

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

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED
JUNE 30, 2024

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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 modified cash basis financial statements of the governmental activities of Northwest Rogers County Fire Protection District, "the District" as of and for the year ended June 30, 2024, 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, 2024, 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 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 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

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 December 10, 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 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.



David Clam CPA PLLC

December 10, 2024

NORTHWEST ROGERS COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 1,074,885
Total Current Assets	<u>1,074,885</u>

Noncurrent Assets:

Restricted cash	34,836
Property and Equipment, net	<u>1,555,508</u>
Total Noncurrent Assets	<u>1,590,344</u>
Total Assets	<u><u>\$ 2,665,229</u></u>

Liabilities and Net Position

Current Liabilities

Finance lease liability- current portion	\$ 204,519
Total Current Liabilities	<u>204,519</u>

Non-Current Liabilities

Finance lease liability	<u>206,246</u>
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Total Liabilities	<u>410,765</u>
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Net Position

Net investment in capital assets	1,144,743
Restricted	34,836
Unrestricted	<u>1,074,885</u>
Total Net Position	<u>2,254,464</u>

Total Liabilities and Net Position	<u><u>\$ 2,665,229</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, 2024

Operating Revenues	
Ad Valorem taxes	\$ 2,717,254
Other revenues	19,200
Total Support and Revenue	<u>2,736,454</u>
Operating Expenses	
Salaries and wages	1,272,866
Payroll taxes	25,238
Pension and retirement	207,577
Health and life insurance	283,829
Workers comp insurance	54,944
Depreciation	143,622
Amortization	199,203
Insurance	55,329
Maintenance and repairs	109,393
Dues and licenses	20,704
Utilities and telephone	36,735
Legal and professional fees	31,440
Office expense	7,157
Equipment rental and leasing	756
Gas, fuel and oil	30,571
Equipment and uniforms	18,658
Training fees	5,910
Miscellaneous	11,082
Total Operating Expenses	<u>2,515,014</u>
Operating Income (Loss)	<u>221,440</u>
Non-Operating Revenue (Expense)	
Interest expense	(28,743)
Insurance reimbursements	30,146
Sale of surplus equipment	220,100
Grant income	59,994
Interest Income	40,163
Total Non-Operating Revenue	<u>321,660</u>
Increase (Decrease) in Net Position	\$ 543,100
Net Position , beginning of year, as restated	<u>1,711,364</u>
Net Position , end of year	<u><u>\$ 2,254,464</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, 2024

Cash Flows From Operating Activities

Cash received from taxes and contributions	\$ 2,736,454
Cash paid for employee expenses	(1,844,454)
Cash paid to suppliers	<u>(327,735)</u>
Net Cash Provided By (Used In) Operating Activities	<u>564,265</u>

Cash Flows from Non-Capital and Related Financing Activities

Grant proceeds	<u>59,994</u>
Net Cash Provided By (Used In) Capital Financing Activities	<u>59,994</u>

Cash Flows from Capital and Related Financing Activities

Purchases of property and equipment	(288,527)
Proceeds from sale of equipment	220,100
Cash paid for capital leases	(202,824)
Cash paid for interest	<u>(28,743)</u>
Net Cash Provided By (Used In) Capital Financing Activities	<u>(299,994)</u>

Cash Flows From Investing Activities

Proceeds from investments	40,163
Proceeds from insurance	<u>30,146</u>
Net Cash Used In Investing Activities	<u>70,309</u>

Net Increase (Decrease) In Cash 394,574

Cash And Cash Equivalents, Beginning Of Year 715,147

Cash And Cash Equivalents, End Of Year \$ 1,109,721

Reconciliation Of Operating Income (Loss) To Net

Cash Provided By (Used In) Operating Activities:

Operating Income \$ 221,440

Adjustments To Reconcile Change In Net Assets To Net Cash Used

Operating Activities:

Depreciation and amortization	<u>342,825</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 564,265</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.

Modifications include adjustments for: capital assets, including right-to-use assets, and depreciation of those assets, debt associated with capital assets, other cash-based receivables and payables.

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 offers a health reimbursement account to active employees. Restricted cash consists of amounts held on behalf of employees of the District.

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 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, 2024, 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 July 1, 2023	Additions	Disposals	Balance June 30, 2024
Assets - Not Depreciated				
Land	\$ 45,646	-	-	\$ 45,646
Construction-in-progress	-	181,016	-	181,016
Total - Assets - Not Depreciated	45,646	181,016	-	226,662
Assets - Depreciated				
Equipment and Vehicles	1,621,821	107,511	(514,238)	1,215,094
Buildings and improvements	786,552	-	-	786,552
Finance lease - right-to-use assets	1,992,031	-	-	1,992,031
Total Depreciable Assets	4,400,404	107,511	(514,238)	3,993,677
Accumulated amortization - right-to-use assets	(1,593,624)	(199,203)	-	(1,792,827)
Accumulated depreciation	(1,242,620)	(143,622)	514,238	(872,004)
Depreciable Assets, Net	1,564,160	(235,314)	-	1,328,846
Total Capital Assets	\$ 1,609,806	\$ (54,298)	\$ -	\$ 1,555,508

Note 5 – Line-of-Credit

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 – Finance Lease

In June 2017, the District entered into a cancelable 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, each fiscal year unless the lease is canceled with a 60-day notice. The weight average remaining lease term is 24 months and the weighted average discount rate is 1%.

Finance Lease	
Finance Lease - Right-to-Use Assets	\$ 1,992,031
Accumulated Amortization	<u>(1,792,827)</u>
Right-to-Use Assets, net	<u>\$ 199,204</u>
Finance Lease Liabilities	
Current Portion	\$ 204,519
Non-Current Portion	<u>206,246</u>
Total Finance Lease Liabilities	<u>\$ 410,765</u>

The final payment on the lease is due in March 2026. Interest due will be \$12,322 and \$6,187 for fiscal years June 30, 2025 and 2026, respectively.

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.

Note 9 – Pension and Retirement Obligations, continued

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, 2024, the District contributed a total of \$207,577 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 \$1,670 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 modified cash basis financial statements of the governmental activities of the Northwest Rogers County Fire Protection District, as of and for the year ended June 30, 2024, 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 December 10, 2024.

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.

 CPA PLLC

December 10, 2024