

**LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA**

FINANCIAL STATEMENTS AND AUDITOR REPORTS

FISCAL YEAR ENDED JUNE 30, 2023

Audited by

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

BROKEN ARROW, OK

**LIMESTONE FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2023**

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, 2023

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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, 2023, 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, 2023, 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 March 28, 2024, 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

March 28, 2024



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2024. 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

March 28, 2024

LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2023

There were no prior year reportable conditions.

LIMESTONE FIRE PROTECTION DISTRICT
CLAREMORE, OKLAHOMA
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

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, 2023**

	June 30,	
	2023	-Memorandum- -Only- 2022
<u>ASSETS</u>		
Current assets:		
Cash	\$ 940,353	1,140,508
Investments	1,325,925	824,483
Total current assets	2,266,278	1,964,991
Restricted assets:		
Restricted cash	12,587	12,557
Capital assets:		
Land	503,406	503,406
Buildings and grounds	1,816,839	1,773,215
Vehicles and equipment	8,774,578	8,718,244
Less: Accumulated depreciation	(6,062,670)	(5,603,598)
Total capital assets	5,032,153	5,391,267
Total Assets	\$ 7,311,018	7,368,815
 <u>LIABILITIES</u>		
Current liabilities:		
Current portion of long-term debt	\$ 234,453	316,578
Long-term debt:		
Long-term capital leases	1,556,583	1,719,465
Total Liabilities	1,791,036	2,036,043
 <u>NET POSITION</u>		
Net investment in capital assets	3,241,117	3,355,224
Restricted	12,587	12,557
Unrestricted	2,266,278	1,964,991
Total Net Position	5,519,982	5,332,772
Total Liabilities and Net Position	\$ 7,311,018	7,368,815

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, 2023**

	2022-23	-Memorandum- -Only- 2021-22
Operating Revenues:		
Special assessment taxes	\$ 1,574,452	1,458,001
Donations and reimbursements	26,953	12,023
Total operating revenues	1,601,405	1,470,024
Operating Expenses:		
Payroll	471,454	389,627
Depreciation	459,072	450,820
Equipment and tools	43,366	68,916
Repairs and maintenance	64,174	94,350
Insurance	173,993	138,107
Dispatching	19,003	19,096
Utilities	22,242	27,729
Parts and supplies	35,320	55,985
Vehicles - gas, oil and propane	11,950	12,607
Telephone	8,453	7,124
Office	3,911	7,698
Professional fees	36,898	34,368
Dues, fees and memberships	2,279	1,558
Training fees	15,792	581
Advertising	529	148
Miscellaneous	5,983	5,188
Rent	5,976	8,526
Total expenses from operations	1,380,395	1,322,428
Operating Income (Loss)	221,010	147,596
Non-Operating Revenues (Expenses):		
Interest income	3,741	842
Grant proceeds	10,053	4,763
Sale of land and equipment	0	370,000
Interest paid on long-term debt	(47,594)	(76,776)
Total Non-Operating Revenues (Expenses)	(33,800)	298,829
Changes in Net Position	187,210	446,425
Total Net Position, beginning of period	5,332,772	4,886,347
Total Net Position, end of period	\$ 5,519,982	5,332,772

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, 2023**

	2022-23	-Memorandum- -Only- 2021-22
Cash Flows from Operating Activities:		
Receipts from tax collections	\$ 1,574,452	1,458,001
Refunds and other operating inflows	26,953	12,023
Payments to vendors	(449,868)	(481,981)
Payments to employees	(471,455)	(389,627)
Net Cash Provided by Operating Activities	680,082	598,416
Cash Flows from Investing Activities:		
Investments (purchased) liquidated	(500,000)	0
Interest earnings	2,301	121
Net Cash Provided by Investing Activities	(497,699)	121
Cash Flows from Capital and Related Financing Activities:		
Grants received	10,053	4,763
Lease-purchase proceeds	0	1,158,657
Capital assets purchased (sold)	(99,958)	(1,177,450)
Interest expenses on debt	(47,595)	(76,776)
Principal payments on debt	(245,008)	(343,109)
Net Cash Provided by Capital and Related Financing Activities	(382,508)	(433,915)
Net increase (decrease) in cash and cash equivalents	(200,125)	164,622
Cash & cash equivalents, beginning of period	1,153,065	988,443
Cash & cash equivalents, end of period	\$ 952,940	1,153,065
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 221,010	147,596
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	459,072	450,820
Net Cash Provided by Operating Activities	\$ 680,082	598,416

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

Limestone Fire Protection District
Claremore, Oklahoma
 Notes to the Financial Statements
 June 30, 2023

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, 2023:

Operating account - unrestricted	\$	940,338
Payroll account - unrestricted		(85)
Emergency account - restricted		12,587
Total	\$	952,840

Investments

The District had three certificates of deposit with RCB Bank at fiscal year-end. These CDs are six-month maturities at 1.75% interest. The ending amount of these investments at June 30, 2023 is \$1,325,925.

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, 2023

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, 2023 the District held deposits of approximately \$2,335,430 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 2022-23 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, 2023

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:

	7/1/2022 Amount	Additions	Deletions	6/30/2023 Amount
Land	\$ 503,406	-	-	503,406
Building and grounds	1,773,215	43,624	-	1,816,839
Equipment and vehicles	8,718,244	56,334	-	8,774,578
Less: Accumulated Depreciation	(5,603,598)	(459,072)	-	(6,062,670)
Total	\$ 5,391,267	(359,114)	-	5,032,153

Note C - Long-term Debt

The District is indebted to the Kansas State Bank on four lease-purchase notes and ACB Bank on one lease-purchase note. These notes were 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, 2022	\$ 2,036,043
Additions	0
Retirements	(245,007)
Balance, June 30, 2023	\$ 1,791,036

Limestone Fire Protection District
Claremore, Oklahoma
Notes to the Financial Statements
June 30, 2023

Long-term debt at June 30, 2023 is summarized as follows:

1) Lease purchase dated 10/1/17, \$600,000 @ 3.40%, payable in annual installments of \$71,781.65 through October 2027	\$ 325,018
2) Lease purchase dated 2/1/18, \$375,000 @ 3.26%, payable in annual installments of \$60,781.05 through February 2025	115,866
3) Lease purchase dated 11/22/19, \$500,000 @ 3.126%, payable in annual installments of \$59,064.84 through November 2029	365,920
4) Lease purchase dated 8/26/20, \$394,457 @ 2.8%, payable in annual installments of \$45,771.64 through August 2030	287,332
5) Lease purchase (ACB Bank) dated 11/14/21, \$764,200 @ 2.793%, payable in annual installments of \$88,643.71 through November 2031	<u>696,900</u>
Total Long-Term Debt	<u><u>\$ 1,791,036</u></u>

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	Totals
2024	\$ 60,731	57,004	47,538	-	69,179	234,452
2025	62,796	58,862	49,036	37,726	71,111	279,531
2026	64,931	-	50,581	38,783	73,098	227,393
2027	67,139	-	52,174	39,869	75,139	234,321
2028	69,421	-	53,817	40,985	77,238	241,461
2029	-	-	55,512	42,132	79,395	177,039
2030	-	-	57,262	43,312	81,613	182,187
2031	-	-	-	44,525	83,892	128,417
2032	-	-	-	-	86,235	86,235
Total	<u>\$ 325,018</u>	<u>115,866</u>	<u>365,920</u>	<u>287,332</u>	<u>696,900</u>	<u>1,791,036</u>

Note D – Subsequent Events

Management has evaluated subsequent events through March 28, 2024, 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.