

DEER CREEK FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2022



124 S. Main Street, Miami, Oklahoma 74354
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DEER CREEK FIRE PROTECTION DISTRICT
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Certified Public Accountants, PLLC
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INDEPENDENT AUDITOR’S REPORT

Honorable Chairman and Board of Directors
Deer Creek Fire Protection District

OPINION

We have audited the accompanying modified cash basis financial statements of the governmental activities of Deer Creek Fire Protection District (the “District”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

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 District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with the modified cash basis of accounting described in Note 2C.

BASIS FOR OPINIONS

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Deer Creek Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 cash 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.

RESPONSIBILITIES OF MANAGEMENT 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregated, that raise substantial doubt about Deer Creek Fire Protection District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

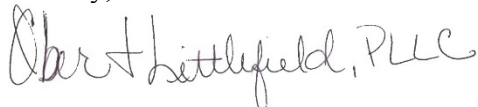
- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Deer Creek Fire Protection District's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregated that raise substantial doubt about Deer Creek Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 24, 2023, 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 Deer Creek Fire Protection 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,



OBER & LITTLEFIELD, CPAs, PLLC
MIAMI, OKLAHOMA

MARCH 24, 2023

DEER CREEK FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
AS OF JUNE 30, 2022

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 668,254
Total current assets	<u>668,254</u>
Property and Equipment	
Land	86,985
Depreciable property and equipment	<u>3,748,963</u>
Total Property and Equipment	3,835,948
Less: accumulated depreciation	<u>(2,292,290)</u>
Net Property and Equipment	<u>1,543,658</u>
Total Assets	<u><u>\$ 2,211,912</u></u>
Liabilities	
Current Liabilities	
Accounts payable	
Payroll taxes payable	<u>\$ 3,663</u>
Total Liabilities	<u>3,663</u>
Net Position	
Invested in capital assets, net of related debt	1,543,658
Unrestricted	<u>664,591</u>
Total Net Position	<u>2,208,249</u>
Total Liabilities and Net Position	<u><u>\$ 2,211,912</u></u>

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

DEER CREEK FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue
		Charges for Services	Operating Grants	
Governmental activities:				
Fire	<u>\$ 827,679</u>	<u>\$ -</u>	<u>\$ 4,763</u>	<u>\$ (822,916)</u>
General revenues				
Special assessment revenues				754,502
Dues and contributions				18,721
Other Income				5,963
Investment Income				<u>5,507</u>
Total general revenues				<u>784,693</u>
Change in net position				<u>(38,223)</u>
Fund balance/net position, beginning of year				<u>2,246,472</u>
Fund balance/net position, end of year				<u>\$ 2,208,249</u>

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

DEER CREEK FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUND – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

	<u>Fire Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	<u>\$ 668,254</u>
Fund balances:	
Unassigned	<u> 664,591</u>
Total fund balance - governmental funds	\$ 664,591
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$2,310,726	1,543,658
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the modified cash basis governmental fund balance sheet	
Due within one year	-
Long-term portion	-
Net position of governmental activities	<u>\$ 2,208,249</u>

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

DEER CREEK FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND – MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

	<u>Fire Fund</u>
General revenues	
Property taxes	\$ 754,502
Dues and contributions	18,721
Other Income	5,963
Interest	5,507
Grants	<u>4,763</u>
Total general revenues	<u>789,456</u>
Expenditures	
Fire protection - operations:	
Advertising	717
Banking and finance fees	25
Dues and memberships	2,959
Fuel	30,559
Employee benefits	50,966
Insurance	54,574
Miscellaneous	8,555
Office expense	4,316
Operational equipment	18,077
Operational supplies	5,587
Payroll tax expense	10,305
Professional fees	9,800
Repairs and maintenance	107,520
Telephone	12,205
Training	22,904
Uniforms	18,367
Utilities	20,357
Wages	<u>267,237</u>
Total fire protection - operations	645,030
Capital outlay	23,516
Debt service:	
Principal	321,025
Interest expense	<u>13,012</u>
Total expenditures	<u>1,002,583</u>
Excess of revenues over/(under) expenditures	<u>(213,127)</u>
Net change in fund balance	<u>(213,127)</u>
Fund balance, beginning of year	877,718
Fund balance, end of year	<u><u>\$ 664,591</u></u>

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

DEER CREEK 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 CASH BASIS
 YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ (213,127)
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	23,516
Depreciation expense	(169,638)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position - modified cash basis. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position - modified cash basis:	
Principal repaid	<u>321,025</u>
Change in net position of governmental activities	<u><u>\$ (38,223)</u></u>

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

Note 1 - Nature of Organization

The Deer Creek Fire Protection District, (the "District") is organized under Title 19, Oklahoma Status, sections 901 et. Seq. The District provides 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 revenue, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 fund balance. 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.

B. Basis of Presentation (continued)

Governmental Funds

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

C. Measurement Focus and Basis of Accounting

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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

All fixed assets over \$2,000 or more are recorded 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

G. Revenues

The District's major source of revenue is district property assessments. The Deer Creek Fire Protection District assess 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 Decembers through April and are recorded as revenue when received.

Note 2 - Summary of Significant Accounting Policies (continued)

H. 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. No budget amendments were approved for the year just ended.

I. Equity Classifications

In the government-wide statements, 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 of funds 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."

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

1. Non spendable – 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.
5. Unassigned – remaining fund balance in excess of all other classifications.

Note 2 - Summary of Significant Accounting Policies (continued)

J. Equity Classifications

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

- d. *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.
- e. *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.
- f. *Unrestricted net position* - All other net position that do not meet the definition of "restricted," or "invested in capital assets, net of related debt."

K. 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.

L. 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, 2022.

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.

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

A. - Deposits and Investments (continued)

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.

Type	Total Bank Balance	Custody Credit Risk Category			Total Book Balance
		1	2	3	
Demand deposits	\$ 716,121	\$ 716,121	\$ -	\$ -	\$ 668,254

B. - Capital Assets

Capital asset activity during the year was as follows:

	Balance 6/30/2021	Additions	Disposals	Balance 6/30/2022
Land	\$ 86,985	\$ -	\$ -	\$ 86,985
Buildings	1,360,493	-	-	1,360,493
Furniture and fixtures	53,395	6,700	-	60,095
Vehicles	1,871,322	-	-	1,871,322
Equipment	433,537	23,516	-	457,053
Construction in process	6,700	-	(6,700)	-
Total Property and Equipment	3,812,432	30,216	(6,700)	3,835,948
Accumulated Depreciation	(2,122,652)	(169,638)	-	(2,292,290)
Net Property and Equipment	\$ 1,689,780	\$ (139,422)	\$ (6,700)	\$ 1,543,658

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

C. – Long-Term Debt

The District entered into a 10-year-lease-purchase agreement for a fire truck with F&M Bank, December 11, 2017. The total agreement amount was \$498,475, bearing interest at 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. At June 30, 2022, the principal balance was paid in full.

Debt activity during the year was as follows:

	Balance 6/30/2021	Additions	Principal payments	Balance 6/30/2022
Fire Truck Lease	\$ 321,025	\$ -	\$ (321,025)	\$ -
	<u>\$ 321,025</u>	<u>\$ -</u>	<u>\$ (321,025)</u>	<u>\$ -</u>

Note 5 – Defined Benefit Pension Plans

The District contributes to the Oklahoma Firefighters Pension and Retirement System, a cost-sharing multiple-employer defined benefit pension plan. 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 issue a publicly available financial report that includes financial statements and supplementary information for the plan and may be obtained from their offices or online. 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.

Note 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.

Note 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. No budget amendments were approved for the year just ended.

Note 8 – Subsequent Events

Management has evaluated subsequent events up to, and including, March 24, 2023, which is the date the financial statements were available for issuance, and no additional disclosures deemed necessary.



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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
Deer Creek Fire Protection District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities of Deer Creek Fire Protection District, and the related notes to the financial statements, which collectively comprise the basic modified cash basis financial statements of the Deer Creek Fire Protection District, as of June 30, 2022, and have issued our report thereon, dated March 24, 2023.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning, and performing, our audit of the financial statements, we considered Deer Creek Fire Protection District’s internal control over financial reporting (internal control) as a basis of designing 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 Deer Creek Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Creek Fire Protection District's internal control.

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

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

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 dark ink that reads "Ober & Littlefield, PLLC". The signature is written in a cursive, flowing style.

OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

MARCH 24, 2023

DEER CREEK FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2022

	General Actual	Adopted Budget	Variance Favorable (Unfavorable)
General revenues			
Property taxes	\$ 754,502	\$ 748,000	\$ 6,502
Dues and contributions	18,721	15,500	3,221
Other Income	5,963	75	5,888
Interest	5,507	4,500	1,007
Grants	4,763	3,000	1,763
Total general revenues	<u>789,456</u>	<u>771,075</u>	<u>18,381</u>
Expenditures/expenses			
Fire protection - operations			
Advertising	717	2,150	1,433
Banking and finance fees	25	25	-
Dues and memberships	2,959	3,000	41
Fuel	30,559	22,000	(8,559)
Employee benefits	50,966	59,000	8,034
Insurance	54,574	55,000	426
Miscellaneous	8,555	12,350	3,795
Office expense	4,316	5,800	1,484
Operational equipment	18,077	17,500	(577)
Operational supplies	5,587	7,250	1,663
Payroll tax expense	10,305	10,500	195
Professional fees	9,800	10,000	200
Repairs and maintenance	107,520	103,000	(4,520)
Telephone	12,205	8,500	(3,705)
Training	22,904	19,000	(3,904)
Uniforms	18,367	25,000	6,633
Utilities	20,357	17,000	(3,357)
Wages	267,237	285,000	17,763
Total fire protection - operations	<u>645,030</u>	<u>662,075</u>	<u>6,077</u>
Capital outlay	23,516	48,000	24,484
Debt service:			
Principal	321,025	47,000	(274,025)
Interest expense	13,012	14,000	988
Total expenditures	<u>1,002,583</u>	<u>771,075</u>	<u>(242,476)</u>
Excess/(deficit) of revenues over expenditures	<u>(213,127)</u>	<u>-</u>	<u>(213,127)</u>
Change in net position	(213,127)	-	(213,127)
Other Financing Sources and (Uses):			
Gain on Sale of Asset	-		
Fund balance/net position, beginning of year	877,718	755,218	-
Fund balance/net position, end of year	<u>\$ 664,591</u>	<u>\$ 755,218</u>	<u>\$ (90,627)</u>