

**LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA**

FINANCIAL STATEMENTS AND AUDITOR REPORTS

FISCAL YEAR ENDED JUNE 30, 2016

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

**LIMESTONE FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2016**

Chairman

Edward Bell

Clerk

Christopher Lewis

Treasurer

Imogene Smith

Members

Rick Phelps

Larry Burrows

**Limestone Fire Protection District
Claremore, Oklahoma**

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June 30, 2016

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BLEDSON, HEWETT & GULLEKSON

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Limestone Fire Protection District
Claremore, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Limestone Fire Protection District (the District), Claremore, Oklahoma, 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 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 District'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 District'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 opinion.

Opinion

As discussed in Note B, the District prepares its financial statements on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business-type activities of the District as of June 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note B.

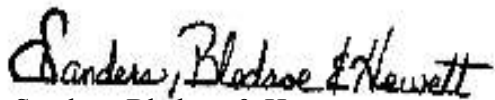
Other Matters

The District 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 (GASB), 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. Our opinion on the basic financial statements is not affected by this missing information.

The prior year "memorandum only" comparative information is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 on our consideration of the Authority'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 or on compliance and the results of that testing and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

June 30, 2020



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

Board of Directors
Limestone Fire Protection District
Claremore, Oklahoma

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 - cash basis of the Limestone Fire Protection District (the District), Claremore, Oklahoma, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which have been prepared on another comprehensive basis of accounting, and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in the internal controls, described in the accompanying schedule of audit results as item 16-1, which is not considered a material weakness.

Compliance

As part of obtaining reasonable assurance about whether the 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 that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is described in the accompanying schedule of audit results. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

June 30, 2020

LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2016

Lack of Segregation of Duties

The exception that there were inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available which prevented a proper segregation of accounting functions and which was necessary in order to assure adequate internal accounting controls continued in the current fiscal year.

LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements with respect to the basis of accounting used.
2. The audit disclosed a reportable condition in the internal controls, item 16-1, which was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

16-1 – Lack of Segregation of Duties

Condition-

The inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available prevent a proper segregation of accounting functions, which is necessary in order to assure adequate internal accounting controls.

Criteria-

An organization should ensure that there is a proper segregation of duties regarding cash collections and the payment of expenses.

Cause-

The District is not large enough to justify the hiring of additional personnel.

Effect-

There is always the possibility that not all collections are actually receipted or deposited, and the possibility that funds expended are not used for actual District obligations.

Recommendation-

The current procedures should not be changed. However, there should be additional personnel instilled into the collection, receipt, deposit, reconciliation and payment procedures when this becomes economically possible.

Response-

Additional personnel will be hired when the actual funds are available.

**LIMESTONE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2016**

	June 30,	
	2016	-Memorandum- -Only- 2015
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,833,857	965,866
Investments	0	657,644
Total current assets	<u>1,833,857</u>	<u>1,623,510</u>
Noncurrent assets:		
Restricted cash and cash equivalents	0	9,866
Capital assets:		
Land	108,538	108,538
Buildings	906,973	822,122
Vehicles and equipment	4,621,718	4,101,241
Less: Accumulated depreciation	<u>(3,484,391)</u>	<u>(3,236,447)</u>
Total noncurrent assets	<u>2,152,838</u>	<u>1,805,320</u>
Total Assets	<u>\$ 3,986,695</u>	<u>3,428,830</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Current portion of long-term debt	\$ 197,817	149,132
Noncurrent liabilities:		
Long-term capital leases	<u>602,100</u>	<u>478,918</u>
Total Liabilities	<u>799,917</u>	<u>628,050</u>
 <u>NET POSITION</u>		
Net investment in capital assets	1,352,921	1,167,404
Unrestricted	<u>1,833,857</u>	<u>1,633,376</u>
Total Net Position	<u>3,186,778</u>	<u>2,800,780</u>
Total Liabilities and Net Position	<u>\$ 3,986,695</u>	<u>3,428,830</u>

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

**LIMESTONE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

	2015-16	-Memorandum- -Only- 2014-15
Operating Revenues:		
Special assessment taxes	\$ 1,109,804	1,038,859
Insurance claims	23,695	23,375
Donations and reimbursements	4,807	7,869
Tuition	5,135	3,000
Total operating revenues	<u>1,143,441</u>	<u>1,073,103</u>
Operating Expenses:		
Dispatching	18,000	16,500
Utilities	15,452	16,155
Parts and supplies	13,339	8,541
Vehicles - gas, oil and propane	24,250	22,238
Telephone	4,367	4,444
Office supplies	1,118	665
Insurance	76,195	73,217
Professional fees	15,283	12,406
Dues, fees and memberships	1,265	1,115
Payroll	164,651	154,279
Repairs and maintenance	42,288	52,983
Depreciation	247,944	231,803
Training fees	1,377	6,880
Miscellaneous	8,687	8,610
Equipment	97,893	92,096
Rent	3,328	4,150
Total expenses from operations	<u>735,437</u>	<u>706,082</u>
Operating Income (Loss)	408,004	367,021
Non-Operating Revenues (Expenses):		
Interest income	3,277	3,478
Grant proceeds	4,290	4,484
Interest paid on long-term debt	(29,573)	(36,123)
Total Non-Operating Revenues (Expenses)	<u>(22,006)</u>	<u>(28,161)</u>
Changes in Net Position	385,998	338,860
Total Net Position, beginning of period	<u>2,800,780</u>	<u>2,461,920</u>
Total Net Position, end of period	<u><u>\$ 3,186,778</u></u>	<u><u>2,800,780</u></u>

The accompanying notes are an integral part of the financial statements

**LIMESTONE FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2015-16</u>	<u>-Memorandum- -Only- 2014-15</u>
Cash Flows from Operating Activities:		
Receipts from tax collections	\$ 1,109,804	1,038,859
Refunds and other operating inflows	33,637	34,244
Payments to vendors	(322,842)	(320,000)
Payments to employees	(164,651)	(154,279)
Net Cash Provided by Operating Activities	<u>655,948</u>	<u>598,824</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>3,277</u>	<u>3,478</u>
Cash Flows from Capital and Related Financing Activities:		
Grants received	4,290	4,484
Lease-purchase proceeds	321,000	200,000
Capital assets purchased	(605,328)	(426,155)
Interest expenses on debt	(29,573)	(36,123)
Principal payments on debt	(149,133)	(142,583)
Net Cash Provided by Capital and Related Financing Activities	<u>(458,744)</u>	<u>(400,377)</u>
Net increase (decrease) in cash and cash equivalents	200,481	201,925
Cash & cash equivalents, beginning of period	<u>1,633,376</u>	<u>1,431,451</u>
Cash & cash equivalents, end of period	<u><u>\$ 1,833,857</u></u>	<u><u>1,633,376</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 408,004	367,021
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	<u>247,944</u>	<u>231,803</u>
Net Cash Provided by Operating Activities	<u><u>\$ 655,948</u></u>	<u><u>598,824</u></u>

The accompanying notes are an integral part of the financial statements

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2016

Note A – Organization

The Limestone Fire Protection District (the District) was created on March 31, 1980, by the County Commissioners of Rogers County, State of Oklahoma. The District's operations consist of fire protection to the constituents in its fire district area, and receives ad valorem (property) tax revenue to fund its operations.

Note B – Significant Accounting Policies

These financial statements have been prepared on the cash basis of accounting. Under the cash basis of accounting, revenues are recorded when received instead of when susceptible to accrual or when earned. Expenditures are recorded when paid rather than when obligations are incurred. This basis is not in compliance with generally accepted accounting principles.

Cash

The District had the following cash accounts at June 30, 2016:

RCB Bank, Claremore, OK:	
General Fund Account– unrestricted	\$ 1,790,379
Payroll Account – unrestricted	<u>43,478</u>
Total	<u>\$ 1,833,857</u>

Investments

The District had no outstanding investments at June 30, 2016. All certificates of deposit were liquidated during the 2015-16 fiscal year, and these funds were transferred into the General Fund Account at RCB Bank.

Bank Assets

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2016

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Custodial Credit Risk - At June 30, 2016, the District held deposits of approximately \$1,833,757 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Fair Value of Financial Instruments – The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

Federal Income Tax, Employee Benefit and Retirement Plans

The District, as a volunteer fire department, pays federal and state income taxes and employee benefits on its four employees, but currently does not have a retirement plan for them.

Memorandum Totals

The "Memorandum Only" captions above the total columns mean that amounts are presented for overview information purposes only.

Insurance Coverage

The District maintained adequate insurance coverage for the 2015-16 fiscal year. Coverage includes auto liability and damage, property, inland/marine, comprehensive general liability, errors and omissions, employment liability and employment dishonesty and crime.

Capital Assets

Any items purchased or constructed in excess of \$1,000 and a useful life of over two years is considered a capital (fixed) asset by the District and will be depreciated over a specific time. Capital assets are valued at cost, depreciation is computed by use of the straight-line method.

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2016

The estimated useful lives of these assets are detailed as follows:

Land	0 years
Building	30 years
Equipment and vehicles	7 years

The capital asset information for the District is shown below:

	7/1/2015 Amount	Additions	Deletions	6/30/2016 Amount
Land	\$ 108,538	-	-	108,538
Building and improvements	822,122	84,851	-	906,973
Equipment and vehicles	4,101,241	520,477	-	4,621,718
Less: Accumulated Depreciation	<u>(3,236,447)</u>	<u>(247,944)</u>	-	<u>(3,484,391)</u>
Total	<u>\$ 1,795,454</u>	<u>357,384</u>	<u>-</u>	<u>2,152,838</u>

Note C - Long-term Debt

The District is indebted to the Kansas State Bank on five lease-purchase notes obtained to finance equipment and system improvements. The notes are secured by system revenues and property, plant and equipment. Long-term debt at June 30, 2016 is summarized as follows:

1) Lease purchase dated 1/31/05, totaling \$318,805, payable in annual installments of \$29,082.08, through January 2019	\$ 79,346
2) Lease purchase dated 9/28/06, totaling \$512,533, payable in annual installments of \$57,208.78, through September 2017	106,662
3) Lease purchase dated 9/9/09, totaling \$346,218, payable in annual installments of \$48,930.80, through September 2019	169,554
4) Lease purchase dated 6/25/14, totaling \$200,000, payable in annual installments \$43,484.05, through June 2019	123,355
5) Lease purchase dated 4/1/16, totaling \$321,000, payable in annual installments \$51,639.11, through April 2023	321,000
Less: Current maturities of long-term debt	<u>(197,817)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 602,100</u>

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2016

The estimated maturities for future years, based on the required monthly payments, are detailed as follows:

<u>June 30,</u>	<u>Note 1</u>	<u>Note 2</u>	<u>Note 3</u>	<u>Note 4</u>	<u>Note 5</u>	<u>Totals</u>
2017	\$ 25,194	52,079	38,759	39,968	41,816	197,816
2018	26,429	54,583	41,085	41,108	43,096	206,301
2019	27,723	-	43,541	42,279	44,415	157,958
2020	-	-	46,169	-	45,774	91,943
2021+	-	-	-	-	145,899	145,899
Total	<u>\$ 79,346</u>	<u>106,662</u>	<u>169,554</u>	<u>123,355</u>	<u>321,000</u>	<u>799,917</u>

Note D – Subsequent Events

Management has evaluated subsequent events through June 30, 2020, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.