

**LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA**

FINANCIAL STATEMENTS AND AUDITOR REPORTS

FISCAL YEAR ENDED JUNE 30, 2022

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

**LIMESTONE FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2022**

Chairman

Rick Phelps

Clerk

Bud Averill

Treasurer

Chris Lewis

Members

Matt Logsdon

Bob Peters

Bookkeeper

Kevin Fortna, CPA

Limestone Fire Protection District
Claremore, Oklahoma
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June 30, 2022

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BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Limestone Fire Protection District
Claremore, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements of the Limestone Fire Protection District, Claremore, Oklahoma (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022 and the respective changes in modified cash basis financial position and its cash flows for the year then ended, in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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 December 21, 2023 on our consideration of the 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 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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 21, 2023



BLEDSON, HEWETT & GULLEKSON
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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 accompanying financial statements of the Limestone Fire Protection District (the District), Claremore, Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2023. Our report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on 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.

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 identified no significant deficiencies or material weaknesses in the 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 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.

Report on Compliance and Other Matters

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*.

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 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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 21, 2023

LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2022

There were no prior year reportable conditions.

LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion was issued on the financial statements with respect to the modified cash basis of accounting used.
2. The audit disclosed no material weaknesses and no significant deficiencies not considered to be material weaknesses in the internal controls.
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:

NONE

**LIMESTONE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022**

	June 30,	
	2022	-Memorandum- -Only- 2021
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,140,508	975,873
Investments	824,483	823,762
Total current assets	<u>1,964,991</u>	<u>1,799,635</u>
Restricted assets:		
Restricted cash	<u>12,557</u>	<u>12,570</u>
Capital assets:		
Land	503,406	108,538
Buildings and grounds	1,773,215	1,529,090
Vehicles and equipment	8,718,244	7,809,787
Less: Accumulated depreciation	<u>(5,603,598)</u>	<u>(5,152,778)</u>
Total capital assets	<u>5,391,267</u>	<u>4,294,637</u>
Total Assets	<u>\$ 7,368,815</u>	<u>6,106,842</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Current portion of long-term debt	\$ 316,578	203,562
Long-term debt:		
Long-term capital leases	<u>1,719,465</u>	<u>1,016,933</u>
Total Liabilities	<u>2,036,043</u>	<u>1,220,495</u>
 <u>NET POSITION</u>		
Net investment in capital assets	3,355,224	3,074,142
Restricted	12,557	12,570
Unrestricted	<u>1,964,991</u>	<u>1,799,635</u>
Total Net Position	<u>5,332,772</u>	<u>4,886,347</u>
Total Liabilities and Net Position	<u>\$ 7,368,815</u>	<u>6,106,842</u>

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

**LIMESTONE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2021-22</u>	<u>-Memorandum- -Only- 2020-21</u>
Operating Revenues:		
Special assessment taxes	\$ 1,458,001	1,385,003
Donations and reimbursements	12,023	17,909
Total operating revenues	<u>1,470,024</u>	<u>1,402,912</u>
Operating Expenses:		
Payroll	389,627	371,559
Depreciation	450,820	394,372
Equipment and tools	68,916	44,072
Repairs and maintenance	94,350	54,516
Insurance	138,107	75,816
Dispatching	19,096	10,185
Utilities	27,729	24,688
Parts and supplies	55,985	26,981
Vehicles - gas, oil and propane	12,607	21,629
Telephone	7,124	7,242
Office	7,698	8,701
Professional fees	34,368	51,056
Dues, fees and memberships	1,558	2,062
Training fees	581	19,369
Advertising	148	18,298
Miscellaneous	5,188	3,790
Rent	8,526	5,652
Total expenses from operations	<u>1,322,428</u>	<u>1,139,988</u>
Operating Income (Loss)	147,596	262,924
Non-Operating Revenues (Expenses):		
Interest income	842	4,386
Grant proceeds	4,763	4,826
Sale of land and equipment	370,000	79,362
Interest paid on long-term debt	(76,776)	(46,069)
Total Non-Operating Revenues (Expenses)	<u>298,829</u>	<u>42,505</u>
Changes in Net Position	446,425	305,429
Total Net Position, beginning of period	<u>4,886,347</u>	<u>4,580,918</u>
Total Net Position, end of period	<u><u>\$ 5,332,772</u></u>	<u><u>4,886,347</u></u>

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

**LIMESTONE FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2021-22</u>	<u>-Memorandum- -Only- 2020-21</u>
Cash Flows from Operating Activities:		
Receipts from tax collections	\$ 1,458,001	1,385,003
Refunds and other operating inflows	12,023	17,909
Payments to vendors	(481,981)	(374,057)
Payments to employees	(389,627)	(371,559)
Net Cash Provided by Operating Activities	<u>598,416</u>	<u>657,296</u>
Cash Flows from Investing Activities:		
Investments (purchased) liquidated	(721)	(3,313)
Interest earnings	842	4,386
Net Cash Provided by Investing Activities	<u>121</u>	<u>1,073</u>
Cash Flows from Capital and Related Financing Activities:		
Grants received	4,763	4,826
Lease-purchase proceeds	1,158,657	-
Capital assets purchased (sold)	(1,177,450)	(811,796)
Interest expenses on debt	(76,776)	(46,069)
Principal payments on debt	(343,109)	(197,198)
Net Cash Provided by Capital and Related Financing Activities	<u>(433,915)</u>	<u>(1,050,237)</u>
Net increase (decrease) in cash and cash equivalents	164,622	(391,868)
Cash & cash equivalents, beginning of period	<u>988,443</u>	<u>1,380,311</u>
Cash & cash equivalents, end of period	<u>\$ 1,153,065</u>	<u>988,443</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 147,596	262,924
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	<u>450,820</u>	<u>394,372</u>
Net Cash Provided by Operating Activities	<u>\$ 598,416</u>	<u>657,296</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, 2022

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 modified cash basis of accounting. Under the modified 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 RCB Bank at June 30, 2022:

Operating account - unrestricted	\$ 1,069,095
Payroll account - unrestricted	71,313
Emergency account - restricted	<u>12,557</u>
Total	<u><u>\$ 1,152,965</u></u>

Investments

The District had seven certificates of deposit at fiscal year-end. Five of these CDs are 12 month maturities and two are 18 month maturities. The ending amount of these investments at June 30, 2022 is \$824,483.

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, 2022

Bank deposits are held at RCB Bank 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, 2022 the District held deposits of approximately \$1,977,448 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 is a fire department that employs both paid and volunteer employees and pays federal and state income taxes and employee benefits on all its employees. The District Employee Retirement Plan is facilitated through the Oklahoma Firefighter Pension Program.

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 2021-22 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 \$2,500 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, 2022

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

Land	0 years
Building and grounds	30 years
Equipment and vehicles	7-15 years

The capital asset information for the District is shown below:

	7/1/2021 Amount	Additions	Deletions	6/30/2022 Amount
Land	\$ 108,538	394,868	-	503,406
Building and grounds	1,529,090	244,125	-	1,773,215
Equipment and vehicles	7,809,787	908,457	-	8,718,244
Less: Accumulated Depreciation	<u>(5,152,778)</u>	<u>(450,820)</u>	<u>-</u>	<u>(5,603,598)</u>
Total	<u>\$ 4,294,637</u>	<u>1,096,630</u>	<u>-</u>	<u>5,391,267</u>

Note C - Long-term Debt

The District is indebted to the Kansas State Bank on six lease-purchase notes obtained to finance equipment and system improvements. The notes are secured by system revenues and property, plant and equipment.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

	Capital Lease Commitments
Balance, July 1, 2021	\$ 1,220,495
Additions	1,158,657
Retirements	<u>(343,109)</u>
Balance, June 30, 2022	<u>\$ 2,036,043</u>

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2022

Long-term debt at June 30, 2022 is summarized as follows:

1) Lease purchase dated 4/1/16, \$321,000 @ 3.06%, payable in annual installments of \$51,639.11 through April 2023	\$ 50,106
2) Lease purchase dated 10/1/17, \$600,000 @ 3.40%, payable in annual installments of \$71,781.65 through October 2027	325,018
3) Lease purchase dated 2/1/18, \$375,000 @ 3.26%, payable in annual installments of \$60,781.05 through February 2025	171,070
4) Lease purchase dated 11/22/19, \$500,000 @ 3.126%, payable in annual installments of \$59,064.84 through November 2029	365,919
5) Lease purchase dated 8/26/20, \$394,457 @ 2.8%, payable in annual installments of \$45,771.64 through August 2030	359,730
6) Lease purchase dated 11/14/21, \$764,200 @ 2.793%, payable in annual installments of \$88,643.71 through November 2031	<u>764,200</u>
Total Long-Term Debt	<u><u>\$ 2,036,043</u></u>

The District made additional payments during 2021-22 on loan numbers 2 and 4 above.

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

June 30,	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Totals
2023	\$ 50,106	60,731	55,204	47,538	35,699	67,300	316,578
2024	-	62,796	57,004	49,036	36,699	69,179	274,714
2025	-	64,931	58,862	50,581	37,726	71,111	283,211
2026	-	67,139	-	52,174	38,783	73,098	231,194
2027	-	69,421	-	53,817	39,869	75,139	238,246
2028	-	-	-	55,512	40,985	77,238	173,735
2029	-	-	-	57,261	42,132	79,395	178,788
2030	-	-	-	-	43,312	81,613	124,925
2031	-	-	-	-	44,525	83,892	128,417
2032	-	-	-	-	-	86,235	86,235
Total	<u>\$ 50,106</u>	<u>325,018</u>	<u>171,070</u>	<u>365,919</u>	<u>359,730</u>	<u>764,200</u>	<u>2,036,043</u>

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2022

Note D – Subsequent Events

Management has evaluated subsequent events through December 21, 2023, 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.