
**THE OAK CLIFF RURAL FIRE
PROTECTION DISTRICT**

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 Oak Cliff Rural Fire Protection District
Edmond, Oklahoma

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Oak Cliff Rural 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 *Governmental 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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Oak Cliff Rural Fire Protection District, Oklahoma, 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 18 be presented to supplement the basic financial statements. Such information, although not 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 July 3, 2014, on our consideration of the internal control over financial reporting of the Oak Cliff Rural 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 Oak Cliff Rural Fire Protection District's internal control over financial reporting and compliance.

 , C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
July 3, 2014

THE OAK CLIFF RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

ASSETS

Current Assets

Cash and demand deposits	75,868
County sales tax fund	118,115
Certificates of deposit	711,418
Revenue receivable	57,871
Allowance for uncollectible taxes	(658)
Grants receivable	<u>42,540</u>
Total current assets	1,005,154

Noncurrent Assets

Depreciable property and equipment	3,011,393
Accumulated depreciation	<u>(1,295,320)</u>
Net depreciable assets	1,716,073
Non-depreciable capital assets	<u>205,388</u>
Total noncurrent assets	<u>1,921,461</u>

TOTAL ASSETS 2,926,615

LIABILITIES

Current Liabilities

Accounts payable	13,975
Accrued payroll and related accruals	8,840
Current portion of capital leases	<u>87,048</u>
Total current liabilities	109,863

Noncurrent liabilities

Capital leases, less current portion	<u>536,697</u>
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TOTAL LIABILITIES 646,560

NET POSITION

Net investment in capital assets	1,297,716
Unrestricted	<u>982,339</u>

TOTAL NET POSITION 2,280,055

The accompanying notes are an integral part of these financial statements

THE OAK CLIFF RURAL FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Governmental Activities		Program Revenues			Net Revenues and
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position
Functions/Programs	Expenses				Governmental Activities
Fire department *	(608,480)	0	212,134	0	(396,346)
General revenues:					
Property taxes					645,422
Miscellaneous revenues					31,870
Investment income					7,401
Total general revenues					684,693
Change in net assets					288,347
Beginning net position					1,991,708
Ending net position					2,280,055

* Includes interest of \$24,067

The accompanying notes are an integral part of these financial statements

**THE OAK CLIFF RURAL FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash	75,868
Restricted cash	118,115
Certificates of deposit	711,418
Revenue receivable	57,871
Allowance for uncollectible taxes	(658)
Grants receivable	<u>42,540</u>
TOTAL ASSETS	<u>1,005,154</u>

LIABILITIES

Accounts payable	13,975
Accrued payroll and related accruals	<u>8,840</u>
TOTAL LIABILITIES	22,815

FUND BALANCE

Unrestricted:	
Unassigned	<u>982,339</u>
TOTAL FUND BALANCE	<u>982,339</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>1,005,154</u>

Reconciliation to Statement of Net Position:

Fund balance	982,339
Net capital assets	1,921,461
Leases payable	<u>(623,745)</u>
Net position of governmental activities	<u>2,280,055</u>

The accompanying notes are an integral part of these financial statements

**THE OAK CLIFF RURAL FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN GENERAL FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

REVENUES	
Property taxes	645,422
Logan county sales taxes	76,839
Other revenues	45,316
Interest	7,401
Grants	135,295
TOTAL REVENUES	<u>910,273</u>
EXPENDITURES	
Personal services	167,901
Materials and supplies	165,655
Other services and charges	97,908
Capital outlay	211,569
Debt service	108,033
TOTAL EXPENDITURES	<u>751,066</u>
REVENUES (UNDER) EXPENDITURES	159,207
BEGINNING FUND BALANCE	<u>823,132</u>
ENDING FUND BALANCE	<u><u>982,339</u></u>
Reconciliation of the change in fund balance to the change in net position:	
	159,207
Capital asset purchases capitalized	211,569
Net sales of capital assets	(13,447)
Depreciation expense	(152,948)
Principal payments	83,966
Change in Net Position of Governmental Activities	<u><u>288,347</u></u>

The accompanying notes are an integral part of these financial statements

**The Oak Cliff Rural 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 Oak Cliff Rural 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 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.

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

1B3. Government-wide Financial Statements

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, liabilities, and net assets 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 assets 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 generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1C. Cash and Cash Equivalents

The District has defined cash and cash equivalents to be cash on hand, demand deposits, cash with fiscal agents, and short-term investments with original maturities of three months or less from the date of acquisition.

The Oak Cliff Rural Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

Prior to 1992, capital assets were not being capitalized. During 1992, an inventory of capital assets was taken and any asset for which cost could not be determined was valued at fair market value. Since then, 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 is 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	5 to 30 years
Office equipment	3 to 7 years
Firefighting equipment	8 to 15 years
Vehicles	5 to 30 years

1F. Compensated Absences

Employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are expensed as paid.

1G. 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.

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.

1H. Equity Classifications

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

The Oak Cliff Rural Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2013

1. Net investment in capital assets – 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 assets – Net assets that have had 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 assets – All other net assets that do not meet the definition of the previous two classifications.

Governmental fund equity is classified as fund balance, which is either non-spendable, restricted, or unrestricted. Non-spendable 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 three components as follows:

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

2. Deposits and Certificates of Deposit

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.

Custodial Credit Risk

Custodial credit risk related to deposits exists when the district holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the district's name; or collateralized without a written or approved collateral agreement. At year end, the district had deposits of \$538,035 collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the district's name.

3. Property Tax Assessments

The Oak Cliff Rural Fire Protection District assesses property owners 7.22 mills. The annual assessments are levied by Logan 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 Logan County and

The Oak Cliff Rural Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2013

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 revenues and the receivable to amounts estimated to be collectible based on historical collection rates.

4. County Sales Tax and Restricted Cash Account

Logan County passed a ¼ cent sales tax for fire protection that is divided between all fire departments in the county. The county collects the sales tax for each department and expends the funds according to each department's specific requests. The balance in the District's account at June 30, 2013, was \$118,115. During the year just ended, the District authorized expenditures out of the account of \$40,511.

5. Capital Assets

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

	Beginning			Ending	Accumulated Depreciation				Net
	Balance	Added	Deleted	Balance	Beginning	Added	Deleted	Ending	Value
Land	46,801	0	0	46,801	0	0	0	0	46,801
Construction	5,462	153,125	0	158,587	0	0	0	0	158,587
Non-depreciable assets	52,263	153,125	0	205,388	0	0	0	0	205,388
Depreciable assets									
Buildings	530,658	14,127	0	544,785	264,783	20,560	0	285,343	259,442
Office equipment	18,532	0	0	18,532	9,935	1,359	0	11,294	7,238
Equipment	463,673	36,202	0	499,875	333,768	23,378	0	357,146	142,729
Capital lease assets	847,689	0	0	847,689	76,419	35,021	0	111,440	736,249
Vehicles	1,196,831	8,115	(104,434)	1,100,512	548,454	72,631	(90,987)	530,098	570,414
Total depreciable assets	3,057,383	58,444	(104,434)	3,011,393	1,233,359	152,949	(90,987)	1,295,321	1,716,072
Total assets	3,109,646	211,569	(104,434)	3,216,781	1,233,359	152,949	(90,987)	1,295,321	1,921,460

6. Capital Leases

At June 30, 2013, the District is liable for the following capital leases:

Interest Rate	Maturity Date	Amount Issued	Outstanding	Interest Expense	Due in One Year	Security
3.646%	06/15/18	377,731	294,974	11,804	54,780	building
3.547%	04/15/22	365,000	328,770	12,263	32,268	rescue truck
		742,731	623,745	24,067	87,048	

The Oak Cliff Rural Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2013

Capital lease activity for the year is presented below:

Leases outstanding 06/30/12	707,711
New leases	0
Repayments	<u>(83,966)</u>
Leases outstanding 06/30/12	<u><u>623,745</u></u>

Principal and interest payments for the terms of the leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	87,048	20,986	108,033
2015	90,242	17,791	108,033
2016	93,554	14,480	108,033
2017	96,987	11,047	108,033
2018	100,546	7,488	108,033
2019-2022	<u>155,368</u>	<u>11,031</u>	<u>166,400</u>
	<u><u>623,745</u></u>	<u><u>82,822</u></u>	<u><u>706,567</u></u>

7. Budgets and Budgetary Compliance

The board of directors 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 fund financial statements presented reflect expenditures at the budget line item level. Budget amendments are approved by the board when required. Encumbrance accounting is used throughout the year, but unused encumbrances lapse at the end of each year. For the year just ended, one budget amendment was approved by the board of directors. The budgetary comparison schedule presented as part of this report reflects the final approved budget for the year, including all amendments.

Title 19 prohibits authorized or actual expenditures from exceeding any fund balance for any fund of the budget as adopted or amended, or which exceeds the appropriation for any fund of the budget as adopted or amended; and it 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.

8. 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

The Oak Cliff Rural Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2013

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, or by calling 1-800-525-7461.

Funding Policy. Volunteer firefighters are not required to contribute, but the District is required to contribute \$60 per volunteer per year. The contributions requirements of the System are rates determined by Oklahoma Statutes and are not based on actuarial calculations. The District's contributions to the System for the years ended June 30, 2013, 2012 and 2011 were \$4,860, \$2,400 and \$2,580 respectively, equal to the required contribution for each year. During 2013, the System changed the due date for volunteer contributions, resulting in 2 years contributions being made during 2013.

Funding Policy. Paid firefighters are required to contribute 8% of eligible salary, while the district is required to contribute 13%. The contribution requirement of the System is an established rate determined by Oklahoma Statute and is not based on actuarial calculations. The district's contribution to the System for the year was \$8,619, equal to the required contribution for the year. Employees contributed \$5,304. Eligible payroll was \$66,299.

9. 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 received \$25,928 for covered losses during the year just ended, recorded as miscellaneous income.

10. Subsequent Events

Management performed an evaluation of the District's activity through July 3, 2014, the date the audit was available to be released, and has concluded that there are no significant subsequent events requiring disclosure through that date.

**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 Oak Cliff Rural Fire Protection District

We have audited 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, the financial statements of the governmental activities and governmental fund of the Oak Cliff Rural 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 basic financial statements of the Oak Cliff Rural Fire Protection District, and have issued our report thereon, dated July 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting of the Oak Cliff Rural Fire Protection District 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 Oak Cliff Rural Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oak Cliff Rural Fire Protection District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies in the District's internal control to be material weaknesses:

2013-1 - There are no established procedures to ensure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of capital assets are adequately maintained; or that donated capital assets are correctly recorded. We recommend that procedures be established to correctly maintain capital asset records, including annual physical inventories.

Response - We will establish procedures to make sure all capital expenditures are properly recorded in the general ledger and that subsidiary schedules are adequately maintained and reconciled to the general ledger accounts. We will work with the fire chief to perform an annual physical inventory and reconcile assets to insurance policy schedules also.

2013-2 – There are no established procedures to adequately maintain grant records and to ensure that grant revenues and expenditures are correctly recorded in the general ledger. We recommend that procedures be established to correctly maintain grant records and to make sure that grants revenues and expenditures are correctly recorded in the general ledger.

Response – We will establish procedures to make sure that grant records are maintained correctly and that grant revenues and expenditures are recorded correctly in the general ledger.

A significant deficiency is a deficiency, or 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. We consider the following deficiencies to be significant deficiencies:

2013-3 - There are no established procedures for reviewing the general ledger for posting errors or for reconciling subsidiary reports to the general ledger. We recommend that procedures be established for monthly review of the general ledger for posting errors and for reconciling subsidiary reports to the general ledger.

Response - We will establish procedures for reviewing the general ledger for posting errors and for making sure subsidiary reports are reconciled to the general ledger monthly.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Oak Cliff Rural 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Oak Cliff Rural Fire Protection District's Response to Findings

The Oak Cliff Rural Fire Protection District's response to the findings identified in our audit is described above. The Oak Cliff Rural 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.

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.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should be used by anyone other than these specified parties.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
July 3, 2014

**THE OAK CLIFF RURAL FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGET BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes	564,413	629,413	645,422	16,009
Logan county sales taxes	47,000	47,000	76,839	29,839
Other revenues	4,000	35,900	45,316	9,416
Interest	4,000	4,000	7,401	3,401
Grants	0	372,000	135,295	(236,705)
TOTAL REVENUES	619,413	1,088,313	910,273	(178,040)
EXPENDITURES				
Personal services	119,900	167,660	167,901	(241)
Materials and supplies	187,000	206,000	165,655	40,345
Other services and charges	124,760	100,000	97,908	2,092
Capital outlay	83,415	457,415	211,569	245,846
Debt service	104,338	112,338	108,033	4,305
TOTAL EXPENDITURES	619,413	1,043,413	751,066	292,347
REVENUES (UNDER) EXPENDITURES	0	44,900	159,207	114,307
BEGINNING FUND BALANCE	823,132	823,132	823,132	0
ENDING FUND BALANCE	823,132	868,032	982,339	114,307

Notes to the budgetary comparison schedule:

1. Any differences between the budget basis and GAAP are immaterial.