

**LIMESTONE FIRE PROTECTION DISTRICT  
CLAREMORE, OKLAHOMA**

**FINANCIAL STATEMENTS AND AUDITOR REPORTS**

**FISCAL YEAR ENDED JUNE 30, 2013**

Audited by

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

BROKEN ARROW, OK

**LIMESTONE FIRE PROTECTION DISTRICT  
BOARD OF DIRECTORS  
JUNE 30, 2013**

**Chairman**

Edward Bell

**Clerk**

Christopher Lewis

**Treasurer**

Imogene Smith

**Members**

Rick Phelps

Dan Ryan

**Limestone Fire Protection District  
Claremore, Oklahoma**

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June 30, 2013

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## 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, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2013, 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.

In accordance with Government Auditing Standards, we have also issued our report dated July 3, 2019 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grants 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.

Management has elected to omit the Management Discussion and Analysis, which is considered required supplementary information that is normally subjected to auditing procedures. Due to this omission, the usefulness and accessibility of the financial statements are limited to the District's management. The omission of this information does not affect the opinion expressed on the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note B.

A handwritten signature in cursive script that reads "Sanders, Bledsoe & Hewett".

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

July 3, 2019



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING 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 the financial statements - cash basis of the Limestone Fire Protection District (the District), Claremore, Oklahoma, as of and for the year ended June 30, 2013, which have been prepared on another comprehensive basis of accounting, and have issued our report thereon dated July 3, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the District's cash basis 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 cash basis 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*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the cash basis financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's

ability to record, process, summarize and report financial data consistent with the assertions of management in the cash basis financial statements. This reportable condition is described in the accompanying schedule of audit results as item 13-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the cash basis financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that item 13-1 is not a material weakness.

This report is intended solely for the information and use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

July 3, 2019

LIMESTONE FIRE PROTECTION DISTRICT  
CLAREMORE, OKLAHOMA  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS  
JUNE 30, 2013

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, 2013

**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 13-1, 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:**

**13-1 – 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, 2013**

	June 30,	
	2013	-Memorandum- -Only- 2012
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 428,644	302,036
Payroll account	100,953	117,819
Investments	652,028	554,973
Total current assets	<u>1,181,625</u>	<u>974,828</u>
Noncurrent assets:		
Restricted cash and cash equivalents	8,437	8,286
Capital assets:		
Land	108,538	108,538
Buildings	637,465	603,504
Vehicles and equipment	3,665,127	3,523,858
Less: Accumulated depreciation	<u>(2,796,537)</u>	<u>(2,560,957)</u>
Total noncurrent assets	<u>1,623,030</u>	<u>1,683,229</u>
<b>Total Assets</b>	<b><u>\$ 2,804,655</u></b>	<b><u>2,658,057</u></b>
 <b><u>LIABILITIES</u></b>		
Current liabilities:		
Current portion of long-term debt	\$ 137,758	130,935
Noncurrent liabilities:		
Long-term capital leases	<u>570,634</u>	<u>708,391</u>
Total Liabilities	<u>708,392</u>	<u>839,326</u>
 <b><u>NET POSITION</u></b>		
Invested in capital assets, net of related debt	906,201	835,617
Unrestricted	<u>1,190,062</u>	<u>983,114</u>
Total Net Position	<u>2,096,263</u>	<u>1,818,731</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 2,804,655</u></b>	<b><u>2,658,057</u></b>

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, 2013**

	<u>2012-13</u>	<u>-Memorandum- -Only- 2011-12</u>
Operating Revenues:		
Special assessment taxes	\$ 915,187	902,817
Refunds and reimbursements	702	1,709
Sale of unused equipment	250	40
Insurance claims	5,711	7,203
Donations	4,168	3,582
Total operating revenues	<u>926,018</u>	<u>915,351</u>
Operating Expenses:		
Dispatching	20,631	28,752
Utilities	15,387	12,252
Parts and supplies	6,469	13,949
Vehicles - gas, oil and propane	26,321	13,827
Telephone	6,641	5,235
Office supplies	4,310	1,487
Insurance	69,629	67,673
Professional fees	7,761	408
Dues, fees and memberships	3,199	576
Payroll	116,936	125,000
Advertising	3,779	666
Repairs and maintenance	41,994	44,899
Depreciation	235,580	221,528
Training fees	7,407	4,881
Miscellaneous	3,719	9,799
Equipment	30,924	17,936
Rent	11,659	3,029
Total expenses from operations	<u>612,346</u>	<u>571,897</u>
Operating Income (Loss)	313,672	343,454
Non-Operating Revenues (Expenses):		
Interest income	3,803	2,072
Grant proceeds	4,484	4,413
Interest paid on long-term debt	(44,427)	(51,107)
Total Non-Operating Revenues (Expenses)	<u>(36,140)</u>	<u>(44,622)</u>
Changes in Net Position	277,532	298,832
Total Net Position, beginning of period	<u>1,818,731</u>	<u>1,519,899</u>
Total Net Position, end of period	<u>\$ 2,096,263</u>	<u>1,818,731</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, 2013**

	<u>2012-13</u>	<u>-Memorandum- -Only- 2011-12</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from tax collections	\$ 915,187	902,817
Refunds and other operating inflows	10,831	12,534
Payments to vendors	(259,828)	(240,131)
Payments to employees	(116,936)	(110,238)
Net Cash Provided by Operating Activities	<u>549,254</u>	<u>564,982</u>
 <b>Cash Flows from Investing Activities:</b>		
Interest on investments	<u>3,803</u>	<u>2,072</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>		
Grants received	4,484	4,413
Capital assets purchased	(175,230)	(188,711)
Interest expenses on debt	(44,426)	(51,107)
Principal payments on debt	(130,935)	(132,490)
Net Cash Provided by Capital and Related Financing Activities	<u>(346,107)</u>	<u>(367,895)</u>
 Net increase (decrease) in cash and cash equivalents	206,950	199,159
 Cash & cash equivalents, beginning of period	<u>983,113</u>	<u>783,954</u>
 Cash & cash equivalents, end of period	<u><u>\$ 1,190,063</u></u>	<u><u>983,113</u></u>
  <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 313,672	343,454
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	<u>235,580</u>	<u>221,528</u>
 Net Cash Provided by Operating Activities	<u><u>\$ 549,252</u></u>	<u><u>564,982</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, 2013

**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, 2013:

International Bank of Commerce (privileged account) – unrestricted	\$ 428,544
International Bank of Commerce (savings account) – restricted	8,437
International Bank of Commerce (payroll account) – unrestricted	<u>100,953</u>
Total	\$ <u>537,934</u>

**Investments**

Investments at June 30, 2013, are detailed as follows:

International Bank of Commerce - Oklahoma City, Oklahoma:	
Certificate of Deposit, matures 7/30/13	\$ 21,718
Certificate of Deposit, matures 7/30/13	21,718
Certificate of Deposit, matures 3/20/14	100,000
Certificate of Deposit, matures 3/20/14	100,000
Certificate of Deposit, matures 2/28/13	100,898
Certificate of Deposit, matures 8/17/13	101,129
Certificate of Deposit, matures 4/23/14	103,283
Certificate of Deposit, matures 4/23/14	51,641
Certificate of Deposit, matures 4/23/14	<u>51,641</u>
Total	\$ <u>652,028</u>

**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2013

**Restricted Assets**

The District, based on certain loan agreements, is required to fund and maintain prescribed amounts of cash that can be used only to service outstanding debt and unforeseen contingencies. The requirements of the debt retirement reserved as mandated in the loan agreements are as follows:

Monthly Deposit Required	Maximum Required Balance	Balance June 30, 2013
<u>\$ 1,129</u>	<u>5,484</u>	<u>8,437</u>

**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.

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, 2013, the District held deposits of approximately \$1,189,962 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.

**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2013

**Federal Income Tax, Employee Benefit and Retirement Plans**

The District is 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 2012-13 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. 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:

	7/1/2012 Amount	Additions	Deletions	6/30/2013 Amount
Land	\$ 108,537	-	-	108,537
Building and improvements	603,504	33,961	-	637,465
Equipment and vehicles	3,523,858	141,269	-	3,665,127
Less: Accumulated Depreciation	(2,560,957)	(235,580)	-	(2,796,537)
Total	<u>\$ 1,674,942</u>	<u>(60,350)</u>	<u>-</u>	<u>1,614,592</u>

**Limestone Fire Protection District**  
**Claremore, Oklahoma**  
Notes to the Financial Statements  
June 30, 2013

**Note C - Long-term Debt**

The District is indebted to the Kansas State Bank on four 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 is summarized as follows:

Lease purchase No. 3338062, payable in annual installments of \$40,139.74, through September 2014	\$ 38,156
Lease purchase No. 3338469, payable in annual installments of \$29,082.08, through January 2019	148,085
Lease purchase No. 3341810, payable in annual installments of \$48,930.80, through September 2019	273,160
Lease purchase No. 3339035, payable in annual installments of \$57,208.78, through September 2017	248,991
Less: Current maturities of long-term debt	<u>(137,758)</u>
Total Long-Term Debt, Less Current Maturities	<u><u>\$ 570,634</u></u>

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

<u>Year</u>	<u>Note 8062</u>	<u>Note 8469</u>	<u>Note 1810</u>	<u>Note 9035</u>	<u>Totals</u>
2013-14	\$ 38,156	21,826	32,544	45,232	\$ 137,758
2014-15	-	22,895	34,496	47,408	104,799
2015-16	-	24,017	36,566	49,689	110,272
2016-17	-	25,194	38,759	52,079	116,032
2017-18	-	26,429	41,084	54,583	122,096
2018-19	-	27,724	43,541	-	71,265
2019-20	-	-	46,170	-	46,170
Total	<u><u>\$ 38,156</u></u>	<u><u>148,085</u></u>	<u><u>273,160</u></u>	<u><u>248,991</u></u>	<u><u>708,392</u></u>

**Note D – Subsequent Events**

Management has evaluated subsequent events through July 3, 2019, 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.