

FOYIL FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

For the Year Ended June 30, 2016

OBER & LITTLEFIELD
CERTIFIED PUBLIC ACCOUNTANTS, PLLC
124 South Main
Miami, Oklahoma 74354

**FOYIL FIRE PROTECTION DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
Fire District Officials	1
Required Supplementary Information: Management's Discussion & Analysis	2 - 5
Independent Auditor's Report	6 - 7
Basic Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 – 16
Other Supplementary Information:	
Budgetary Comparison Schedule	17
Notes to Required Supplementary Information – Budgetary Comparison Schedule	18
Report Required by Government Auditing Standards:	
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	19 - 20

FOYIL FIRE PROTECTION DISTRICT
Fire District Officials
June 30, 2016

Board of Directors

Mike Roberts	Chairman
Kenny Carter	Treasurer
Perry Atchley	Clerk
Randy Atchley	Chief

**FOYIL FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016**

Our discussion and analysis of Foyil Fire Protection District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District's financial statements beginning on page 8.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

Basis of Accounting

The District has elected to present its financial statements on the accrual basis of accounting. The accrual basis of accounting is in accordance with generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities.

Under the accrual basis of accounting, revenues are recognized at the time they are earned and expenses are recorded at the time incurred.

Reporting the District as a Whole

The District's Reporting Entity Presentation

The annual report includes all activities for which the District is fiscally responsible.

The Statement of Net Position and the Statement of Activities

Our financial analysis of the District as a whole begins on page 8. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. One of the most important questions asked about the District's finances is, "Is the District as a whole better off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District and about its activities in a way that helps answer this question. These statements include all of the District's assets and liabilities resulting from using the accrual basis of accounting.

These two statements report the District's net assets and changes in them. You can think of the District's net position – the difference between the assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the net position are one indicator of whether its financial health is improving or deteriorating.

**FOYIL FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position – Accrual Basis

Our analysis below focuses on the net position and changes in net position of the District's activities.

	2016	2015
Current and other assets	\$ 122,157.54	\$ 119,917.78
Capital assets (net)	<u>864,078.52</u>	<u>932,273.34</u>
Total Assets	<u>986,236.06</u>	<u>1,052,191.12</u>
Current liabilities	133,121.40	133,905.58
Non-current liabilities	<u>630,855.60</u>	<u>723,680.69</u>
Total Liabilities	<u>763,977.00</u>	<u>857,586.27</u>
Invested in Capital Assets, Net of Related Debt	122,540.25	97,437.84
Restrict for debt service	13,738.75	13,034.57
Net Assets, Unrestricted	<u>85,980.06</u>	<u>84,132.44</u>
Total Net Assets	<u><u>\$ 222,259.06</u></u>	<u><u>\$ 194,604.85</u></u>

Statement of Activities – Accrual Basis

For the year ended June 30, 2016, net position of the District changed as follows:

	2016	2015
<u>REVENUES</u>		
Ad Valorem Tax	\$ 381,988.41	\$ 371,283.54
Grants	7,789.96	12,384.33
Interest Income	235.38	225.62
Other Income	<u>1,287.50</u>	<u>1,759.00</u>
Total Increases	<u><u>\$ 391,301.25</u></u>	<u><u>\$ 385,652.49</u></u>

**FOYIL FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016**

	2016	2015
<u>EXPENSES</u>		
Accounting	\$ 3,575.00	\$ 2,100.00
Bank charges	74.77	10.00
Contracted services	-	1,912.50
Depreciation	95,924.72	95,849.36
Dispatching	9,600.00	10,310.00
Equipment expense	27,311.73	34,021.56
Insurance	46,383.48	48,719.10
Interest	35,960.44	39,570.97
Legal fees	140.00	472.50
Licenses and fees	90.00	61.50
Office expense	6,560.85	8,262.76
Other expenses	4,730.50	1,012.88
Payroll expenses	102,501.60	100,951.44
Payroll tax expense	8,353.26	8,178.41
Pension expense	3,534.79	1,869.29
Printing and reproduction	-	407.40
Property lease	153.83	155.40
Repairs	4,509.02	4,267.72
Supplies	1,909.31	1,627.30
Telephone	3,589.94	4,078.40
Training	65.00	-
Utilities	8,678.80	9,946.15
Total Expenses	<u>\$ 363,647.04</u>	<u>\$ 373,784.64</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the District had \$741,538.27 (net of accumulated depreciation) invested in capital assets, building, improvements, machinery and equipment.

Debt

The District had nine (9) long-term leases outstanding as of June 30, 2016 totaling \$741,538.27. The District's total obligations decreased by \$93,297.23 during the fiscal year then ended. This decrease was due to normal repayment of principal on outstanding debt during the year.

**FOYIL FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A product of an ongoing examination of how the District does business, our budget emphasizes outcomes or results for the community and allows for longer-term financial planning decisions.

In considering the District's budget for the fiscal year 2016/2017, the Board estimates that revenues and expenses in the coming year will approximate actual revenues and expenses for the past fiscal year. Therefore, net assets are expected to increase slightly as long-term debt is reduced by regularly scheduled principal payments.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Board of Directors at Foyil Fire Protection District, P.O. Box 54, Foyil, Oklahoma 74031.



INDEPENDENT AUDITORS REPORT

To the Board of Directors
Foyil Fire Protection District
Foyil, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Foyil Fire Protection District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 above present fairly, in all material respects, the respective financial position of the business-type activities of the Foyil Fire Protection District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

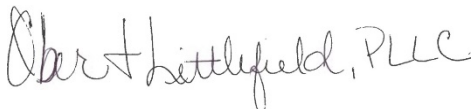
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foyil Fire Protection District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2016 on our consideration of the Foyil Fire Protection 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 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 Foyil Fire Protection District's internal control over financial reporting and compliance.



OBER & LITTLEFIELD
CERTIFIED PUBLIC ACCOUNTANTS, PLLC
November 7, 2016

FOYIL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

Current Assets:

Cash and cash equivalents	\$ 75,321.41
Restricted cash and cash equivalents	27,949.04
Taxes receivable	2,594.63
Prepaid insurance	<u>16,292.46</u>
Total Current Assets	<u>122,157.54</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>864,078.52</u>
Total Noncurrent Assets	<u>864,078.52</u>
Total ASSETS	<u>986,236.06</u>

LIABILITIES

Current Liabilities:

Accounts payable	4,366.83
Accrued interest payable	15,238.69
Employees insurance payable	127.54
Employees retirement payable	565.00
Payroll taxes payable	2,140.67
Current portion of long-term debt	<u>110,682.67</u>
Total Current Liabilities	<u>133,121.40</u>

Noncurrent Liabilities:

Notes payable, net of current portion	<u>630,855.60</u>
Total Noncurrent Liabilities	<u>630,855.60</u>
Total LIABILITIES	<u>763,977.00</u>

NET POSITION

Invested in capital assets, net of related debt	122,540.25
Restricted for debt service	13,738.75
Unrestricted	<u>85,980.06</u>
Total NET POSITION	<u>\$ 222,259.06</u>

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

FOYIL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2016

Operating Revenues:	
Ad valorem tax	\$ 381,988.41
Grant revenues	7,789.96
Other income	<u>1,287.50</u>
Total Operating Revenues	<u>391,065.87</u>
Operating Expenses:	
Accounting	3,575.00
Banking fees	74.77
Depreciation	95,924.72
Dispatching expense	9,600.00
Equipment expense	27,311.73
Insurance	46,383.48
Legal fees	140.00
Licenses and fees	90.00
Office expense	6,560.85
Other expenses	4,730.50
Payroll expenses	102,501.60
Payroll tax expenses	8,353.26
Pension expense	3,534.79
Property lease	153.83
Repairs	4,509.02
Supplies	1,909.31
Telephone	3,589.94
Training	65.00
Utilities	<u>8,678.80</u>
Total Operating Expenses	<u>327,686.60</u>
Operating Income (Loss)	63,379.27
Non-Operating Revenues (Expenses):	
Interest income	235.38
Interest expense	<u>(35,960.44)</u>
Total Non-Operating Revenues (Expenses)	<u>(35,725.06)</u>
Change in net position	27,654.21
Net Position, Beginning of Year	<u>194,604.85</u>
Net Position, Ending of Year	<u>\$ 222,259.06</u>

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

FOYIL FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS
June 30, 2016

Cash flows from operating activities:	
Cash received from ad valorem taxes	\$ 383,613.14
Cash received from grants	7,789.96
Cash received from other sources	1,287.50
Cash paid for salaries and benefits	(114,181.37)
Cash paid to suppliers for goods and services	<u>(115,562.67)</u>
Net cash provided by operating activities	<u>162,946.56</u>
Cash flows from investing activities:	
Interest income	235.38
Purchases of capital assets	<u>(27,729.90)</u>
Net cash provided by investing activities	<u>(27,494.52)</u>
Cash flows from capital and related financing activities:	
Proceeds from long-term borrowings	22,540.00
Principal payments on long-term debt	(115,837.23)
Interest paid on long-term debt	<u>(38,102.24)</u>
Net cash used by financing activities	<u>(131,399.47)</u>
Net increase in cash and cash equivalents	4,052.57
Beginning cash and cash equivalents	<u>99,217.88</u>
Ending cash and cash equivalents	<u><u>\$ 103,270.45</u></u>
Reconciliation of net income to net cash provided by operating activities:	
Net Operating Income	\$ 63,379.27
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	95,924.72
(Increase) Decrease in operating assets:	
Decrease in taxes receivable	1,624.73
Decrease in prepaid insurance	188.08
Increase (Decrease) in operating liabilities:	
Increase in accounts payable	1,621.48
Increase in payroll taxes payable	17.42
Increase in employees insurance payable	127.54
Increase in employees retirement payable	<u>63.32</u>
Total adjustments	<u>99,567.29</u>
Net cash provided by operating activities	<u><u>\$ 162,946.56</u></u>

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

**FOYIL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

Note 1 - Summary of Significant Accounting Policies

Foyil Fire Protection District, (the “District”) was created on September 5, 2000 and was organized for the purpose of providing fire protection services for the owners and occupants of land located within the District. The District is exempt from federal and state income taxes.

The Board of Directors consists of three (3) members serving two, four or six year terms. The vacant Board seats are elected by a vote of the citizens and include a Chairman, Treasurer and Clerk. All Board members serve without pay.

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.

1.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.

1.B. Basis of Presentation

The accounts of the District are organized into funds, each of which is considered to be a separate accounting entity. The District uses the following fund types:

Proprietary Funds

Enterprise Funds

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.

1.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.

**FOYIL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

Note 1 – Summary of Significant Accounting Policies: continued

1.C. Measurement Focus and Basis of Accounting: continued

Measurement Focus

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 noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 revenue of the District’s enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1.D. Assets, Liabilities and Net Assets

Cash and Cash Equivalents

For the purposes 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 statement of net assets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Restricted Cash

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use.

Capital Assets

The land, building, vehicles and equipment of the District are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five (5) to fifty (50) years.

**FOYIL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

Note 1 – Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Net Assets: continued

Compensated Absences

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences (when material) is recorded as long-term debt in the financial statements.

Equity Classification

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 definitions of "restricted" or "invested in capital assets, net of related debt".

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.

Note 2 – Detailed Notes Concerning Accounts

2.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. Currently 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 risk. As of June 30, 2016, none of the District's deposits or investments were exposed to custodial credit risk because they were uninsured or uncollateralized.

**FOYIL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

Note 2 – Detailed Notes Concerning Accounts: continued

2.A. Deposits and Investments: continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2.B. Changes in Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Depreciable assets				
Buildings and improvements	\$ 320,335.33	\$ -	\$ -	\$ 320,335.33
Furniture, fixtures and equipment	<u>1,362,214.92</u>	<u>27,729.90</u>	<u>-</u>	<u>1,389,944.82</u>
Total capital assets being depreciated	<u>1,682,550.25</u>	<u>27,729.90</u>	<u>-</u>	<u>1,710,280.15</u>
Less: accumulated depreciation				
Buildings and improvements	101,625.29	7,843.21	-	109,468.50
Furniture, fixtures and equipment	<u>648,651.62</u>	<u>88,081.51</u>	<u>-</u>	<u>736,733.13</u>
Total accumulated depreciation	<u>750,276.91</u>	<u>95,924.72</u>	<u>-</u>	<u>846,201.63</u>
Capital assets, net	<u>\$ 932,273.34</u>	<u>\$ (68,194.82)</u>	<u>\$ -</u>	<u>\$ 864,078.52</u>

2.C. Notes Payable

As of June 30, 2016, the long-term debt to be repaid from the District's proprietary fund resources consisted of the following

	<u>Amount Outstanding 07/01/15</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding 06/30/16</u>
o 2002 Note payable to Citizens National Bank, payable in annual installments of \$30,172.30, with interest at 5.673%, final payment due July 31, 2017	\$ 55,572.22	\$ -	\$ 27,019.69	\$ 28,552.53
o 2004 Note payable to Citizens National Bank, payable in annual installments of \$14,037.64, with interest at 5.597%, final payment due April 1, 2019	49,094.09	-	11,953.39	37,140.70
o 2007 Note payable to Bank of Commerce, payable in annual installments of \$16,510.37, with interest at 5.75%, final payment due January 5, 2022	84,231.01	-	11,574.20	72,656.81

FOYIL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 2 – Detailed Notes Concerning Accounts: continued

2.C. Notes Payable: continued

	Amount Outstanding 07/01/15	Issued	Retired	Amount Outstanding 06/30/16
o 2008 Note payable to Bank of Commerce, payable in annual installments of \$17,864.81, with interest at 4.47%, final payment due February 6, 2022	116,798.79	-	12,643.85	104,154.94
o 2008 Note payable to Bank of Commerce, payable in annual installments of \$20,655.25, with interest at 4.99%, final payment due January 24, 2023	132,024.44	-	14,067.23	117,957.21
o 2011 Note payable to Oklahoma State Bank, payable in annual installments of \$8,975.30, with interest at 3.49%, final payment due March 8, 2016	8,677.37	-	8,677.37	-
o 2012 Note payable to Oklahoma State Bank, payable in annual installments of \$2,140.94, with interest at 2.81%, final payment due August 7, 2017	6,077.92	-	6,077.92	-
o 2013 Note payable to Bank of Commerce, payable in annual installments of \$6,765.95, with interest at 4.0%, final payment due December 10, 2018	24,662.09	-	5,782.17	18,879.92
o 2014 Note payable to Bank of Commerce, payable in annual installments of \$8,866.59, with interest at 4.0%, final payment due June 27, 2029	93,197.57	-	5,087.62	88,109.95
o 2014 Note payable to Welch State Bank, payable in annual installments of \$23,791.97, with interest at 3.99%, final payment due September 9, 2029	264,500.00	-	12,953.79	251,546.21
o 2016 Note payable to Bank of Commerce, payable in annual installments of \$4,899.53, with interest at 2.80%, final payment due February 4, 2021	-	22,540.00	-	22,540.00
	<u>\$ 834,835.50</u>	<u>\$ 22,540.00</u>	<u>\$ 115,837.23</u>	<u>\$ 741,538.27</u>

Annual Debt Service Requirement

The schedule of estimated maturities on long-term debt and interest for fiscal years ending June 30 is as follows:

Year Ending June 30	Principal	Interest
2017	\$ 110,682.67	\$ 32,875.85
2018	85,868.91	27,517.31
2019	87,864.28	23,684.56
2020	72,838.82	19,743.81
2021	76,160.94	16,421.70
2022 - 2026	197,621.27	42,533.69
2027 - 2030	110,501.38	10,637.75
	<u>\$ 741,538.27</u>	<u>\$ 173,414.67</u>

FOYIL FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 3 – Other Information

3.A. Pension Plan

Full time permanent employees of the District are eligible to participate in a 5304 Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) Plan. The contribution plan is administered by a third-party and contains participant directed investments. The District contributes three percent (3%) of compensation. For the year ended June 30, 2016 the District contributed \$2,514.79 to the plan for participants.

3.B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

3.C. 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.

3.D. Evaluation of Subsequent Events

The District has evaluated subsequent events through November 7, 2016, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial information and disclosures not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such information includes:

- Budgetary Comparison Schedule
- Notes to Other Supplementary Information – Budget Comparison Schedule

FOYIL FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
Revenues				
Ad Valorem Taxes	\$ 204,052.85	\$ 204,052.85	\$ 230,118.92	\$ 26,066.07
Other Income	-	-	1,287.50	1,287.50
Grant Income	-	-	7,789.96	7,789.96
Interest Income	<u>200.60</u>	<u>200.60</u>	<u>233.54</u>	<u>32.94</u>
Total Revenues	<u>204,253.45</u>	<u>204,253.45</u>	<u>239,429.92</u>	<u>35,176.47</u>
Expenses				
Personal Services	128,000.00	128,000.00	114,181.37	13,818.63
Maintenance and Operation	142,056.27	142,056.27	115,552.67	26,503.60
Capital Outlay	<u>3,000.00</u>	<u>3,000.00</u>	<u>5,189.90</u>	<u>(2,189.90)</u>
Total Expenses	<u>273,056.27</u>	<u>273,056.27</u>	<u>234,923.94</u>	<u>38,132.33</u>
Excess of Revenues over Expenses	<u>\$ (68,802.82)</u>	<u>\$ (68,802.82)</u>	<u>\$ 4,505.98</u>	<u>\$ 73,308.80</u>

FOYIL FIRE PROTECTION DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

Budgetary Accounting

The budget formally adopted by the District is on a cash basis and prepared on a regulatory basis of accounting. Therefore, a reconciliation of the Statement of Revenues, Expenses, and Changes in Net Position (Budget and Actual) must be shown.

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Excess of Revenues over Expenses before Reconciliation to Statement of Revenues, Expenses and Changes in Net Position	\$ (68,802.82)	\$ (68,802.82)	\$ 4,505.98	\$ 73,308.80
Reconciliation of Statement of Revenues, Expenses and Changes in Net Assets:				
Ad valorem tax used for debt service	-	-	153,494.22	153,494.22
Interest earned by debt service fund	-	-	1.84	1.84
Capitalization of capital outlays	-	-	5,189.90	5,189.90
Interest paid by debt service fund	-	-	(38,102.24)	(38,102.24)
Bank fees paid by debt service fund	-	-	(10.00)	(10.00)
Depreciation expense	-	-	(95,924.72)	(95,924.72)
Changes in assets and liabilities	-	-	(1,500.77)	(1,500.77)
Excess of Revenues over Expenses	<u>\$ (68,802.82)</u>	<u>\$ (68,802.82)</u>	<u>\$ 27,654.21</u>	<u>\$ 96,457.03</u>

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



**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**

To the Board of Directors
Foyil Fire Protection District
Foyil, Oklahoma

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 financial statements of the business-type activities of the Foyil Fire Protection District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foyil 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 the Foyil Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foyil 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 the Foyil 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 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 or 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, reading "Ober & Littlefield, PLLC". The signature is written in a cursive, flowing style.

OBER & LITTLEFIELD
CERTIFIED PUBLIC ACCOUNTANTS, PLLC
November 7, 2016