

**VERDIGRIS FIRE PROTECTION DISTRICT**

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Chairman and Board of Directors  
Verdigris Fire Protection District  
Claremore, OK

We have audited the accompanying financial statements of the governmental activities of Verdigris Fire Protection District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation, and fair presentation, of these financial statements, in accordance with 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 of material misstatement.

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

We believe that the audit evidence obtained is sufficient, and appropriate, to provide a basis for our audit opinion.

### **OPINION**

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, which collectively comprise the basic financial statements of the Verdigris Fire Protection District, as of June 30, 2019, 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 budgetary comparison information, on page 15 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of the 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 inquires 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 to not provide us with sufficient evidence to express an opinion or provide any assurance.

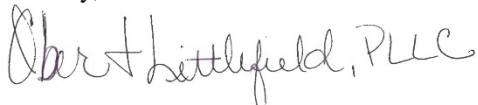
### ***OTHER INFORMATION***

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented, to supplement the basic financial statements. Such missing 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 this missing information.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with Government Auditing Standards, we have also issued our report, dated September 25, 2019, on our consideration of the District's internal control over financial reporting, and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the District's internal control over financial reporting and compliance.

Sincerely,



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

**SEPTEMBER 25, 2019**

VERDIGRIS FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

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	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 107,344.94
Restricted cash and cash equivalents	11,146.73
<b>Total Current Assets</b>	<u>118,491.67</u>
<b>Property and Equipment</b>	
Land	220,000.00
Building	737,138.82
Equipment	751,372.72
Vehicles	1,896,660.00
Total property and equipment	3,605,171.54
Less: Accumulated depreciation	(2,811,807.82)
<b>Net property and equipment</b>	<u>793,363.72</u>
<b>Other Assets</b>	
Prepaid expense	29,832.50
<b>Total Assets</b>	<u><u>\$ 941,687.89</u></u>
<b>Liabilities and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 46,869.83
Payroll taxes payable	9,918.70
Current portion of capital leases payable	85,894.73
<b>Total Liabilities</b>	<u>142,683.26</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	707,468.99
Unrestricted	91,535.64
<b>Total Net Position</b>	<u>799,004.63</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 941,687.89</u></u>

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

VERDIGRIS FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2019

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Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants	Capital Grants	
Governmental activities:					
Fire	\$ 1,416,445.66	\$ -	\$ 9,500.00	\$ -	\$ (1,406,945.66)
<b>General revenues</b>					
Special assessment revenues					1,236,435.57
Donations					3,510.00
Interest income					889.37
Miscellaneous					8,245.16
Total general revenues					<u>1,249,080.10</u>
<b>Change in net position</b>					(157,865.56)
<b>Net Position, beginning of year</b>					942,773.19
<b>Prior period adjustment</b>					<u>14,097.00</u>
<b>Fund balance, beginning of year restated</b>					<u>956,870.19</u>
<b>Net Position, end of year</b>					<u>\$ 799,004.63</u>

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

VERDIGRIS FIRE PROTECTION DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUND  
JUNE 30, 2019

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	<u><b>Fire Fund</b></u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 107,344.94
Restricted cash and cash equivalents	<u>11,146.73</u>
<b>Total current assets</b>	<u><b>118,491.67</b></u>
<b>Other Assets</b>	
Prepaid expense	<u>29,832.50</u>
<b>Total assets</b>	<u><b>\$ 148,324.17</b></u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 46,869.83
Payroll taxes payable	<u>9,918.70</u>
<b>Total current liabilities</b>	<u><b>56,788.53</b></u>
<b>Fund Balance</b>	
Fund balances:	
Unassigned	<u>91,535.64</u>
<b>Total liabilities and fund balance</b>	<u><b>\$ 148,324.17</b></u>
<b>Reconciliation to Statement of Net Position:</b>	
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$ 91,535.64
Capital assets used in governmental activities of \$3,605,171.54 are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation of \$2,811,807.82	793,363.72
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet:	
Due within one year	<u>(85,894.73)</u>
Net position of governmental activities	<u><b>\$ 799,004.63</b></u>

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

VERDIGRIS FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GOVERNMENTAL FUND  
JUNE 30, 2019

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	<u>Fire Fund</u>
<b>Operating Revenues</b>	
Special assessment revenues	\$ 1,236,435.57
Grant revenues	9,500.00
Donations	3,510.00
Miscellaneous	8,245.16
Gain on sale of asset	6,500.00
Interest	889.37
<b>Total Operating Revenues</b>	<u>1,265,080.10</u>
<b>Operating Expenses</b>	
Personal services	
Salaries and wages	675,462.52
Payroll taxes	55,978.73
Employee benefits/insurance	247,071.29
Volunteer compensation	5,170.00
Dispatching	18,000.00
Clerical services	15,627.92
<b>Total personal services</b>	<u>1,017,310.46</u>

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



VERDIGRIS FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GOVERNMENTAL FUND (CONTINUED)  
JUNE 30, 2019

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	<b>Fire Fund</b>
Maintenance and operations	
Maintenance - bldg/grounds	15,499.86
Mainenance - vehicle	13,467.49
Firefighting equipment	13,483.48
Workmen's compensation	23,057.00
General insurance	35,880.00
Telephone	17,192.10
Utilities	8,988.19
Equipment rental	3,863.71
Training	20,351.55
Postage	248.74
Trash disposal	754.18
Printing	4,372.08
Accounting services	8,175.00
Dues/memberships	549.00
Fire prevention	1,485.47
F.F. professional services	500.00
Office supplies	2,708.35
Fuel/oil	11,098.86
Maint/supp - bldg & grounds	2,874.64
Maint/supp - equipment & vehicle	9,220.92
Oper/supp - bldg & grounds	2,199.02
Oper/supp - equipment & vehicle	5,475.35
Uniforms	17,480.31
Commodities	1,260.59
Other	8,529.49
Total maintenance and operations	228,715.38
Capital outlay	44,541.72
Debt service	102,070.75
<b>Total expenditures/expenses</b>	<b>1,392,638.31</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(127,558.21)</b>
 <b>Fund Balance, beginning of year</b>	 204,996.85
<b>Prior period adjustment</b>	14,097.00
<b>Fund balance, beginning of year restated</b>	219,093.85
<b>Fund Balance, end of year</b>	<u><u>\$ 91,535.64</u></u>

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

VERDIGRIS FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT  
OF ACTIVITIES AND CHANGE IN NET POSITION  
GOVERNMENTAL FUND  
JUNE 30, 2019

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Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities and changes in net position

Net change in fund balances - total governmental funds	\$ (127,558.21)
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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	44,541.72
Depreciation expense	(159,199.11)

Repayment of capital leases is reported as an expenditure in governmental funds and, thus has the effect of reducing fund balances because current financial resources have been used. For the District as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal payments made on capital leases	84,350.04
Change in net position of governmental activities	<u>\$ (157,865.56)</u>

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

### **Note 1 - Nature of Organization**

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

The 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.

### **Note 2 - Summary of Significant Accounting Policies**

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.

#### Basis of Accounting

##### *Government-Wide Statements*

The statement of net position and the statement of activities 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 presents a comparison between direct expenses and direct revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with, and are clearly identifiable to, a function. Direct revenues include charges paid by the recipients of goods or services offered by the District, and grants and contributions that are restricted to meeting the operational, or capital, requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

##### *Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity, and report a 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.

**Note 2 - Summary of Significant Accounting Policies (continued)**

*Governmental Funds*

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

Measurement Focus and Basis of Accounting - The government-wide statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives, or receives, value without directly receiving or giving equal value in exchange, include property and sales taxes, grants, and donations. On an accrual basis, revenue from taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The governmental fund statements are reported using the current financial resources measurement focus, and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, pension and other post-employment costs, and compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

The District adopts annual operations and capital budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the District's plans to earn, and expend, funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive, and expend, cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended, and unencumbered, appropriations in the operating budget lapse at the end of the fiscal year. No appropriation for a capital project in the capital budget lapses until the purpose for which the appropriation was made has been accomplished, or abandoned.

The Board of Directors adopts a budget at the meeting prior to the beginning of the new fiscal year. Actual revenues, and expenditures, are monitored and compared with the budget during the year. Significant variations from budgeted amounts are researched, and the board is informed of the results.

Cash and Cash Equivalents - Cash and cash equivalents, for purposes of the statement of cash flows, include all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less, when purchased.

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.

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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.

Capital Assets - The fixed assets are recorded at cost. Donated capital assets are reported at estimated fair market value, at the date of donation.

Maintenance and repairs, which do not significantly extend the value or life of property, plant, and equipment, are expensed, as incurred.

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

Revenues - The District's major source of revenue is tax assessments. Property owners, within the District, are assessed a millage levy, as determined by the Board of Directors, as part of the budgeting process, and the County Assessor adds the millage to the tax rolls, which is then collected by the County Treasurer, and remitted to the District in the month after it is collected. These revenues are recorded on a cash basis until June 30, at which time, uncollected receivables are recorded as revenues, less an allowance for uncollectible accounts.

Use of Estimates - The preparation of financial statements, in conformity with the 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 reported period. Actual results could differ from those estimates.

Retirement Plans - The District participates in a Length of Service Program, for all eligible employees, and the amount paid during fiscal year 2019, for the program, was \$91,250.

**Note 2 - Summary of Significant Accounting Policies (continued)**

Compensated Absences - For the first five years of employment, employees accrue 40 hours of vacation leave, per year. For the next five years of employment, employees accrue 120 hours of vacation. Vacation pay does not accumulate, and unused vacation is forfeited, if not taken by December 31.

The District's sick policy permits the accumulation of 10 sick days per year, which cannot be carried over from one year to the next. Employees are not paid for unused sick days upon termination of employment. Accordingly, sick pay is charged to expenditures when taken.

**Note 3 - 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 deposit, are maintained in financial institutions. The District does have a deposit policy for custodial credit risk. As of June 30, 2019, none of the District's investments were exposed to custodial credit risk because they were uninsured, or uncollateralized.

**Note 4 – Restricted Cash**

Restricted cash, at June 30, 2019, of \$11,146.73, is the amount on deposit with RCB Bank, for the purpose of capital lease purchases, as outlined in the agreement between the District and RCB Bank.

**Note 5 - Capital Assets**

Capital asset activity during the year was as follows:

	Balance 6/30/2018	Additions	Disposals	Balance 6/30/2019
Land	\$ 220,000.00	\$ -	\$ -	\$ 220,000.00
Buildings	727,742.82	9,396.00	-	737,138.82
Vehicles	1,921,660.00	-	(25,000.00)	1,896,660.00
Equipment	716,227.00	35,145.72	-	751,372.72
Total Property and Equipment	3,585,629.82	44,541.72	(25,000.00)	3,605,171.54
Accumulated Depreciation	(2,677,608.71)	(159,199.11)	25,000.00	(2,811,807.82)
Net Property and Equipment	\$ 908,021.11	\$(114,657.39)	\$ -	\$ 793,363.72

**Note 6 – Capital Lease**

The District entered into a lease purchase agreement, dated November 21, 2014. The total commitment was approximately \$500,250, bearing interest at 1.83%, with six annual payments of \$87,466, principal and interest. The remaining principal balance, at June 30, 2019, was \$85,894.73.

Debt activity during the year was as follows:

	Balance 6/30/2018	Additions	Payments	Balance 6/30/2019
Lease Purchase Equipment - RCB Bank	\$ 170,244.77	\$ -	\$(84,350.04)	\$ 85,894.73

**Note 7 – Prior Period Adjustment**

A prior period adjustment was made to increase prepaid insurance and increase net position in the amount of \$14,097.

**Note 8 - Subsequent Events**

Management has evaluated subsequent events up to, and including, September 25, 2019, which is the date the financial statements were available for issuance, and no additional disclosures are required.

## **REQUIRED SUPPLEMENTARY INFORMATION**



VERDIGRIS FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET TO ACTUAL – FIRE FUND  
JUNE 30, 2019

	General Actual	Adopted Budget	Variance Favorable (Unfavorable)
<b>General revenues</b>			
Special assessment revenues	\$ 1,236,435.57	\$ 1,436,577.74	\$ (200,142.17)
Grant revenues	9,500.00	-	9,500.00
Donations	3,510.00	-	3,510.00
Miscellaneous	14,745.16	50.00	14,695.16
Interest	889.37	-	889.37
Total general revenues	<u>1,265,080.10</u>	<u>1,436,627.74</u>	<u>(171,547.64)</u>
<b>Expenditures/expenses</b>			
Personal Services:			
Salaries and wages	675,462.52	660,000.00	(15,462.52)
Payroll taxes	55,978.73	47,500.00	(8,478.73)
Employee benefits/insurance	218,310.29	230,000.00	11,689.71
Volunteer compensation	5,170.00	6,000.00	830.00
Retirement compensation	28,761.00	120,000.00	91,239.00
Contractual services:			
Dispatching	18,000.00	18,000.00	-
Clerical services	15,627.92	15,000.00	(627.92)
Maintenance - bldg/grounds	15,499.86	13,000.00	(2,499.86)
Maintenance - vehicle	13,467.49	5,000.00	(8,467.49)
Firefighting equipment	13,483.48	12,500.00	(983.48)
Workmen's Compensation	23,057.00	24,000.00	943.00
General insurance	35,880.00	38,000.00	2,120.00
Telephone	17,192.10	16,000.00	(1,192.10)
Utilities	8,988.19	9,000.00	11.81
Equipment rental	3,863.71	2,500.00	(1,363.71)
Training and travel	20,351.55	20,000.00	(351.55)
Postage	248.74	150.00	(98.74)
Trash disposal	754.18	3,200.00	2,445.82
Printing	4,372.08	600.00	(3,772.08)
Accounting and legal services	8,175.00	4,500.00	(3,675.00)
Dues/memberships	549.00	500.00	(49.00)
Fire prevention	1,485.47	2,000.00	514.53
F.F. professional services	500.00	7,500.00	7,000.00
Commodities:			
Office supplies	2,708.35	2,000.00	(708.35)
Fuel/oil	11,098.86	15,000.00	3,901.14
Maint/supp - bldg & grounds	2,874.64	5,000.00	2,125.36
Maint/supp - equipment & vehicle	9,220.92	14,000.00	4,779.08
Oper/supp - bldg & grounds	2,199.02	3,000.00	800.98
Oper/supp - equipment & vehicle	5,475.35	7,000.00	1,524.65
Uniforms	17,480.31	20,000.00	2,519.69
Publications and other	9,790.08	1,699.69	(8,090.39)
Total fire protection - operations	<u>1,246,025.84</u>	<u>1,322,649.69</u>	<u>76,623.85</u>
Capital outlay	44,541.72	32,512.00	(12,029.72)
Debt service:			
Principal	84,350.04	87,466.05	3,116.01
Interest expense	<u>17,720.71</u>	<u>15,000.00</u>	<u>(2,720.71)</u>
Total expenditures	<u>1,392,638.31</u>	<u>1,457,627.74</u>	<u>64,989.43</u>
Excess (deficit) of revenues over expenditures	<u>(127,558.21)</u>	<u>(21,000.00)</u>	<u>(148,558.21)</u>
<b>Change in fund balance</b>	<u>(127,558.21)</u>	<u>(21,000.00)</u>	<u>(106,558.21)</u>
<b>Fund balance, beginning of year</b>	<u>204,996.85</u>	<u>204,996.85</u>	<u>-</u>
<b>Prior period adjustment</b>	<u>14,097.00</u>	<u>14,097.00</u>	<u>-</u>
<b>Fund balance, beginning of year restated</b>	<u>219,093.85</u>	<u>219,093.85</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 91,535.64</u>	<u>\$ 198,093.85</u>	<u>\$ (106,558.21)</u>



**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  
Verdigris Fire Protection District  
Claremore, OK

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 governmental activities of the Verdigris Fire Protection District, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Verdigris Fire Protection District, as of June 30, 2019, and have issued our report thereon dated, September 25, 2019.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

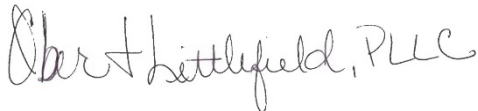
Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit, we did not 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 Verdigris Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct, and material, effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

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



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

**SEPTEMBER 25, 2019**