revenue	25,470	31,663	(6,193)	-	-	-
Total Revenue	292,258	292,663	(405)	-	-	-
Expenditures:						
Operations	97,172	181,000	83,828	-	-	-
Capital Outlay	82,949	372,373	289,424	-	-	-
Debt Service:						
Principal	-	-	-	44,291	25,000	(19,291)
Interest and fiscal charges	-	-	-	1,386	-	(1,386)
Total expenditures	180,121	553,373	373,252	45,677	25,000	(20,677)
Excess (deficit) revenue over expenditures	112,137	(260,710)	372,847	(45,677)	(25,000)	(20,677)
Other financing sources (uses):						
Capital Leases	-	-	-	-	-	-
Interfund transfers in	(45,677)	-	45,677	45,677	-	(45,677)
Interfund transfers out	4,325	-	(4,325)	-	-	-
Total other financing sources (uses)	(41,352)	-	41,352	45,677	-	(45,677)
Net change in Net Position	70,785	(260,710)	331,495	-	(25,000)	25,000
Net Position - beginning	508,175	-	508,175	-	-	-
Net Position - ending	\$ 578,960	\$ (260,710)	\$ 839,670	\$ -	\$ (25,000)	\$ 25,000

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

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Woodcrest Rural Fire Protection District (“District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant District accounting policies are described below.

A. REPORTING ENTITY

The District was organized pursuant to Title 19 section 901 of Oklahoma Statutes in 2005. The District provides fire protection to a designated land area defined by the Logan County Commissioner. The District is made up of volunteer board members and firefighters. The Officers of the board consist of a Chairman, Clerk, and Treasurer and are also residents of the defined fire protection district.

The District reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. Statement No. 14 defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the District, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the District.

B. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE STATEMENTS

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize duplicate transactions. Governmental activities generally are financed through taxes and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct revenues include charges paid by the recipients of goods or services offered by the District, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity and reporting a net position. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity or net position,

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

B. BASIS OF PRESENTATION (Continued)

2. FUND FINANCIAL STATEMENTS (Continued)

revenues and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or if total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 15 percent of the corresponding total for all funds of that category and for all governmental units combined.

3. GOVERNMENTAL FUNDS

- a. The General Fund is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property and sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied, see D. below. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, pension and other post employment costs, and compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. PROPERTY TAXES REVENUE & RECEIVABLE

The Logan County Commissioner prepares the levy in late December of each year and bills taxpayers for the District levy and other Logan County real property taxes. These combined taxes become a lien as of January 1st based on assessed property values as of that date. Tax payments are due during the period December 31st to March 31st.

The tax roll is returned to the Logan County Commissioner of Finance after March 31st at which time all unpaid taxes and penalties are payable to that office. The District retains full tax levies for all unpaid items returned to the County. The County enforces tax liens.

The County reports the annual tax roll that was assessed and collections on those amounts to the District. The District has not reported uncollected amounts as a receivable or as a deferred inflow of resources, see item L, pending an ability by the County to confirm the net amount due to the District as of the fiscal year end.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

E. SALES TAX REVENUE

The Logan County Clerk office serves as the District custodian of sales tax revenue collections. The custodian is both the collection and disbursing agent for the District. The District receives a one fourth of one percent of sales tax levy.

F. CAPITAL ASSETS

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, except for donated fixed assets which are recorded at their fair value at the date of donation. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statement of net position are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
	-----	-----	-----
Office furniture and equipment	\$ 1,000	straight-line	5 years
Fire fighters equipment	5,000	straight-line	5 years
Vehicles	5,000	straight-line	15 years
Buildings	5,000	straight-line	20 years
Building Improvements	5,000	straight-line	10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. INSURANCE

The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

H. COMPENSATED ABSENCES

The District operates on combination of compensated contractors and volunteer personnel. Compensation of contractors is limited to contractual amounts and mileage reimbursements; for volunteers, pension contributions.

I. LONG-TERM LIABILITIES

All long-term debt is reported as liabilities in the government-wide statements. The long-term debt consists of capital leases during the fiscal year, all of which was retired prior to year end.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

J. INTERFUND TRANSFERS

The operations of the District give rise to certain transactions between funds, including transfers of expenditures and revenues to support the debt service fund.

K. FUND EQUITY

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted—Consists of net position with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted—All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund statements

Governmental fund equity is classified as the net position also. Net position is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

The following is a description of the reserves and designations used by the District.

- a. Reserved for Encumbrances—representing net position accumulated for commitments related to unperformed contracts or purchase orders for goods and services.
- b. Reserved for Subsequent Year Costs Paid—represents net position used for subsequent year costs paid prior to the end of the fiscal year.

Designations represent that portion of net position for which there is formal intent declared by the District Board of Directors for amount(s) to be used for a specific purpose.

Designations of fund balance include:

- a. Designated for Subsequent Year's Expenditures—represents net position to be used to assist in supporting the subsequent year's authorized appropriations.
- b. Designated for Maintenance and Operation—represents net position to be used in the maintenance and operation of the District.
- c. Designated for Capital Outlay—represents the net position to be used for capital assets, capital expenditures, and payment of related long-term debt of the District.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

L. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

The District classifies items not meeting the definition of either assets or liabilities as either Deferred Outflows of Resources or Deferred Inflows of Resources as provided by GASB Statement 65. Prepayments of expenses that are paid in advance for use in the following year are continued to be reported as assets.

M. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2—DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH

- a. The District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State.
- b. The District monies of Sales Tax revenue are administered by Logan County Clerk office as a custodian.

2. CAPITAL ASSETS

- a. Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance 07/01/15	Additions	Disposals & Retirements	Balance 06/30/16
	-----	-----	-----	-----
Capital assets, not being depreciated:				
Land	\$25,000	\$0	\$0	\$25,000
	-----	-----	-----	-----
Total capital assets not being depreciated	\$25,000	\$0	\$0	\$25,000
	-----	-----	-----	-----
Capital assets, being depreciated:				
Buildings	\$121,143	\$11,875	\$0	\$133,018
Building Improvements	0	0	0	0
Office Furniture and Equipment	2,000	1,350	0	3,350
Fire Fighters Equipment	193,894	4,977	0	198,871
Vehicles	541,033	95,000	-30,253	605,780
	-----	-----	-----	-----
Total capital assets, being depreciated	858,070	113,202	-30,253	941,019
	-----	-----	-----	-----
Less accumulated depreciation				
Buildings	48,062	5,310	0	53,372
Building Improvements	0	0	0	0
Office Furniture and Equipment	2,000	135	0	2,135
Fire Fighters Equipment	171,923	14,002	0	185,925
Vehicles	221,922	38,241	-17,971	242,192
	-----	-----	-----	-----
Total accumulated depreciation	443,907	57,688	-17,971	483,624
	-----	-----	-----	-----
Total capital assets, being depreciated - net	414,163	55,514	-12,282	457,395
	-----	-----	-----	-----
Governmental activities capital assets, net	\$439,163	\$55,514	\$-12,282	\$482,395
	=====	=====	=====	=====

WOODCREST RURAL FIRE PROTECTION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 2—DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, cont'd

Depreciation expense of \$57,688 was charged to the administration function of the District.

B. LIABILITIES

1. PENSION PLAN

The District participates in the Oklahoma Firefighters Pension and Retirement System (OFPRS). The System provides retirement benefits as well as disability benefits. As set forth in the OFPRS, the District can contribute \$60 per annual, per volunteer firefighter. The annual contribution must be made by July 1 of each year.

2. LONG-TERM LIABILITIES AND LEASE OBLIGATIONS

a. CHANGES IN LONG-TERM LIABILITIES AND LEASE OBLIGATIONS

The following is a summary of changes in long-term liabilities and lease obligations:

	Other Liabilities <u>Capital Leases</u> fye 06/30/16
Balance: Beginning of Year	\$44,291
Additions	0
Payments	-44,291

Balance: End of Year	\$ 0
	=====

Subsequent year scheduled retirement obligations:

Fiscal Year	
2016-2017	\$ 0

Total	\$ 0
	=====

- a. **CAPITAL LEASE OBLIGATIONS**—The District completed its obligation under a non-cancellable lease agreement for certain vehicles and equipment originally totaling \$185,414, which were capitalized for financial reporting purposes. There are no future lease payments remaining under these capital leases as of June 30, 2016.

C. RELATED PARTY TRANSACTIONS

1. There were no material related party transactions during the fiscal year ending 6/30/2016.

D. GRANT AWARDED

1. The District was awarded \$4,290 from an Oklahoma State agency for specific operational costs.

NOTE 3—BUDGETARY DATA

A. BUDGET POLICIES

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2—DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, cont'd

The budget policies are as follows:

1. At least thirty (30) days prior to the beginning of each fiscal year, the District Board reviews and puts together a proposed budget in statutory format and calls for a public hearing.
2. A public hearing on the proposed budget must be no later than fifteen (15) days prior to the beginning of the budget year. Notice of the date, time and place of the hearing, together with the proposed budget summaries, shall be published in the newspaper of general circulation in the district not less than (5) days before the date of the hearing. Copies of the notice are also held for the general public by the County Clerk.
3. Following the public hearing, revisions may again be made by the District Board. The board shall adopt a final budget at least seven (7) days prior to the beginning of the budget year.
4. The adopted budget and proof of circulation shall be filed with the County Clerk and State Auditor prior to the start of the fiscal year.
5. Expenditures in excess of 90% of budgeted funds may not be made until 90% of budgeted receipts are collected. Unexpended budgeted disbursement amounts may be reclassified by the Board without amendment of the filed adopted budget. Amendments are required to be filed with the State Auditor for additional revenues not included in the original amounts.
6. Prior to the 3rd Monday in July of each year, the District sends copies of the prior year financial statements to the State Auditor.

NOTE 4 - SUBSEQUENT EVENTS AND DATE OF AVAILABILITY

The District is accumulating assets to construct an updated fire station building. The Board of Directors has not formally restricted net position for this purpose and held \$572,949 in cash as of 06/30/2016.

The Financial Statements were available to be issued as of the date of the report, and include a review of subsequent events through June 26, 2017.

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Woodcrest Rural Fire Protection District
Guthrie, Oklahoma

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, each major fund, and the aggregate remaining fund information of the Woodcrest Rural Fire Protection District ("District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 20, 2017.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

James F. Imel, P. C.

A handwritten signature in blue ink that reads "James F. Imel, P.C." with a stylized initial "J" and a checkmark-like flourish.

Amber, Oklahoma
June 20, 2017