

**Northwest Rogers County Fire  
Protection District  
Rogers County, Oklahoma**

ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED  
JUNE 30, 2023

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## TABLE OF CONTENTS

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Independent Auditor's Report	1
Financial Statements	
Statement of Net Position - Modified Cash Basis	3
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis	4
Statement of Cash Flows - Modified Cash Basis	5
Notes to Financial Statements	6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	9

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Northwest Rogers County Fire Protection District

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Northwest Rogers County Fire Protection District, "the District" as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the District, as of June 30, 2023, and the changes in its net position and cash flows for the year then ended in accordance with the modified cash basis of accounting.

#### 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 2 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 opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 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 to describe the scope of our testing of internal controls 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. 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.



October 19, 2023

NORTHWEST ROGERS COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
JUNE 30, 2023

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**Assets**

**Current Assets**

Cash and cash equivalents	\$ 623,187
<b>Total Current Assets</b>	<u>623,187</u>

**Noncurrent Assets:**

Restricted cash	<u>91,960</u>
Property and Equipment	
Land	45,646
Equipment	1,621,821
Buildings and improvements	786,552
Accumulated depreciation	<u>(1,242,620)</u>
<b>Property and Equipment, net</b>	<u>1,211,399</u>
Total Noncurrent Assets	<u>1,303,359</u>
<b>Total Assets</b>	<u><u>\$ 1,926,546</u></u>

**Liabilities and Net Position**

**Current Liabilities**

Lease payable	\$ 216,852
<b>Total Current Liabilities</b>	216,852

<b>Total Liabilities</b>	<u>216,852</u>
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**Net Position**

Net investment in capital assets	1,211,399
Restricted	91,960
Unrestricted	<u>406,335</u>
<b>Total Net Position</b>	<u>1,709,694</u>

<b>Total Liabilities and Net Position</b>	<u><u>\$ 1,926,546</u></u>
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The accompanying notes are an integral part of these financial statements.

NORTHWEST ROGERS COUNTY FIRE PROTECTION DISTRICT  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – MODIFIED CASH BASIS**  
 JUNE 30, 2023

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<b>Operating Revenues</b>	
Ad Valorem taxes	\$ 2,547,311
Other revenues	13,481
<b>Total Support and Revenue</b>	<u>2,560,792</u>
<b>Operating Expenses</b>	
Salaries and wages	1,189,802
Payroll taxes	22,916
Pension and retirement	191,287
Health and life insurance	254,534
Depreciation	108,657
Workers comp insurance	54,695
Insurance	52,669
Maintenance and repairs	81,706
Dues and licenses	9,483
Utilities and telephone	36,971
Legal and professional fees	31,176
Office expense	5,982
Computer programs	8,143
Equipment rental and leasing	207,688
Gas, fuel and oil	33,072
Equipment and uniforms	17,755
Training fees	8,928
Miscellaneous	6,266
<b>Total Operating Expenses</b>	<u>2,321,730</u>
<b>Operating Income (Loss)</b>	<u>239,062</u>
<b>Non-Operating Revenue (Expense)</b>	
Interest expense	(25,177)
Insurance proceeds	12,432
Grant income	231,490
Interest Income	17,545
<b>Total Non-Operating Revenue</b>	<u>236,290</u>
<b>Increase (Decrease) in Net Position</b>	\$ 475,352
<b>Net Position</b> , beginning of year, as restated	<u>1,234,342</u>
<b>Net Position</b> , end of year	<u><u>\$ 1,709,694</u></u>

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

NORTHWEST ROGERS COUNTY FIRE PROTECTION DISTRICT  
**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS**  
 JUNE 30, 2023

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<b>Cash Flows From Operating Activities</b>	
Cash received from taxes and contributions	\$ 2,560,792
Cash paid for employee expenses	(1,713,234)
Cash paid to suppliers	<u>(499,839)</u>
Net Cash Provided By (Used In) Operating Activities	<u>347,719</u>
<b>Cash Flows from Non-Capital and Related Financing Activities</b>	
Grant proceeds	<u>231,490</u>
Net Cash Provided By (Used In) Capital Financing Activities	<u>231,490</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of property and equipment	(581,041)
Cash paid for interest	<u>(25,177)</u>
Net Cash Provided By (Used In) Capital Financing Activities	<u>(606,218)</u>
<b>Cash Flows From Investing Activities</b>	
Proceeds from investments	17,545
Proceeds from insurance	<u>12,432</u>
Net Cash Used In Investing Activities	<u>29,977</u>
<b>Net Increase (Decrease) In Cash</b>	2,968
<b>Cash And Cash Equivalents, Beginning Of Year</b>	<u>712,179</u>
<b>Cash And Cash Equivalents, End Of Year</b>	<u><u>\$ 715,147</u></u>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>	
Operating Income	\$ 239,062
<b>Adjustments To Reconcile Change In Net Assets To Net Cash Used Operating Activities:</b>	
Depreciation Expense	<u>108,657</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 347,719</u></u>

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

**Note 1 - Nature of Organization**

The Northwest Rogers County Fire Protection District was organized under Oklahoma Statutes to provide fire protection to the constituents of the district. The District is funded primarily through property tax levies under Rogers County.

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

Financial Reporting Entity – These financial statements present the activities of the District and includes all component units of which the District appointed a voting majority of the units’ board and the District is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The District considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the District's financial statements.

Basis of Accounting – The financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash – The District carries a self-insurance policy for healthcare purposes. Restricted cash consists of amounts held in reserve in the event a claim exceeds the District’s self-insurance policy amounts.

Property and Equipment – Property and equipment are valued at historical cost or estimated historical cost if actual value is not available. Donated property and equipment is valued at fair market value at the time of donation. Depreciation is provided over the useful life of the assets using straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	10-25 years
Machinery and equipment	5-20 years



Net Position Flow Assumption – Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Statement of net position – Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Federal Income Tax – The District is organized under Title 19 of the Oklahoma State Statutes and is considered exempt from federal and state income taxes.

**Note 3 – Cash and Investments**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. As of June 30, 2023, none of the District’s investments were exposed to custodial credit risk due to being uninsured or uncollateralized.

**Note 4 – Property and Equipment**

A summary of changes in property and equipment is below:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2023</u>
Land	\$ 45,646	-	-	\$ 45,646
Equipment and Vehicles	1,225,827	395,994	-	1,621,821
Buildings and improvements	601,505	185,047	-	786,552
Total Depreciable Assets	1,827,332	581,041	-	2,408,373
Accumulated depreciation	(1,133,963)	(108,657)	-	(1,242,620)
Depreciable Assets, Net	693,369	472,384	-	1,165,753
Total Capital Assets	<u>\$ 739,015</u>	<u>\$ 472,384</u>	<u>\$ -</u>	<u>\$ 1,211,399</u>

**Note 5 – Debt**

The District has a \$1,000,000 line of credit with a local financial institution. The District may draw funds from the line of credit as needed. The line of credit expires on June 30, 2024 and is renewable on an annual basis. The note is secured by real property and is subject to a variable interest rate.

**Note 6 - Operating Lease**

In June 2019, the District entered into a cancelable operating lease agreement for three fire engines. The lease is renewable each fiscal year. Annual principal payments of \$206,984 are due in March, including interest, of each fiscal year unless the lease is canceled with a 60-day notice.

**Note 7 - Risk Management**

Northwest Rogers County Fire Protection District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability and property damage.

**Note 8 - Accumulated Unpaid Vacation and Sick Pay**

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

**Note 9 - Pension and Retirement Obligations**

*Oklahoma State Firefighter's Pension and Retirement System (OFPRS)*

Plan Description. The District participates in the OFPRS, a cost-sharing multiple-employer defined benefit pension plan administered by the State Pension Board. OFPRS provides retirement, disability, and death benefits to plan members and their beneficiaries. State statutes authorize the state to establish and amend all plan provisions. The state issues a publicly available financial report that includes the applicable financial statements and required supplementary information for SFPRS.

The District's firefighters individually contribute 8% of gross salaries each month to the OFPRS. The District makes contributions to the OFPRS on behalf of the full-time firefighters amounting to 14% of the employee's gross salary each month. During the year ended June 30, 2023, the District contributed a total of \$179,163 to the OFPRS.

**Note 10 - Subsequent Events**

Management has evaluated subsequent events through the date of the auditor's report and has determined there were no items of significance to be reported.

**Note 11 - Prior Period Restatement**

Management has restated beginning of year net position by \$17,235 in order to reflect the correct amount of the lease payable liability. This adjustment had no affect on current year change in net position.

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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***

To the Board of Directors  
Northwest Rogers County Fire Protection District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Northwest Rogers County Fire Protection District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Northwest Rogers County Fire Protection District’s basic financial statements, and have issued our report thereon dated October 19, 2023.

**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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



David Clam CPA PLLC

October 19, 2023