

Berryhill Fire Protection District

**Independent Auditor's Report
and Financial Statements**

June 30, 2015

**Berryhill Fire Protection District
June 30, 2015
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opinion.

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

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 presentation of the financial statements. 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

whether the financial statements are free from material misstatement. 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 from material misstatement.

Auditor's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting; this includes determining that the modified accrual 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.

Management's Responsibility for the Financial Statements

We have audited the accompanying financial statements of Berryhill Fire Protection District (a nonprofit organization), which comprise the statement of net assets – modified accrual basis as of June 30, 2015, and the related statements of revenue, expenses, and change in net assets – modified accrual basis, and cash flows for the year then ended, and the related notes to the financial statements.

To the Board of Directors of
Berryhill Fire Protection District

May 18, 2016

Independent Auditor's Report



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berryhill Fire Protection District as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management discussion and analysis which accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that a detail of the fixed assets be maintained; however, Management has not maintained an updated and detailed fixed asset listing. The amount by which the departure would affect the assets, fund net assets and revenues of the Berryhill Fire Protection District is not reasonably determinable at this time.

In our opinion, except for the effects of not providing an adequate allowance for depreciation as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified accrual basis of the financial activities for the Berryhill Fire Protection District, as of June 30, 2015 and the respective changes in its cash flows for the year then ended in conformity with the basis of accounting described in Note 1-C.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued our report dated May 18, 2016 on my consideration of the Berryhill Fire District internal control over financial reporting and my 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 and should be considered in conjunction with this report in considering the results of our audit.

Hood and Associates, CPAs, P.C.
Tulsa, OK
May 18, 2016

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management of 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 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.

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

Internal Control over Financial Reporting

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Berryhill Fire Protection District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Berryhill Fire Protection District's basic financial statements, and have issued our report thereon dated May 18, 2016.

The Board of Directors
Berryhill Fire Protection District
Tulsa, Oklahoma

May 18, 2016

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bettyhill Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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.

Hood & Associates, CPAs, P.C.
Tulsa, Oklahoma
May 18, 2016

Berryhill Fire Protection District
 Statement of Net Assets – Modified Accrual Basis
 As of June 30, 2015

ASSETS:	
Current Assets:	
Cash and cash equivalents	
Notes receivable and accounts receivable	
Total Current Assets	<u>423,827.58</u>
	2,419.13
	<u>426,246.71</u>
	\$ 426,246.71
LIABILITIES:	
Current Liabilities:	
Accrued Payroll Tax Liabilities	
Accounts Payable	
Total Current Liabilities	<u>3,414.71</u>
	17,058.54
	<u>20,473.25</u>
	\$ 20,473.25
Long-Term Assets:	
Restricted cash and cash equivalents	
Capital assets, net of depreciation	
Total Long-Term Assets	<u>68,343.75</u>
	68,343.75
	<u>136,687.50</u>
	\$ 136,687.50
TOTAL ASSETS	
	\$ 852,934.21
LIABILITIES:	
Current Liabilities:	
Accrued Payroll Tax Liabilities	
Accounts Payable	
Total Current Liabilities	<u>3,414.71</u>
	17,058.54
	<u>20,473.25</u>
	\$ 20,473.25
Long-Term Liabilities:	
Mortgage Payable	
Total Long-Term Liabilities	<u>68,343.75</u>
	68,343.75
	<u>136,687.50</u>
	\$ 136,687.50
TOTAL LIABILITIES	
	\$ 273,370.75
NET ASSETS:	
Invested in capital assets, net of related debt	
Restricted	
Unrestricted	
NET ASSETS	<u>579,563.46</u>
	337,429.71
	<u>916,993.17</u>
	\$ 916,993.17
TOTAL NET ASSETS	

The accompanying notes are an integral part of the financial statements. 5

Berryhill Fire Protection District
 Statement of Revenue, Expense, and Change in Net Assets – Modified Accrual Basis
 For the Year Ended June 30, 2015

	Changes in Net Assets:
	Operating Revenues:
	District Assessment
	Miscellaneous Revenue
	Total Operating Revenues
	Operating Expenses:
	Payroll
	Employee Benefits
	Station Operating Expenses
	Transportation
	Facilities
	Insurance
	Professional Services
	Capital Expenditures
	Miscellaneous Expenses
	Total Operating Expenses
	Operating Net Income (Loss)
	Non-operating income (loss)
	Proceeds from Sale of Equipment
	Grant income
	Long Outstanding Checks Adjustment
	Total Non-operating income (loss)
	Change in Net Assets
	Net Assets - Beginning
	Net Assets - Ending

	\$
	756,767.23
	328.25
	<u>757,095.48</u>
	287,801.16
	126,619.78
	77,768.27
	35,073.22
	24,771.44
	22,073.00
	14,949.00
	190,476.25
	10,466.52
	<u>789,998.64</u>
	(32,903.16)
	<u>20,000.00</u>
	4,484.35
	2,370.99
	<u>26,855.34</u>
	(6,047.82)
	<u>343,477.53</u>
	<u>\$ 337,429.71</u>

The accompanying notes are an integral part of the financial statements. 6

Berryhill Fire Protection District
 Statement of Cash Flows – Direct Method
 For the Year Ended June 30, 2015

	\$ 754,348.10
Cash Flows from Operating Activities:	
District Assessments Received	
Other Income	328.25
Payments to Employees for Services Provided	(414,420.94)
Payments for Other Operations	(286,897.19)
Net cash provided (used) by operating activities	<u>53,358.22</u>
Cash Flows from Non-Capital Financing Activities:	0.00
Cash Flows from Capital and Related Financing Activities	
Grant income	4,484.35
Proceeds from Sale of Capital Equipment	20,000.00
Adjustment for Long Outstanding Checks	2,370.99
Net cash provided (used) by capital and related financing activities	<u>26,855.34</u>
Cash Flows from Investing Activities:	0.00
Net Increase (Decrease) in cash and cash equivalents	80,213.56
Cash and Cash Equivalents, July 1, 2014	343,614.02
Cash and Cash Equivalents, June 30, 2015	<u>\$ 423,827.58</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	\$ 35,440.59
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	
change in assets and liabilities:	
Receivables	(2,419.13)
Payables	20,336.76
Net Cash Provided by Operating Activities	<u>\$ 53,358.22</u>

The accompanying notes are an integral part of the financial statements. 7

1. Summary of Significant Accounting Policies

Berryhill Fire Protection District, was organized for the purpose of providing fire protection services for the owners and occupants of land located within the District.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental units. The District complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The District has elected not to follow FASB pronouncements issued since that date.

A. Financial Reporting Entity

The District complies with GASB Statement No. 14, "The Financial Reporting Entity." 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

The District's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

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.

The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or long-term) associated with their activities are reported. Proprietary fund equity is classified as net assets.

The District utilizes the modified accrual basis of accounting. The revenues are recognized when susceptible to accrual and expenditures are generally recognized when the related fund liability is incurred, if measurable. Modifications to the accrual basis of accounting result from management's decision to not record property and equipment and related depreciation in the accompanying Statement of Financial Position, due to lack of an updated and detailed fixed asset listing. The modified accrual basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, which would require the Association to prepare its financial statements on the accrual basis of accounting.

1. Summary of Significant Accounting Policies (continued)
C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are district assessments received. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Assets

Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

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.

Capital Assets
As of June 30, 2015, the District has not recorded fixed assets in the financial statements as an asset, due to the fact that an updated and detailed fixed asset listing has not been maintained.

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.

Equity Classifications

Equity is classified as net assets 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 assets* --- Consists of net assets 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 assets* --- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization 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 Organization has not experienced any losses on its cash equivalents.

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

II. Detailed Notes Concerning the Funds

A. Deposits and Investments

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. The District invests entirely in certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2015, none of the District's investments were exposed to custodial credit risk because there were uninsured or uncollateralized.

B. Retirement

The District makes contributions of 14% of the gross pay of the qualified firefighters to the Oklahoma Firefighters' Pension and Retirement Board under the defined contribution plan. The contributions made by the District totaled \$30,397 for the current fiscal year. Employees also contribute 9% of their gross regular pay to the same pension plan, which is held out of each paycheck.

PRIOR YEAR AUDIT FINDINGS

Compliance
NONE

Internal Control over Financial Reporting

2014-1:

The District did not utilize the use of approved purchase orders for all disbursements made for expenditures. State Statutes require the use of properly processed purchase orders for all district expenditures.

2014-2:

The District minutes of the meeting had several months of the permanent minutes of actions taken at board meetings that do not contain a signature of approval.

CURRENT YEAR AUDIT FINDINGS

Compliance
NONE

Internal Control Over Financial Reporting

NONE

C. Questioned Costs
NONE