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**THE DEER CREEK FIRE PROTECTION DISTRICT**

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**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Deer Creek Fire Protection District  
Edmond, Oklahoma

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Deer Creek Fire Protection District as of and for the year ended June 30, 2013, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Deer Creek Fire Protection District, as of June 30, 2013, 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 budgetary comparison information on page 17 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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, 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, on our consideration of the internal control over financial reporting of the Deer Creek Fire Protection District 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 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* in considering the Deer Creek Fire Protection District's internal control over financial reporting and compliance.

 , C.P.A., Inc.

Becky Fleming, C.P.A., Inc.  
October 11, 2013

**THE DEER CREEK FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Current Assets	
Cash and demand deposits	574,918
Prepaid insurance	26,759
Revenue receivable, net of \$11,453 allowance	34,360
Total current assets	<u>636,037</u>
Noncurrent Assets	
Land	12,000
Construction in progress	2,382
Depreciable property and equipment	2,165,828
Accumulated depreciation	(895,821)
Total noncurrent assets	<u>1,284,389</u>
<b>TOTAL ASSETS</b>	<u>1,920,426</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	8,516
Construction accounts payable	3,395
Accrued payroll taxes	1,671
Current portion of capital leases	35,589
Accrued interest	4,281
Total current liabilities	<u>53,452</u>
Noncurrent liabilities	
Capital leases, less current portion	<u>182,635</u>
<b>TOTAL LIABILITIES</b>	<u>236,087</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,066,165
Unrestricted	618,174
<b>TOTAL NET POSITION</b>	<u><u>1,684,339</u></u>

The accompanying notes are an integral part of these financial statements

**THE DEER CREEK FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Governmental Activities		Program Revenues			Net (Expenses) and Changes in Net Assets Governmental Activities
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Fire department	(350,212)	0	8,781	0	(341,431)
<p>* Expenses include interest of \$10,685</p> <p>General revenues:</p> <p>Property taxes 499,345</p> <p>Investment income 8,023</p> <p>Other income 3,273</p> <p>Total general revenues 510,641</p> <p>Change in net assets 169,210</p> <p>Beginning net position 1,515,129</p> <p>Ending net position 1,684,339</p>					

The accompanying notes are an integral part of these financial statements

**THE DEER CREEK FIRE PROTECTION DISTRICT  
BALANCE SHEET - GENERAL FUND  
AS OF JUNE 30, 2013**

	<u>GENERAL</u>
	<u>FUND</u>
<b>ASSETS</b>	
Cash	574,918
Prepaid insurance	26,759
Taxes receivable	1,524
<b>TOTAL ASSETS</b>	<u>603,201</u>
<b>LIABILITIES</b>	
Accounts payable	8,516
Construction accounts payable	3,395
Accrued payroll taxes	1,671
<b>TOTAL LIABILITIES</b>	<u>13,582</u>
<b>FUND BALANCE</b>	
Nonspendable	26,759
Unrestricted - unassigned	562,860
<b>TOTAL FUND BALANCE</b>	<u>589,619</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>603,201</u>
Amounts reported in the Statement of Net Position are different because:	589,619
Taxes receivable	32,836
Capital assets	1,284,389
Capital leases payable	<u>(222,505)</u>
<b>Net position of governmental activities</b>	<u>1,684,339</u>

The accompanying notes are an integral part of these financial statements

**THE DEER CREEK FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN GENERAL FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Property taxes	498,593
Other revenues	3,176
Interest	8,023
Grants	8,628
<b>TOTAL REVENUES</b>	<b>518,420</b>
 <b>EXPENDITURES</b>	
Personal services	77,148
Materials and supplies	71,509
Other services and charges	55,215
Capital outlay	225,002
Debt service	45,409
<b>TOTAL EXPENDITURES</b>	<b>474,283</b>
 <b>REVENUES OVER EXPENDITURES</b>	<b>44,137</b>
 <b>BEGINNING FUND BALANCE</b>	<b>545,482</b>
<b>ENDING FUND BALANCE</b>	<b>589,619</b>
 <b>Reconciliation of the change in fund balance to the change in net position:</b>	
Property taxes	44,137
Capital assets purchased	752
Depreciation expense	225,002
Disposal of capital assets	(135,655)
Accrued interest expense	1,586
Principal payments	(668)
<b>Change in Net Position of Governmental Activities</b>	<b>34,056</b>

The accompanying notes are an integral part of these financial statements

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

**1. Summary of Significant Accounting Policies**

**1A. Financial Reporting Entity**

The Deer Creek Fire Protection District (the District) is organized under Title 19, Oklahoma Statutes, sections 901 et seq. The District provides fire protection services for residents of the District. As required by generally accepted accounting principles, the financial statements of the reporting entity include all of the funds relevant to the operations of the District. The District has no component units as defined by generally accepted accounting principles.

For the fiscal year ended June 30, 2013, the District implemented the new financial reporting requirements of the following GASB statements:

GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in other pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. .

GASB 63 provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in the statement of financial position. This Statement amends the net asset reporting requirements of other pronouncements by incorporating deferred outflows and inflows into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows and inflows of resources; and recognizes certain items currently being reported as assets and liabilities as outflows and inflows of resources.

**1B. Basis of Presentation**

**1B1. Fund Accounting**

The District maintains only one fund to account for its financial activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on a specific activity or attaining certain objectives in accordance with special regulations, restrictions or limitations. The fund maintained by the District is a governmental fund.

**1B2. Basis of Accounting and Measurement Focus**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded. In

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

regard to the use of restricted resources, the District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**1B3. Government-wide Financial Statements**

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, deferred outflows, liabilities, deferred inflows, and net position using the economic resources measurement focus and the accrual basis of accounting. This means that revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Program revenues include charges to customers or those who directly benefit from program services and operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other revenues not properly included as program revenues are general revenues. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

The government-wide financial statements required are the statement of net position and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

**1B4. Governmental Fund Financial Statements**

The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

**1C. Deposits and Investments**

The State of Oklahoma allows government entities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

The District has not formally adopted deposit and investment policies that limit its allowable deposits or investments and address the specific types of risk to which the District is exposed.

At year end, District deposits were fully insured.

**1D. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**1E. Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

In the fund financial statements, capital assets are expensed as capital outlay. In the government-wide financial statements, capital assets are capitalized and depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10 to 20 years
Building equipment	5 to 10 years
Vehicles and fire equipment	5 to 15 years

**1F. Long-term Debt**

Long-term debt is not reported on the balance sheet in the fund financial statements. Debt proceeds are reported as other financing sources while repayments of principle and interest are reported as debt service expenditures in the statement of revenues, expenditures, and changes in fund balance.

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

In the government-wide financial statements, long-term debt is recorded as a liability in the statement of net assets. Repayments of principal reduce the liability, while interest is expensed in the statement of activities.

**1G. Equity Classifications**

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted net position – Net position that has constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of the previous two classifications.

Governmental fund equity is classified as fund balance, which is either nonspendable, restricted, or unrestricted. Nonspendable fund balance consists of resources that are either not in a spendable form, or are legally or contractually required to be maintained intact. Restricted fund balance consists of resources with spending restrictions that are externally imposed by creditors, grantors, or laws. Unrestricted fund balance is composed of 3 components as follows:

1. Committed – internally restricted by formal action of the board.
2. Assigned – constrained by the government's intent.
3. Unassigned – residual fund balance remaining after allocation to non-spendable, restricted, committed, or assigned.

**2. Property Tax Assessments**

The Deer Creek Fire Protection District assesses property owners at the rate of 7.3 mills. The annual assessments are levied by Oklahoma County on November 1 of each year, and are due one-half by December 31 and one-half by March 31. The assessments are collected by Oklahoma County and remitted to the District monthly. Major assessment payments are received in the months of December through April and are recorded as revenue when received. At year end, the District adjusts the government-wide statement revenues to the assessed value and the taxes receivable to the estimated balance due based on historical collection rates. In the fund statements, revenues and taxes receivable are adjusted for the amount collected in July of the subsequent fiscal year.

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

**3. Capital Assets**

					Accumulated Depreciation				Net Value
	Beginning Balance	Add	Delete	Ending Balance	Beginning Balance	Add	Delete	Ending Balance	
Assets not depreciated									
Land	12,000	0	0	12,000	0	0	0	0	12,000
Construction in progress	12,309	189,997	(199,924)	2,382	0	0	0	0	2,382
Total not depreciated	24,309	189,997	(199,924)	14,382	0	0	0	0	14,382
Depreciable assets									
Buildings	387,191	199,924	0	587,115	204,033	26,025	0	230,058	357,057
Vehicles	839,569	37,568	(7,815)	869,322	395,614	58,830	(5,471)	448,973	420,349
Equipment	293,603	0	0	293,603	110,575	22,231	0	132,806	160,797
Building equipment	44,910	0	0	44,910	18,327	3,844	0	22,171	22,739
Leased vehicles	370,879	0	0	370,879	37,088	24,725	0	61,813	309,066
Total other assets	1,936,152	237,492	(7,815)	2,165,829	765,637	135,655	(5,471)	895,821	1,270,008
Total Assets	1,960,461	427,489	(207,739)	2,180,211	765,637	135,655	(5,471)	895,821	1,284,390

**4. Capital Leases**

January 23, 2010, the District entered into a 10-year lease-purchase agreement for a fire truck costing \$359,261. The District financed the total purchase price at an interest rate of 4.5%. The lease requires annual payments and contains a clause that releases the District from the lease if funds are not available to be appropriated for the lease.

Interest Rate	Maturity Date	Amount Issued	Outstanding	Interest Expense	Due in One Year	Security
4.503%	01/22/19	359,261	218,224	10,685	35,589	fire truck

Capital asset activity for the year ended June 30, 2013, is summarized as follows:

	Principal	Interest	Total	Termination Value
2014	35,589	9,820	45,409	
2015	37,192	8,217	45,409	
2016	38,866	6,543	45,409	
2017	40,616	4,793	45,409	
2018	42,445	2,964	45,409	
2019	23,516	1,053	24,569	1
	218,224	33,390	251,614	1

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

Leases outstanding 06/30/12	252,280
New leases	0
Retirements	<u>(34,056)</u>
Leases outstanding 06/30/13	<u>218,224</u>

**5. Defined Benefit Pension Plans**

**Plan Description.** The District contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105. Trend information showing the progress of the system in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report.

**Funding Policy.** Volunteer firefighters are not required to contribute, but the District is required to contribute \$60 per volunteer per year. Participating paid firefighters contribute 8% of applicable earnings, while the District contributes 13% of the member's applicable earnings. The contribution requirements of the System are rates determined by Oklahoma Statutes and are not based on actuarial calculations. The District's contributions to the System, equal to 100% of the required annual contributions, were as follows:

	<u>ER</u>	<u>ER</u>	<u>EE</u>
	<u>Volunteer</u>	<u>Paid</u>	<u>Paid</u>
2013	1,920	5,130	3,157
2012	1,080	3,909	2,406
2011	1,080	4,033	2,482

**6. Risk Management**

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The District did not record any claims activity for the year just ended.

**The Deer Creek Fire Protection District  
Notes to the Basic Financial Statements  
As of and for the Year Ended June 30, 2013**

**7. Subsequent Events**

Management performed an evaluation of the District's activity through October 11, 2013, the date the audit was available to be released, and has concluded that there are no significant subsequent events requiring disclosure through that date.

**BECKY FLEMING, C.P.A., INC.**

**7920 108<sup>th</sup> Ave NE  
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**Cell: 405.641.5794**

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**INDEPENDENT AUDITOR'S REPORT ON THE 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  
The Deer Creek Fire Protection District  
Edmond, 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 and governmental fund of the Deer Creek Fire Protection District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Deer Creek Fire Protection District's basic financial statements, and have issued our report thereon dated October 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Deer Creek Fire Protection 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 Deer Creek Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Deer Creek Fire Protection 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses

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

2013-1: Since the District's treasurer provides all financial accounting and reporting functions, there is no segregation of duties related to maintaining the general ledger, performing reconciliations, or signing checks, and no compensating procedures to provide for oversight or review of those functions. We recommend that the District find ways for the board members to provide oversight of these functions, such as receiving unopened bank statements for review; signing off on bank reconciliations, and requiring dual signatures on checks.

2013-2: The District does not have sufficient internal control over budgeting to insure that actual expenditures do not exceed budgeted expenditures. We recommend that procedures be established to insure that the District complies with its budget.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Deer Creek Fire Protection District are free of 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 the following instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

2013-3: The District did not comply with its budget according to Oklahoma statutes. We recommend that the District establish procedures to make sure that actual expenditures do not exceed budgeted expenditures.

### **The Deer Creek Fire Protection District's Response to Findings**

The Deer Creek Fire Protection District's response to the findings identified in our audit is described below. The Deer Creek Fire Protection District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

2013-1 response: Since we are such a small District, we do not have a way of segregating duties. However, we will try to find ways to establish better oversight procedures.

2013-2 response: We will establish procedures to make sure we comply with our budget.

2013-3 response: We will establish procedures to make sure we comply with our budget.

## 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 result 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.

 , C.P.A., Inc.  
Becky Fleming, C.P.A., Inc.  
October 11, 2013

**THE DEER CREEK FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGET BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Ad valorem taxes	462,000	462,000	498,593	36,593
Other revenues	1,400	1,400	3,176	1,776
Interest	3,750	3,750	8,023	4,273
Grants	5,200	5,200	8,628	3,428
<b>TOTAL REVENUES</b>	<b>472,350</b>	<b>472,350</b>	<b>518,420</b>	<b>46,070</b>
<b>EXPENDITURES</b>				
Personal services	80,700	80,700	77,148	3,552
Materials and supplies	82,400	82,400	71,509	10,891
Other services and charges	62,050	62,050	55,215	6,835
Capital outlay	247,200	247,200	225,002	22,198
Debt service	0	0	45,409	(45,409)
<b>TOTAL EXPENDITURES</b>	<b>472,350</b>	<b>472,350</b>	<b>474,283</b>	<b>(1,933)</b>
<b>REVENUES (UNDER) EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>44,137</b>	<b>44,137</b>
<b>BEGINNING FUND BALANCE</b>	<b>314,641</b>	<b>314,641</b>	<b>314,641</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>314,641</b>	<b>314,641</b>	<b>358,778</b>	<b>44,137</b>

**Notes to the budgetary comparison schedule:**

The board adopts a legally required annual operating budget each year. The modified accrual basis of accounting used for fund financial reporting is used for budgetary purposes. The legal level of compliance for expenditures is at the department level. Title 19 prohibits authorized or actual expenditures from exceeding the budgeted appropriations as adopted or amended; prohibits a negative fund balance; and prohibits authorized or actual expenditures or encumbrances in excess of 90% of the appropriation of any fund until revenues of at least 90% of the appropriation have been collected. Budget amendments are approved by the board as required.