

**COLLINSVILLE RURAL
FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2021



COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Board of Directors
Collinsville Rural Fire Protection District

We have audited the accompanying modified cash basis financial statements of the governmental activities of Collinsville Rural Fire Protection District (the "District"), as of and for the year ended June 30, 2021, 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, which is described in Note 2C. 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 an opinion 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 of material misstatement.

An audit involves performing procedures to obtain 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 obtained is sufficient, and appropriate, to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the Collinsville Rural Fire Protection District, as of June 30, 2021, thereof, for the year then ended, in accordance with the modified cash basis of accounting described in Note 2C.

BASIS OF ACCOUNTING

We draw attention to Note 2C of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

OTHER MATTERS

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 31, 2022, on our consideration of the District's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the District's internal control over financial reporting, and compliance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ober & Littlefield, PLLC". The signature is written in a cursive, flowing style.

**OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA**

JANUARY 31, 2022

COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION – MODIFIED BASIS OF ACCOUNTING
JUNE 30, 2021

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 439,762.19
Property and Equipment	
Land	9,972.00
Building and improvements	173,495.02
Equipment	419,341.26
Furniture and fixtures	3,588.16
Fire trucks and apparatus	992,537.38
Total property and equipment	1,598,933.82
Less: accumulated depreciation	(937,651.50)
Net property and equipment	661,282.32
Other Assets	
Prepaid expense	32,418.50
Total assets	\$ 1,133,463.01
Liabilities	
Current Liabilities	
Payroll taxes payable	\$ 1,438.00
Net Position	
Invested in capital assets, net of related debt	661,282.32
Unrestricted	470,742.69
Total net position	1,132,025.01
Total liabilities and net position	\$ 1,133,463.01

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

COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
 STATEMENT OF ACTIVITIES – MODIFIED BASIS OF ACCOUNTING
 JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants	
Governmental activities:				
Fire	<u>\$ 404,149.97</u>	<u>\$ 66,700.00</u>	<u>\$ 15,646.29</u>	<u>\$ (321,803.68)</u>
General revenues				
Special assessment revenues				369,560.18
Miscellaneous revenue				6,600.50
Interest income				<u>1,445.39</u>
Total general revenues				<u>377,606.07</u>
Change in net position				55,802.39
Net position, beginning of year				<u>1,076,222.62</u>
Net position, end of year				<u>\$ 1,132,025.01</u>

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

COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED BASIS OF ACCOUNTING
JUNE 30, 2021

	<u>Fire Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 439,762.19
Other Assets	
Prepaid expense	<u>32,418.50</u>
Total assets	<u><u>\$ 472,180.69</u></u>
Liabilities	
Current Liabilities	
Payroll taxes payable	<u>\$ 1,438.00</u>
Total liabilities	<u>1,438.00</u>
Fund Balance	
Unassigned	<u>470,742.69</u>
Total liabilities and fund balance	<u><u>\$ 472,180.69</u></u>
Reconciliation to the Statement of Net Position	
Total fund balances - governmental funds	\$ 470,742.69
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	<u>661,282.32</u>
Net position of governmental activities	<u><u>\$ 1,132,025.01</u></u>

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

COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS – MODIFIED BASIS OF ACCOUNTING
JUNE 30, 2021

	Fire Fund
General revenues	
Special assessment revenues	\$ 369,560.18
Grant revenues	15,646.29
Contract revenue and dues	66,700.00
Miscellaneous income	6,600.50
Interest income	1,445.39
Total general revenues	<u>459,952.36</u>
Fire protection - operations:	
Advertising and promotion	285.00
Bank charges	600.00
Dispatch & 911 services	8,148.00
Employee benefits/insurance	27,176.88
Fire runs	13,862.63
Inspections	675.00
Insurance & bond	36,429.50
Licenses & permits	100.00
Meals and Entertainment	62.21
Medical testing	90.00
Miscellaneous	129.95
Office expense	912.33
Operational equipment	3,579.82
Postage	164.83
Professional fees	14,410.05
Rent	106.00
Repairs and maintenance	12,775.63
Small tools	1,656.84
Station supplies	6,946.55
Telephone	3,237.36
Training	2,865.14
Oil and gas expense	6,015.43
Travel	1,238.58
Uniforms	244.11
Utilities	8,221.85
Wages	187,298.48
Total fire protection - operations	<u>337,232.17</u>
Capital outlay	182,753.99
Total expenditures/expenses	<u>519,986.16</u>
Excess of revenues over/(under) expenditures	(60,033.80)
Fund balance, beginning of year	<u>530,776.49</u>
Fund balance, end of year	<u><u>\$ 470,742.69</u></u>

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

COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT
 OF ACTIVITIES AND CHANGE IN NET POSITION – MODIFIED BASIS OF ACCOUNTING
 JUNE 30, 2021

Net change in fund balances - total governmental funds	\$ (60,033.80)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital assets purchased	182,753.99
Depreciation expense	(66,917.80)
Change in net position of governmental activities	<u>\$ 55,802.39</u>

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

Note 1 - Nature of Organization

The Collinsville Rural Fire Protection District, (the "District") was organized for the purpose of providing fire protection services for the owners and occupants of land located within the District.

The District's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash, and cash equivalents, and the changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Note 2 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The District complies with GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB 61. This statement establishes standards for defining, and reporting on, the financial reporting entity. It defines component units as legally separate organizations, for which the elected officials of the primary government are financially accountable, and other organizations for which the nature, and significance, of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading, or incomplete.

The District considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the District's financial statements.

B. Basis of Presentation

Government-Wide Statements

The statement of net position – modified cash basis, and the statement of activities – modified cash basis, present financial information about the reporting government, as a whole. These statements include the financial activities of the overall government, in its entirety, except those that are fiduciary. Eliminations have been made to minimize duplicate transactions. Governmental activities generally are financed through taxes and other exchange, and non-exchange, transactions. Operating grants include operating-specific and discretionary (either operational or capital) grants. The statement of activities – modified cash basis presents a comparison between direct expenses and direct revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with, and are clearly identifiable to, a function. Direct revenues include charges paid by the recipients of goods or services offered by the District, and grants and contributions that are restricted to meeting the operational, or capital, requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

Governmental Funds

The general fund is the principal operating fund of the District. It is used to account for all financial resources.

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position – modified cash basis, and statement of activities – modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined.

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a current financial resources measurement focus, within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources, and uses, of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP, as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position, or balance sheets, cash transactions or events that provide a benefit, or result in an obligation, that covers a period greater than the period in which the cash transaction, or event, occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustments to fair value.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Cash and Cash Equivalents

Cash and cash equivalents include all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased.

Note 2 - Summary of Significant Accounting Policies (continued)

E. Fair Value of Financial Instruments

The District's financial statements include cash and investments. The District's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

F. Capital Assets

The District's modified cash basis of accounting reports capital assets, over \$2,000, resulting from cash transactions, or events, and reports depreciation, when appropriate.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions, or events, are accounted for as assets in the statement of net position – modified cash basis, with accumulated depreciation reflected in the statement of net position – modified cash basis. Depreciation is provided over the assets' estimated useful lives, using the straight-line method of depreciation.

Depreciation is computed using the straight-line method, over the following estimated useful lives, in years:

Buildings & Improvements	20-60
Fire Trucks	5-10
Equipment	5-10
Furniture & Fixtures	5-10

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions, or events, acquired for use in governmental fund operations, are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Revenues

The District's major source of revenue is district property assessments. Property owners within the District are assessed a millage levy, as determined by the Board of Directors, as part of the budgeting process and the county Assessor adds the millage to the tax rolls, which is then collected by the County Treasurer, and remitted to the District in the month after it is collected. These revenues are recorded on the modified cash basis of accounting.

Note 2 - Summary of Significant Accounting Policies (continued)

H. Equity Classifications

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

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

I. Use of Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting used by the District, requires management to make estimates, and assumptions, that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

J. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the District to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited at any one institution. The District has not experienced any losses on its cash equivalents.

Note 3. - Detail Notes on Transaction Classes/Accounts

A. - Deposits and Investments

The table presented below is designed to disclose the level of custody credit risk assumed by the District, based upon how its deposits were insured, or secured with collateral, at June 30, 2021.

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits, and certificates of deposit, for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Category 1 – Insured by FDIC or collateralized with securities held by the District or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 – Uninsured and uncollateralized; or 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 with no written or approved collateral agreement.

COLLINSVILLE RURAL FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 3. - Detail Notes on Transaction Classes/Accounts (continued)

A. - Deposits and Investments (continued)

Type	Total Bank Balance	Custody Credit Risk Category			Total Book Balance
		1	2	3	
Demand deposits	\$ 440,560.01	\$ 440,560.01	\$ -	\$ -	\$ 439,762.19
Total cash and cash equivalents	\$ 440,560.01	\$ 440,560.01	\$ -	\$ -	\$ 439,762.19

Reconciliation to statement of net position - modified cash basis:

Cash and equivalents	\$ 439,762.19
Total cash and cash equivalents	\$ 439,762.19

B. - Capital Assets

Capital asset activity during the year was as follows:

	Balance 6/30/2020	Additions	Disposals	Balance 6/30/2021
Land	\$ 9,972.00	\$ -	\$ -	\$ 9,972.00
Fire Trucks & Apparatus	856,324.00	136,213.38	-	992,537.38
Equipment	372,800.65	46,540.61	-	419,341.26
Buildings & Improvements	173,495.02	-	-	173,495.02
Furniture & Fixtures	3,588.16	-	-	3,588.16
Total Property and Equipment	1,416,179.83	182,753.99	-	1,598,933.82
Accumulated Depreciation	(870,733.70)	(66,917.80)	-	(937,651.50)
Net Property and Equipment	\$ 545,446.13	\$ 115,836.19	\$ -	\$ 661,282.32

Note 4 - Subsequent Events

Management has evaluated subsequent events up to, and including, January 31, 2022, which is the date the financial statements were available for issuance, and no additional disclosures are required.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Chairman and Board of Directors
Collinsville Rural Fire Protection District

We have audited the accompanying modified cash basis financial statements of the governmental activities of Collinsville Rural Fire Protection District (the "District"), and the related notes to the financial statements, which collectively comprise the basic financial statements of the Collinsville Rural Fire Protection District, as of June 30, 2021, and the related notes to the financial statements. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

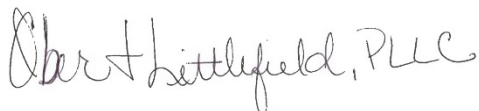
Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Collinsville Rural Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct, and material, effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

OBER & LITTLEFIELD, CPAs, PLLC
MIAMI, OKLAHOMA

JANUARY 31, 2022