

Woodcrest Rural Fire Protection District
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Audited Financial Statements
June 30, 2012

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James F. Imel, P. C.

405-210-7022 cell

Certified Public Accounting
1010 Montreal Dr.
Yukon, Oklahoma 73099-5453
FredImel@imelpc.com

405-324-5511 voice/fax

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Woodcrest Rural Fire Protection District
Guthrie, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodcrest Rural Fire Protection District ("District") as of June 30, 2012 and for the year ended June 30, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 and 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2012, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

James F. Imel, P. C.

A handwritten signature in blue ink that reads "James F. Imel, P.C.".

Yukon, Oklahoma
November 3, 2014

Management's Discussion and Analysis (MD&A)
Woodcrest Rural Fire Protection District
June 30, 2012

As management of the Woodcrest Rural Fire Protection District ("District") in Logan County, Oklahoma, we offer readers of these financial statements a narrative overview and analysis of the same for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the actual financial statements, which follow this narrative.

The MD&A is an opportunity for management to proactively address any issues that might be affecting the unit's financial status or questions that might be posed by readers of the financial statements.

Financial Highlights

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$692,516 (*net asset position*). The government's total net position increased by \$125,344, primarily due to cost saving measures and donations from outside government agencies. Ending net assets were \$692,516.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$236,723 with a net change of \$40,646 in fund balance. Approximately 12.4%, or \$29,480, is non spendable or restricted. At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$188,411, or 79.7% of total general fund expenditures for the fiscal year, \$236,484.

The District experienced a large range fire subsequent to the date of the financial statements in 2014, and was a major contributor to containing the public damage.

The District continued to retire debt, \$43,686 and is scheduled to be debt free in five years.

Overview of the Financial Statements

The District's basic financial statements consist of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

The District's condensed financial information for the fiscal year ending 6/30/2012 is as follows:

1. Capital assets, \$559,504; non capital assets, \$337,179.
2. Long term liabilities due after one year, \$84,878; other liabilities, \$94,289.
3. Net assets less related debt, \$455,794; unrestricted, \$207,243; restricted, \$29,480.

4. Program revenues: grants, dues, contributions & other, \$77,751; property & sales taxes, \$195,538; total revenues, \$273,289.
5. Operating expenses, \$87,709; depreciation and interest, \$71,853; total \$159,562.

Overview of Budgeted Amounts

Budgeted receipts of \$221,633 were exceeded by actual collections of \$265,513 primarily due to increased grants and tax receipts with an improved economy. Actual expenditures, \$236,484, exceeded budgeted amounts of \$221,633. The District has changed its budgeting format model to correspond to the financial statement accounts in order to improve in this area.

Significant Capital Transactions

The District incurred \$4,828 in engineering and design fees for a new building during the fiscal year. A tanker truck valued at \$70,000, formerly on loan from the U. S. Forestry Service, was received this year and scheduled for replacement the following year.

Financial Reporting Overview

Changes in bookkeeping, Clerk and Treasurer volunteers has delayed issuing the annual audited financial statements. The District has converted its financial records to an online database to improve in this area. A bookkeeping contractor has also been retained so that statements can be issued on a regular schedule.

Woodcrest Rural Fire Protection District
Statement of Net Assets
as of June 30, 2012

	Governmental Activities
ASSETS	06/30/12
Cash	\$ 146,327
Cash with fiscal agent	89,035
Accounts receivable	65,037
Prepaid Expenses/Deferred Outflows	11,780
Capital assets not being depreciated	25,000
Capital assets, net of accumulated depreciation	534,504

Total Assets	\$ 871,683
	=====
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable	\$ 6,000
Accrued interest payable	4,419
Unearned revenue/Deferred Inflows	65,037
Due and payable within one year, Capital Leases	18,832
Long-term liabilities	
Due and payable after one year	
Capital leases	84,878

Total Liabilities	179,167

NET ASSETS:	
Invested in capital assets, net of related debt	455,794
Restricted for: capital projects	17,700
other purposes	11,780
Unrestricted	207,243

Total net assets	692,516

Total liabilities and net assets	\$ 871,683
	=====

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

Woodcrest Rural Fire Protection District
Statement of Activities
For the Year Ended June 30, 2012

	June 30, 2012
	<u>Function / Program</u>
	<u>Administration</u>
Expenses:	
Operations	\$ 87,709
Depreciation	65,185
Interest and fiscal charges	6,668
Loss of retirement of capital assets (Note 2.A.2.b)	-

Total expenses	159,562
 Program revenue:	
Operating grants and contributions	4,413
Gain or -Loss on retirement of assets	(8,924)
Charges for service	80,668
Other revenue	1,594

Net program expense	81,812

 General revenues:	
Property Tax	139,004
Sales Tax	56,535
Other revenue	-

Total general revenues	195,538
 Transfers to reserves	11,617

Change in net assets	125,344
Net assets, beginning balance	567,172

Net assets, ending balance	\$ 692,516
	=====

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

Woodcrest Rural Fire Protection District
 Balance Sheet Governmental Funds and
 Reconciliation of Governmental Funds to Statement of Activities
 as of June 30, 2012

	June 30, 2012		
	General Fund	Debt Service	Total Governmental Funds
Assets:			
Cash	\$ 146,327	\$ -	\$ 146,327
Cash with fiscal agent	89,035	-	89,035
Accounts receivable	65,037	-	65,037
Prepaid Expenses/Deferred Outflows	11,780	-	11,780
	-----	-----	-----
Total Assets	\$ 312,179	\$ -	\$ 312,179
	=====	=====	=====
LIABILITIES AND FUND BALANCE:			
LIABILITIES:			
Accounts payable	\$ 6,000	\$ -	6,000
Accrued interest payable	-	4,419	4,419
Unearned revenue/Deferred Inflows	65,037	-	65,037
	-----	-----	-----
Total Liabilities	71,037	4,419	75,456
	-----	-----	-----
FUND BALANCE:			
Reserved:			
Reserve for encumbrances	17,700	-	17,700
Reserve for prepaid expenses	11,780	-	11,780
Reserve for others	-	-	-
Unreserved:			
Designated for subsequent year's expenditures	-	18,832	18,832
Designated for maintenance and operation	-	-	-
Designated for capital outlay	-	-	-
Undesignated	188,411	-	188,411
	-----	-----	-----
Total fund balance	217,891	18,832	236,723
	-----	-----	-----
Total liabilities and fund balance	\$ 288,928	\$ 23,252	\$ 312,179
	=====	=====	=====
Fund balance - total governmental funds			\$ 236,723
Reconciliation of Gov't Funds to Statement of Activities:			
Capital Assets, net of accumulated depreciation			559,504
Long term liabilities, due beyond one year			(103,710)

Net assets of governmental activities			\$ 692,516
			=====

Woodcrest Rural Fire Protection District
Statement of Revenues, Expenditures and
Changes in Fund Balances - Gov't Funds
For the Year Ended June 30, 2012

June 30, 2012

	General Fund	Debt Service	Total Governmental Funds
Revenues:			
Property Tax	139,004	\$ -	\$ 139,004
Sales Tax	56,535	-	56,535
Grants	4,413	-	4,413
Charges for services	80,668	-	80,668
Other Revenue	(15,106)	-	(15,106)
	-----	-----	-----
Total Revenue	265,513	-	265,513
	-----	-----	-----
Expenditures:			
Operations	87,709	-	87,709
Capital Outlay	98,421	-	98,421
Debt Service:			
Principal	-	43,686	43,686
Interest and fiscal charges	-	6,668	6,668
	-----	-----	-----
Total expenditures	186,130	50,354	236,484
	-----	-----	-----
Excess (deficit) revenue over expenditures	79,383	(50,354)	29,029
Other financing sources (uses):			
Capital leases	-	-	-
Interfund transfers in	11,617	-	11,617
Interfund transfers out	-	-	-
	-----	-----	-----
Total other financing sources (u	11,617	-	11,617
	-----	-----	-----
Net change in fund balance	91,000	(50,354)	40,646
Fund balances - beginning	251,669	(55,592)	196,077
	-----	-----	-----
Fund balances - ending	\$ 342,669	\$ (105,946)	\$ 236,723
	=====	=====	=====

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

Woodcrest Rural Fire Protection District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 to the Statement of Activities, Governmental Funds

For the Year Ended June 30, 2012

	<u>June 30, 2012</u>
	<u>Governmental Funds</u>
Net Change in fund balances - total governmental funds	\$ 40,646
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is Capital outlays less depreciation.</p>	33,236
<p>Retirement of capital assets is recorded as losses on the the statement of activities. Governmental funds report this as a decrease in capital assets</p>	7,776
<p>Proceeds of long-term debt (including capital leases) recorded as an other financing source for governmental funds but it is not recorded in the statement of activities. Proceeds of long-term debt are liabilities.</p>	-
<p>Repayment of capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt repayment made in the current period.</p>	43,686
Change in net assets of governmental activities	----- \$ 125,344 =====

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

Woodcrest Rural Fire Protection District
 Budgetary Comparison Schedule
 Governmental Funds
 For the Year Ended June 30, 2012

June 30, 2012

	General Fund			Debt Service		
	Actual	Adopted Budget	Variance Favorable (Unfavorable)	Actual	Adopted Budget	Variance Favorable (Unfavorable)
Revenues:						
Property Tax	\$ 139,004	\$ 123,935	\$ 15,068	\$ -	\$ -	\$ -
Sales Tax	56,535	46,800	9,735	-	-	-
Grants	4,413	4,898	(485)	-	-	-
Charges for services; donations	80,668	7,500	73,168	-	-	-
Other Revenue	(15,106)	38,500	(53,606)	-	-	-
Total Revenue	265,513	221,633	43,880	-	-	-
Expenditures:						
Operations	87,709	167,816	80,107	-	-	-
Capital Outlay	98,421	10,000	(88,421)	-	-	-
Debt Service:						
Principal	-	-	-	43,686	43,817	131
Interest and fiscal charges	-	-	-	6,668	-	(6,668)
Total expenditures	186,130	177,816	(8,314)	50,354	43,817	(6,537)
Excess (deficit) revenue over expenditures	79,383	43,817	35,566	(50,354)	(43,817)	(6,537)
Other financing sources (uses):						
Capital Leases	-	-	-	-	-	-
Interfund transfers in	11,617	-	(11,617)	-	-	-
Interfund transfers out	-	-	-	-	-	-
Total other financing sources (uses)	11,617	-	(11,617)	-	-	-
Net change in fund balance	91,000	43,817	47,183	(50,354)	(43,817)	(6,537)
Fund balances - beginning	251,669	-	251,669	(55,592)	-	(55,592)
Fund balances - ending	\$ 342,669	\$ 43,817	\$ 298,852	\$ (105,946)	\$ (43,817)	\$ (62,129)

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

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Woodcrest Rural Fire Protection District (the Fire Department) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant Fire Department accounting policies are described below.

A. REPORTING ENTITY

The Fire Department was organized pursuant to Title 19 section 901 of Oklahoma Statutes in 2005. The Fire Department provides fire protection to a designated district defined by the Logan County Commissioner. The Fire Department is made up of volunteer board members and firefighters. The board members consist of a Chairman, Clerk, and Treasurer and are residents of the defined fire protection district.

The Fire Department reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. Statement No. 14 defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Fire Department, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Fire Department.

B. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE STATEMENTS

The Statement of Net Assets and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize duplicate transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the Fire Department's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct revenues include charges paid by the recipients of goods or services offered by the Fire Department, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

B. BASIS OF PRESENTATION (Continued)

2. FUND FINANCIAL STATEMENTS (Continued)

accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Fire Department or if total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 15 percent of the corresponding total for all funds of that category and for all governmental units combined.

3. GOVERNMENTAL FUNDS

- a. The General Fund is the principal operating fund of the Fire Department. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Fire Department gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Deferred revenues are recognized for property taxes not collected, which are not confirmed by the county. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Fire Department considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension and other post employment costs, and compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. PROPERTY TAXES REVENUE

The Logan County Commissioner prepares the levy in late December of each year and jointly bills taxpayers for the Fire Department levy and other Logan County real property taxes. These combined taxes become a lien as of January 1st based on assessed property values as of that date. Tax payments are due during the period December 31st to March 31st.

The tax roll is returned to the Logan County Commissioner of Finance after March 31st at which time all unpaid taxes and penalties are payable to that office. The Fire Department retains full tax levies for all unpaid items returned to the County. The County enforces tax liens.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

E. SALES TAX REVENUE

The Logan County Clerk office serves as the Fire Department custodian of sales tax revenue collections. The Fire Department receives a one fourth of one percent of sales tax levy.

F. CAPITAL ASSETS

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, except for donated fixed assets which are recorded at their fair value at the date of donation. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statement of net assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
	-----	-----	-----
Office furniture and equipment	\$ 1,000	straight-line	5 years
Fire fighters equipment	5,000	straight-line	5 years
Vehicles	5,000	straight-line	15 years
Buildings	5,000	straight-line	20 years
Building Improvements	5,000	straight-line	10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. INSURANCE

The Fire Department is exposed to various risks of loss related to torts, theft, damage and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

H. COMPENSATED ABSENCES

The Fire Department operates on volunteer personnel. Compensation is limited to mileage reimbursements and pension contributions.

I. LONG-TERM LIABILITIES

All long-term debt is reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital leases.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont'd

J. INTERFUND TRANSFERS

The operations of the Fire Department give rise to certain transactions between funds, including transfers of expenditures and revenues to support the debt service fund.

K. FUND EQUITY

Government-wide statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—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 assets—Consists of net assets with constraints 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 assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund statements

Governmental fund equity is classified as the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

The following is a description of the reserves and designations used by the Fire Department.

- a. Reserved for Encumbrances—representing funds accumulated for commitments related to unperformed contracts or purchase orders for goods and services.
- b. Reserved for Prepaid Expenses—represents funds used for prepaid expenses.

Designations represent funds for which there is intent by the Fire Department to be used for a specific purpose. Designations of fund balance include:

- a. Designated for Subsequent Year's Expenditures—represents funds to be used to assist in supporting the subsequent year's authorized appropriations.
- b. Designated for Maintenance and Operation—represents funds to be used to assist in maintaining and operation of the Fire Department.
- c. Designated for Capital Outlay—represents funds to be used for capital assets, capital expenditures, and payment of related long-term debt of the Fire Department.

L. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2—DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH

- a. The Fire Department monies must be deposited in FDIC-insured commercial banks or trust companies located within the State.
- b. The Fire Department monies of Sales Tax revenue are administered by Logan County Clerk office as custodian.

2. CAPITAL ASSETS

- a. Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 07/01/11	Additions	Disposals & Retirements	Balance 06/30/12
Capital assets, not being depreciated:				
Land	\$25,000	\$0	\$0	\$25,000
Total capital assets not being depreciated	\$25,000	\$0	\$0	\$25,000
Capital assets, being depreciated:				
Buildings	\$106,200	\$4,828	\$0	\$111,028
Building Improvements	0	0	0	0
Office Furniture and Equipment	2,000	0	0	2,000
Fire Fighters Equipment	152,039	43,593	0	195,632
Vehicles	410,622	70,000	-20,000	460,622
Total capital assets, being depreciated	670,861	118,421	-20,000	769,282
Less accumulated depreciation				
Buildings	26,822	5,310	0	32,132
Building Improvements	0	0	0	0
Office Furniture and Equipment	2,000	0	0	2,000
Fire Fighters Equipment	45,879	30,832	0	76,711
Vehicles	102,668	29,043	-7,776	123,935
Total accumulated depreciation	177,369	65,185	-7,776	234,778
Total capital assets, being depreciated - net	493,492	53,236	-12,224	534,504
Governmental activities capital assets, net	\$518,492	\$53,236	\$-12,224	\$559,504

Depreciation expense of \$65,185 was charged to the administration function of the Fire Department.

B. LIABILITIES

1. PENSION PLAN

The Fire Department participates in the Oklahoma Firefighters Pension and Retirement System (OFPRS). The System provides retirement benefits as well as disability benefits. As set forth in the OFPRS, the Fire Department can contribute \$60 per annual, per volunteer firefighter. The annual contribution must be made by July 1 of each year. The Fire Department contribution to OFPRS was made on 9/13/2011 of \$660.

WOODCREST RURAL FIRE PROTECTION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 2—DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, cont'd

2. LONG-TERM LIABILITIES AND LEASE OBLIGATIONS

a. CHANGES IN LONG-TERM LIABILITIES AND LEASE OBLIGATIONS

The following is a summary of changes in long-term liabilities and lease obligations:

	Other Liabilities Capital Leases
	fye 06/30/12
Balance: Beginning of Year	\$147,396
Additions	0
Payments	-43,686

Balance: End of Year	\$103,710
	=====

Subsequent year scheduled retirement obligations:

Fiscal Year	
2012-2013	\$ 18,832
2013-2014	19,795
2014-2015	20,792
2015-2016	21,839
2016-2017	22,452

Total	\$103,710
	=====

a. CAPITAL LEASE OBLIGATIONS—The Fire Department has entered into non-cancellable lease agreements for certain vehicles and equipment originally totaling \$185,414, which have been capitalized for financial reporting purposes. Future minimum lease payments remaining under these capital leases as of June 30, 2012 are as follows:

2012-2013	24,070
2013-2014	24,070
2014-2015	24,070
2015-2016	24,070
2016-2017	23,586

	119,863
Less imputed interest 5.05%	16,153

Present value of capital leases	\$ 103,710
	=====

C. RELATED PARTY TRANSACTIONS

1. There were no material related party transactions during the fiscal year ending 6/30/2012.

WOODCREST RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2—DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, cont'd

D. GRANT AWARDED

1. The Fire Department was awarded \$4,413 from the Oklahoma Department of Agriculture for defined operational costs.

NOTE 3—BUDGETARY DATA

A. BUDGET POLICIES

The budget policies are as follows:

1. At least thirty (30) days prior to the beginning of each fiscal year, the Fire Department Board reviews and puts together a proposed budget and calls for a public hearing.
2. A public hearing on the proposed budget must be no later than fifteen (15) days prior to the beginning of the budget year. Notice of the date, time and place of the hearing, together with the proposed budget summaries, shall be published in the newspaper of general circulation in the district not less than five days before the date of the hearing.
3. Following the public hearing, revisions may again be made by the Fire Department Board. The board shall adopt the budget at least seven (7) days prior to the beginning of the budget year.
4. The adopted budget shall be filed with the Logan County Clerk and Oklahoma State Auditor and Inspector on or before the first day of the budget year. The adopted budget is subject to final approval of the Logan County Clerk as provided by law.
5. Revenues are budgeted at ninety percent (90 %) of projected revenue. Total expenditures for each fund classification within the governmental funds may not exceed the total appropriations for any fund of the adopted budget.

NOTE 4 - SUBSEQUENT EVENTS AND DATE OF AVAILABILITY

The Financial Statements were available to be issued as of the date of the report, and include a review of subsequent events through November 3, 2014.

James F. Imel, P. C.

405-210-7022 cell

Certified Public Accounting
1010 Montreal Dr.
Yukon, Oklahoma 73099-5453
FredImel@imelpc.com

405-324-5511 voice/fax

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 Members of the Woodcrest Rural Fire Protection District
Guthrie, Oklahoma

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, each major fund, and the aggregate remaining fund information of the Woodcrest Rural Fire Protection District ("District") as of and for the year ended June 30, 2012, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 3, 2012.

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.

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 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 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.

James F. Imel, P. C.

Yukon, Oklahoma
November 3, 2014