

RURAL FIRE PROTECTION DISTRICT NO. 1
OF SEQUOYAH COUNTY, OK
ANNUAL FINANCIAL REPORT
JUNE 30, 2019

RALPH OSBORN
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Rural Fire Protection District No. 1
of Sequoyah County, OK

I have audited the accompanying financial statements of the governmental activities and each major fund of Rural Fire Protection District No. 1 of Sequoyah County, OK as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rural Fire Protection District No. 1 of Sequoyah County, OK's basic financial statements.

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 statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my 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 Rural Fire Protection District No. 1 of Sequoyah County, OK as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Information


My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rural Fire Protection District No. 1 of Sequoyah County, OK's basic financial statements.

Other Matters

In accordance with *Government Auditing Standards*, I have also issued my report dated August 13, 2019 on my consideration of Rural Fire Protection District No. 1 of Sequoyah County, OK's internal control over financial reporting and my 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The District has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. Our opinion on the basic financial statements is not affected by this missing information.

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
August 13, 2019

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 131,939
Restricted cash and cash equivalents	43,497
Accounts receivable	3,566
Prepaid	<u>10,036</u>
Total current assets	<u>189,038</u>
Non-current assets:	
Capital assets	
Capital assets net of accumulated depreciation	<u>186,909</u>
Total non-current assets	<u>186,909</u>
Total assets	<u>375,947</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>1,337</u>
Total liabilities	<u>1,337</u>
NET POSITION	
Capital assets, net of related debt	186,909
Restricted	43,497
Unrestricted	<u>144,204</u>
Total net Position	<u>\$ 374,610</u>

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

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Revenue</u>				<u>(Expenses)</u> <u>Revenue</u>
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Function/Programs					
Governmental activities					
Fire	\$ 107,765	\$ -	\$ 2,000	\$ -	\$(105,765)
Total governmental activities	<u>\$ 107,765</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$(105,765)</u>

	<u>Governmental Activities</u>
Changes in net Position:	
Net (expense) revenue	\$ (105,765)
General revenues	
Tax assessments	51,655
Sales Tax Revenues	30,656
Donations	3,500
Rebate	<u>2,071</u>
Total general revenue	87,882
Change in net position	(17,883)
Net position - beginning	<u>392,493</u>
Net position - ending	<u>\$ 374,610</u>

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

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 131,939
Restricted cash and cash equivalents	43,497
Accounts receivable	3,566
Prepaid	<u>10,036</u>
Total assets	<u>\$ 189,038</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>\$ 1,337</u>
Total liabilities	<u>1,337</u>
FUND BALANCE	
Restricted	43,497
Unrestricted	<u>144,204</u>
Total fund balances	<u>187,701</u>
Total liabilities and fund balance	<u>\$ 189,038</u>

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

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balance \$ 187,701

Amounts reported in the statement of net position
are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds.

Capital assets	740,415	
Accumulated depreciation	<u>(553,506)</u>	<u>186,909</u>

Total net position \$ 374,610

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

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
GENERAL REVENUES	
Tax assessments	\$ 51,655
Sales tax revenues	30,656
Donations	3,500
Grant	2,000
Rebate	<u>2,071</u>
Total assets	<u>89,882</u>
EXPENDITURES	
Fire protection - operations:	
Repairs and maintenance	11,739
Advertising	130
Training	830
Operations and maintenance	24,164
Utilities	5,010
Insurance	1,960
Telephone	1,292
Supplies	2,826
Employee benefits	960
Capital outlay	<u>22,808</u>
Subtotal Fire protection - operations	71,719
Donation expense:	
Fundraising expense	<u>4,140</u>
Total fire protection	<u>75,859</u>
County appropriations:	
Repairs and maintenance	990
Operations and maintenance	6,296
Insurance	9,964
Supplies	3,590
Capital outlay	<u>23,523</u>
Total county appropriations	<u>44,363</u>
Total expenditures	<u>120,222</u>
Net changes in fund balances	(30,340)
Fund balances, beginning	<u>218,041</u>
Total fund balance	<u>\$ 187,701</u>

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

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

Net changes in fund balances - total governmental funds \$ (30,340)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those cost are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense	(33,874)	
Capital outlay	<u>46,331</u>	<u>12,457</u>
Change in net position		<u>\$ (17,883)</u>

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

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rural Fire Protection District No. 1 of Sequoyah County, OK (the District) was organized to provide fire protection to residents in the rural areas of Sequoyah County, Oklahoma less and except the incorporated areas of any cities or towns and all properties owned by the United States of America and the State of Oklahoma and its political subdivisions.

Financial Reporting Entity - Basis of Presentation

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the District has only a governmental fund.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Measurement Focus, Basis of Accounting and Financial Statement

The Districts basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Government-wide Financial Statements

Governmental Funds - are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Taxes and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Fund Types and Major Funds

The District reports one major governmental fund. The general fund of the District is the District's primary operating fund. It accounts for all financial resources of the government.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Budgetary Accounting and Control

The budget is presented to the Board of Directors for review, and public hearings are held to address priorities and allocation of resources. In June, the Board of Directors adopts the annual fiscal year budgets for the District operating funds. Once approved, the Board of Directors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by department and class as follows: Repairs and Maintenance, Operating and maintenance, and capital outlay. Budget revisions at this level are subject to final review by the Board of Directors. Expenditures may not exceed appropriations at this level.

Investments

The District follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2019, the District did not report any investments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. The District has not maintained inventory records, however, the value of inventory on hand at June 30, 2019 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

Assets, Liabilities, and Net Assets or Equity

1. Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Assessments Receivable

Assessments receivable represents amounts that are currently due and available for use by the District.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materiality extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	<u>YEARS</u>
Land	N/A
Fire stations	40
Equipment	10

5. Income Taxes

The District is exempt from income taxes as a governmental agency.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2019, all of the District's deposits were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$131,939 at June 30, 2019. The bank balance of the deposits at June 30, 2019 was approximately \$132,148.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2019.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitors the investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2019, the District's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

NOTE C - SALES TAX APPROPRIATIONS

The voters of Sequoyah County approved a permanent one-quarter of one percent (1/4%) sales tax effective, June 1, 2006, to be used for the purpose of providing funding for the County Fire Departments. Of the 1/4% sales tax, ninety-five percent (95%) will be split evenly between the twenty-one (21) fire departments and five percent (5%) will be placed in a cash fund account to be used for such other fire protection services as deemed necessary by the Board of County Commissioners. These funds are accounted for in the Fire Department Sales Tax Fund.

NOTE D - ASSESSMENT REVENUE

The District's ad valorem property tax is levied each June 1 on the assessed value listed as of the prior January 1 for all personal property, real estate, and public service property. Taxes are due on December 31 following the levy date. Tax assessment revenue and receivables reflect the amounts actually received from the County during the current fiscal year.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE E - RESTRICTED CASH

The restricted cash consists solely of \$43,497 maintained in an escrow account by Sequoyah County. The sales tax is approved and expensed at the direction of the Rural Fire Protection District No. 1 of Sequoyah County, OK.

NOTE F - CAPITAL ASSETS

Changes in capital assets.

The following table provides a summary of changes in capital assets:

	<u>CAPITAL ASSETS, DEPRECIATED</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>
Governmental activities				
Land	\$ 11,743	\$ 11,500	\$ -	\$ 23,243
Fire Station #1	39,289	-	-	39,289
Fire Station #2	18,030	-	-	18,030
Fire Station #3	26,440	-	-	26,440
Fire Station #4	17,438	-	-	17,438
Equipment	<u>581,144</u>	<u>34,831</u>	<u>-</u>	<u>615,975</u>
Total Capital Assets	<u>694,084</u>	<u>46,331</u>	<u>-</u>	<u>740,415</u>
Less Accumulated Depreciation	<u>(519,632)</u>	<u>(33,874)</u>	<u>-</u>	<u>(553,506)</u>
Governmental activities				
Capital Assets, Net	<u>\$ 174,452</u>	<u>\$ 12,457</u>	<u>\$ -</u>	<u>\$ 186,909</u>

NOTE G - 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 carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE H - PENSION OBLIGATIONS

The District participates in the firefighters pension plan.

Oklahoma Firefighter's Pension and Retirement System

The District participates in this statewide, cost-sharing, multiple-employer benefit plan on behalf of firefighters. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

	<u>Oklahoma Firefighter's Pension And Retirement System</u>
Eligibility to Participate	All full-time or voluntary Firefighters of a participating Municipality hired before age 45
Authority establishing contribution obligation and benefit provisions	State Statute
Plan members' contribution rate	8% of covered payroll
District's contribution rate	13% of covered payroll/\$60 per volunteer
Period required to vest	10 years
Benefits and eligibility for distribution (full time)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; If vested, at or after age 50, or after 10 but before 20 years of Credited service, with reduced benefits
Benefits and eligibility for distribution (Volunteer)	20 years credited service equal to \$5.46 per month per year of service With a maximum of 30 Years considered
Deferred retirement option	Yes, 20 years credited service with Continued service for 30 or more years
Provisions for:	
Cost of living adjustments (normal retirement)	Yes, if vested by 5/83
Death (duty, non-duty, post-retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

Contributions required by State Statute:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2019	\$ 960	100%
2018	\$ 1,200	100%
2017	\$ 1,200	100%

NOTE I - FEDERAL AND STATE GRANTS

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE J - SUBSEQUENT EVENTS

The District evaluated subsequent events through August 13, 2019 the date which financial statements were available, to determine if any items need to be disclosed. The District is not aware of any items which need disclosure.

RURAL FIRE PROTECTION DISTRICT NO. 1 OF SEQUOYAH COUNTY, OK
RECONCILIATION OF THE APPROPRIATION LEDGER
MAINTAINED BY THE SEQUOYAH COUNTY CLERK
FOR THE YEAR ENDED JUNE 30, 2019

Beginning Cash Balance		\$ 86,376
Appropriations		
July	\$ 2,349	
August	2,825	
September	2,708	
October	2,532	
November	2,612	
December	2,415	
January	2,435	
February	2,577	
March	2,541	
April	2,239	
May	2,546	
June	2,613	
Adjustment for Accounts Receivable	264	
Total Appropriations		30,656
Warrants		
Weldon Parts LLC	2,460	
KPC LLC	11,500	
Myder Fire Support, LLC	990	
Pate Industrial Inc.	892	
Weldon Parts LLC	12,023	
Weldon Parts LLC	261	
Chief Fire & Safety Co. Inc.	90	
Heiman Fire Equipment	3,590	
BHC of Oklahoma, Inc.	10,240	
BHC of Oklahoma, Inc.	335	
MES - Municipal Emergency	385	
Weldon Parts LLC	2,208	
Adjustment for Prepaid Insurance	(611)	
Total Warrants		44,363
Less Adjustments		29,172
Ending Cash Balance		\$ 43,497

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

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*

The Board of Directors
Rural Fire Protection District No. 1
of Sequoyah County, OK

I 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 Rural Fire Protection District No. 1 of Sequoyah County, OK as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rural Fire Protection District No. 1 of Sequoyah County, OK's basic financial statements and have issued my report thereon dated August 13, 2019 which did not include Management's Discussion and Analysis.

Internal Control Over Financial Reporting

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

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

My consideration of internal control over financial reporting 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.

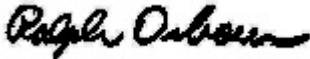
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rural Fire Protection District No. 1 of Sequoyah County, OK's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
August 13, 2019