
THE DEER CREEK FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
. GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION - MODIFIED CASH BASIS	3
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS	4
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS.....	6
NOTES TO THE FINANCIAL STATEMENTS	
NOTES TO THE BASIC FINANCIAL STATEMENTS.....	7
SUPPLEMENTAL INFORMATION	
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.....	13
SCHEDULE OF FINDINGS AND RESPONSES	15
BUDGETARY COMPARISON SCHEDULE	16

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis 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, 2019, 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 the modified cash basis of accounting as described in Note 1: this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and governmental fund of the Deer Creek Fire Protection District, as of June 30, 2019, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Deer Creek Fire Protection District's basic financial statements. The budgetary comparison schedule on page 16, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, 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.
December 11, 2019

Deer Creek Fire Protection District
Statement of Net Position - Modified Cash Basis
As of June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and demand deposits	603,634
Accounts receivable	750
Prepaid insurance	<u>43,567</u>
Total current assets	647,951
Noncurrent Assets	
Land	58,046
Depreciable property and equipment	3,671,369
Accumulated depreciation	<u>(1,744,409)</u>
Total noncurrent assets	<u>1,985,006</u>
TOTAL ASSETS	<u><u>\$2,632,957</u></u>
LIABILITIES	
Current Liabilities	
Payroll withholding payable	4,158
Deferred grant revenue	102
Current portion of capital leases	<u>45,145</u>
Total current liabilities	49,405
Noncurrent liabilities	
Capital leases, less current portion	<u>367,941</u>
TOTAL LIABILITIES	<u>417,346</u>
NET POSITION	
Net investment in capital assets	1,571,920
Unrestricted	<u>643,691</u>
TOTAL NET POSITION	<u><u>\$2,215,611</u></u>

The accompanying notes are an integral part of these financial statements

Deer Creek Fire Protection District
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2019

Governmental Activities		Program Revenues			Net (Expenses) and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions	Expenses				
Fire department	(664,298)	0	17,255	0	(647,043)
* Expenses include interest of \$17,473					
General revenues:					
Property taxes					642,554
Investment income					5,175
Other income					1,886
Total general revenues					649,615
Change in net assets					2,572
Beginning net position					2,213,039
Ending net position					\$2,215,611

The accompanying notes are an integral part of these financial statements

Deer Creek Fire Protection District
Balance Sheet - Modified Cash Basis
Governmental Fund
As of June 30, 2019

	General Fund
ASSETS	
Cash and demand deposits	603,634
Accounts receivable	750
Prepaid insurance	43,567
TOTAL ASSETS	<u>\$647,951</u>
LIABILITIES	
Payroll withholding payable	4,158
Deferred grant revenue	102
TOTAL LIABILITIES	<u>4,260</u>
FUND BALANCE	
Nonspendable	43,567
Unrestricted - unassigned	600,124
TOTAL FUND BALANCE	<u>643,691</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$647,951</u>
Amounts reported in the Statement of Net Position are different because:	643,691
Capital assets	1,985,006
Capital leases payable	(413,086)
Net position of governmental activities	<u>\$2,215,611</u>

The accompanying notes are an integral part of these financial statements

Deer Creek Fire Protection District
Statement of Revenues, Expenditures, and Change
in Fund Balance - Modified Cash Basis
Governmental Fund
For the Year Ended June 30, 2019

	<u>General Fund</u>
REVENUES	
Property taxes	642,554
Dues and contributions	13,255
Other revenues	1,886
Interest	5,175
Grants	4,000
TOTAL REVENUES	<u>666,870</u>
EXPENDITURES	
Personal services	214,545
Materials and supplies	136,914
Other services and charges	94,342
Capital outlay	185,072
Debt service	60,859
TOTAL EXPENDITURES	<u>691,732</u>
REVENUES OVER EXPENDITURES	(24,862)
BEGINNING FUND BALANCE	<u>668,553</u>
ENDING FUND BALANCE	<u><u>\$643,691</u></u>
Reconciliation of the change in fund balance	
to the change in net position:	(24,862)
Capital assets purchased	185,072
Depreciation expense	(196,101)
Loss on disposal of capital assets	(4,925)
Principal payments	43,388
Change in Net Position of Governmental Activities	<u><u>\$2,572</u></u>

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, 2019

1. Summary of Significant Accounting Policies

1A. Introduction

The District's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

1B. 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.

1C. Basis of Presentation

1C1. Fund Accounting

The District uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The District has only one fund, a governmental fund.

1C2. 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.

1C2a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

The Deer Creek Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

1C3. 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 assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses, with the exception of capitalizing and depreciating capital assets, are recorded when paid. 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.

1C4. 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 cash basis of accounting. Revenues are recognized when they are received and expenditures are recorded when paid. 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. Deposits and Investments

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.

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.

At year end, District deposits were fully insured.

The Deer Creek Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

1D. Cash and Cash Equivalents

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

1E. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. In the general fund financial statements, capital assets are expensed as capital outlay. In the government-wide financial statements, capital assets are capitalized and depreciation on all capital 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

In the governmental fund financial statements, long-term debt is not reported on the balance sheet. 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.

1G. Equity Classifications

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

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 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.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

The Deer Creek Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision making authority.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
5. Unassigned – remaining fund balance in excess of all other classifications.

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 at least monthly. Major assessment payments are received in the months of December through April and are recorded as revenue when received.

3. Capital Assets

Capital asset activity for the year ended June 30, 2019, is summarized as follows:

				Accumulated Depreciation				Net Value
	Beginning Balance	Add	Delete	Ending Balance	Beginning Balance	Add	Delete	Ending Balance
Assets not depreciated								
Land	58,047	0	0	58,047	0	0	0	0
Construction in progress	0	0	0	0	0	0	0	0
Total not depreciated	58,047	0	0	58,047	0	0	0	0
Depreciable assets								
Buildings and equipment	1,377,276	0	(5,058)	1,372,218	480,581	56,169	(5,058)	531,692
Vehicles and equipment	1,627,253	185,072	(11,650)	1,800,675	1,046,279	106,700	(6,725)	1,146,254
Leased vehicles	498,475	0	0	498,475	33,232	33,232	0	66,463
Total other assets	3,503,004	185,072	(16,708)	3,671,368	1,560,091	196,100	(11,783)	1,744,409
Total Assets	\$3,561,050	\$185,072	(\$16,708)	\$3,729,414	\$1,560,091	\$196,100	(\$11,783)	\$1,744,409

Depreciation expense of \$196,100 was reported in the government-wide statements.

The Deer Creek Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

4. Capital Leases

Leases outstanding 06/30/18	456,473
New leases	0
Retirements	<u>(43,388)</u>
Leases outstanding 06/30/19	<u><u>\$413,085</u></u>

December 11, 2017, the District entered into a 10-year lease-purchase agreement for a fire truck costing \$498,475. The District financed the total purchase price at an interest rate of 3.75% for the first 5 years, and at prime for the remaining 5 years. 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
3.750%	01/12/27	\$498,475	\$413,086	\$17,368	\$45,146	fire truck
Prime after 5 years						

A summary of debt service requirements to maturity by year is as follows:

	Principal	Interest	Total	Termination Value
2020	45,146	15,714	60,859	
2021	46,863	13,996	60,859	
2022	48,645	12,214	60,859	
2023	50,496	10,363	60,859	
2024	52,417	8,442	60,859	
2025 - 2027	169,520	13,057	182,577	1
	<u>\$413,086</u>	<u>\$73,786</u>	<u>\$486,873</u>	<u>\$1</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.

The Deer Creek Fire Protection District
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2019

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 9% of applicable earnings, while the District contributes 14% 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:

	ER Volunteer	ER Paid	EE Paid
2019	\$1,980	\$13,964	\$8,977
2018	\$1,980	\$14,304	\$9,195
2017	\$2,160	\$14,061	\$9,039

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 made claims for \$7,038 during the year just ended for radios.

7. Budgeting

The board adopts a legally required annual operating budget each year. The modified cash 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. One budget amendment was approved for 2019.

8. Subsequent Events

Management performed an evaluation of the District's activity through December 11, 2019, 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 Deer Creek Fire Protection District
Edmond, Oklahoma

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 modified cash basis 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, 2019, 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 December 11, 2019.

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 Deer Creek 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 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 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, and 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as finding 2019-1, which we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Deer Creek Fire Protection District's Response to Findings

The Deer Creek Fire Protection District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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.

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.
December 11, 2019

**Deer Creek Fire Protection District
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

2019-1

This is a repeat finding from prior years.

Criteria: Segregation of duties or other compensating procedures to provide oversight and review between those maintaining the general ledger, performing reconciliations, collecting payments, and signing checks should be established to make deliberate fraud more difficult to enact and to make it more likely that innocent errors will be found and corrected.

Condition: The same individual maintains the general ledger, performs reconciliations, collects payments, and signs checks, with few compensating procedures to provide for oversight or review of those transactions.

Cause: The District is small and has only 1 person, the treasurer, to maintain the financial records.

Effect: Because there is a single individual who maintains the general ledger, performs reconciliations, collects payments, and signs checks, and few compensating procedures to provide for oversight or review of those transactions, deliberate fraud or posting or other errors could occur and not be found and corrected on a timely basis.

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the general ledger, performing reconciliations, collecting payments, and signing checks, or, where that is not possible, establish other compensating procedures to provide for oversight or review of those transactions.

Response: Since we are such a small District, we do not have a way of segregating duties. However, we are always trying to find ways to establish better oversight procedures. Currently, the board reviews financial reports monthly that include a balance sheet, a budget to actual report, a detailed check register, and also reviews the bank statements.

**Deer Creek Fire Protection District
Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Budget Basis	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	580,000	580,000	642,554	62,554
Dues and contributions	8,000	8,000	13,255	5,255
Other revenues	50	50	1,886	1,836
Interest	3,600	3,600	5,175	1,575
Grants	5,000	5,000	4,000	(1,000)
TOTAL REVENUES	596,650	596,650	666,870	70,220
EXPENDITURES				
Personal services	212,800	212,800	214,545	(1,745)
Materials and supplies	164,250	164,250	136,914	27,336
Other services and charges	103,300	103,300	94,342	8,958
Capital outlay	199,000	199,000	185,072	13,928
Debt service	61,000	61,000	60,859	141
TOTAL EXPENDITURES	740,350	740,350	691,732	48,618
REVENUES (UNDER) EXPENDITURES	(143,700)	(143,700)	(24,862)	118,838
BEGINNING FUND BALANCE	668,553	668,553	668,553	0
ENDING FUND BALANCE	\$524,853	\$524,853	\$643,691	\$118,838

Notes to the budgetary comparison schedule:

1. The budget is prepared on the modified cash basis of accounting.