

DUNN'S CORNERS FIRE DISTRICT
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2019

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DUNN'S CORNER FIRE DISTRICT

May 31, 2019

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To the Operating Committee of Dunn's Corners Fire
District Westerly, Rhode Island

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dunn's Corners Fire District ("the District"), as of and for the year ended May 31, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 misstatements 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 procedures 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 Dunn's Corners Fire District as of May 31, 2019, and the respective changes in financial position 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, budgetary comparison information, on pages 3 through 11 and pages 34 through 37, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dunn's Corners Fire District's basic financial statements. The supplementary statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019 on our consideration of the Dunn's Corners Fire 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 Dunn's Corners Fire District's internal control over financial reporting and compliance.

Hague, Sahady & Co., CPA's, P.C.

Hague, Sahady & Co., CPA's, P.C.

Fall River, Massachusetts

November 1, 2019

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The assets plus deferred outflows of resources of the District exceeded liabilities plus deferred inflows of resources at May 31, 2019 and 2018, respectively by \$2,312,318 and \$2,254,434.
- In fiscal year ended May 31, 2019, the District's total net position (governmental activities) increased by \$57,884.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending balances of \$855,042. Approximately forty-nine percent of the total amount, \$415,246 is available for spending at the District's discretion (unassigned fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the District as a whole. The fund financial statements focus the individual components of the District government, reporting the District's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the District's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Statement

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statements provide both short-term and long-term information about District's financial position, which assists in assessing the District's economic position at the end of the fiscal year.

The government-wide financial statements include two statements:

Statement of Net Position - Presents all of the government's position and liabilities along with any deferred inflows and/or outflows of resources, with the difference being reported as net position. The amount of net position is widely considered as a good measure of the District's financial health as increases and decreases in the District's net position serve as a useful indicator of whether the financial position is improving or deteriorating.

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

Government-Wide Statement (Continued)

Statement of Activities - Presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods, i.e., uncollected taxes or earned but unused sick and vacation time.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities. The District uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

All of the funds of the District can be divided into three categories as follows:

Governmental funds - are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

Most of the basic services provided by the District are financed through governmental funds. These funds are reported using an accounting method called "modified accrual accounting", which measures cash, and all other financial assets that can readily be converted to cash. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is considered a major fund and data from all of the other governmental funds, which are considered non-major funds, are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

DUNN’S CORNERS FIRE DISTRICT

Management’s Discussion and Analysis (MD&A)

Year Ended May 31, 2019

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$2.3 million as of May 31, 2019 and \$2.2 million as of May 31, 2018. Key components of the District’s activities are presented below. The following table reflects the condensed net position based on the statement of net position found in these financial statements.

**Statement of Net Position
May 31, 2019 and 2018**

	Governmental Activities		Total
	2019	2018	Percentage
			Change
Assets			
Current assets	\$ 971,726	\$ 933,561	4%
Capital assets	2,242,926	2,349,323	-5%
Total assets	3,214,652	3,282,884	-2%
Deferred Outflows of Resources			
None	-	-	0%
Total deferred outflows of resources	-	-	0%
Liabilities			
Current liabilities	215,313	178,461	21%
Long-term liabilities	687,021	849,989	-19%
Total liabilities	902,334	1,028,450	-12%
Deferred Inflows of Resources			
None	-	-	0%
Total deferred inflows of resources	-	-	0%
Net Position			
Net investment in capital assets	1,417,467	1,366,511	4%
Restricted	439,796	406,240	8%
Unrestricted	455,055	481,683	-6%
Total net position	\$2,312,318	\$ 2,254,434	3%

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

Government-Wide Financial Analysis (Continued)

A significant portion of the District's net position reflects its investment in capital position (e.g., land, construction in progress, buildings and improvements, machinery and equipment, radio and communication equipment and automobiles, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. At fiscal year ended May 31, 2019, restricted net position totaled \$439,796 with \$133,605 of this amount restricted for use on capital building improvements, \$90,678 for use on equipment replacement and 139,990 restricted for use on vehicle replacement. The remaining restriction is for both the memorial fund in the amount of \$4,885 and the prevention fire fund in the amount of \$70,638.

The District was able to report positive balances in all three categories of net position for its governmental activities for the fiscal year 2019.

Statement of Changes in Net Position

The District's total net position increased by \$57,884 for the fiscal year ended May 31, 2019.

This summary of changes in net position is based on the Statement of Activities found in these financial statements.

Key elements of these increases / (decreases) are documented on the following page:

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

**Statement of Activities
For the Year Ending May 31, 2019 and 2018**

	<u>Governmental Activities</u>		Total
	2019	2018	Percentage
			Change
Program Revenues			
Fees, fines and charges for services	\$ 343,625	\$ 296,889	16%
Operating grants and other revenues	-	3,328	-100%
Total program revenues	<u>343,625</u>	<u>300,217</u>	<u>14%</u>
Program Expenses			
Public safety- fire protection	900,691	789,561	14%
Recreation-community building	12,780	19,589	-35%
Depreciation	181,608	161,976	12%
Interest expense on bonds	39,563	38,662	2%
Total expenses	<u>1,134,642</u>	<u>1,009,788</u>	<u>12%</u>
Net (expense) revenue and changes in net position	<u>(791,017)</u>	<u>(709,571)</u>	<u>11%</u>
General Revenues			
Property taxes and related revenue	808,592	730,930	11%
Investment income	4,531	2,716	67%
Miscellaneous income	4,828	21,302	-77%
Total program revenues	<u>817,951</u>	<u>754,948</u>	<u>8%</u>
Special Items			
Special item- sale of capital assets	<u>30,950</u>	<u>-</u>	<u>0%</u>
Total other financing sources (uses)	<u>30,950</u>	<u>-</u>	<u>0%</u>
Changes in net position	57,884	45,377	28%
Net position, beginning of year	<u>2,254,434</u>	<u>2,209,057</u>	<u>2%</u>
Net position, end of year	<u>\$2,312,318</u>	<u>\$ 2,254,434</u>	<u>3%</u>

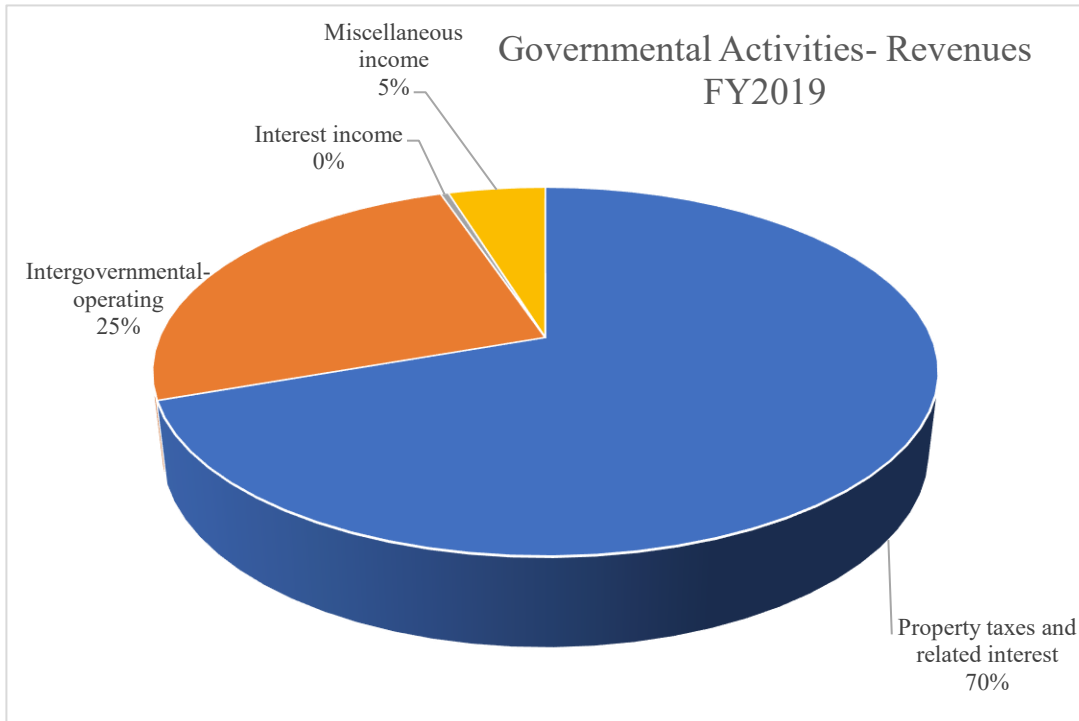
DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

Governmental Activities

Total governmental activities revenues for the District are comprised of property taxes and related revenues of \$809 thousand, \$293 thousand in intergovernmental revenues and \$60 thousand in miscellaneous and interest income.



General - The majority of general revenues are tax collections from the District's taxpayers. This amount represented 80% of the total revenues of \$1.2 million.

Program - Charges for services of \$293 thousand represents fees for other districts and \$20 thousand is generated from inspectional fees.

Operating grant contributions of \$9 thousand represent the District's receipt of the MVA grants.

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

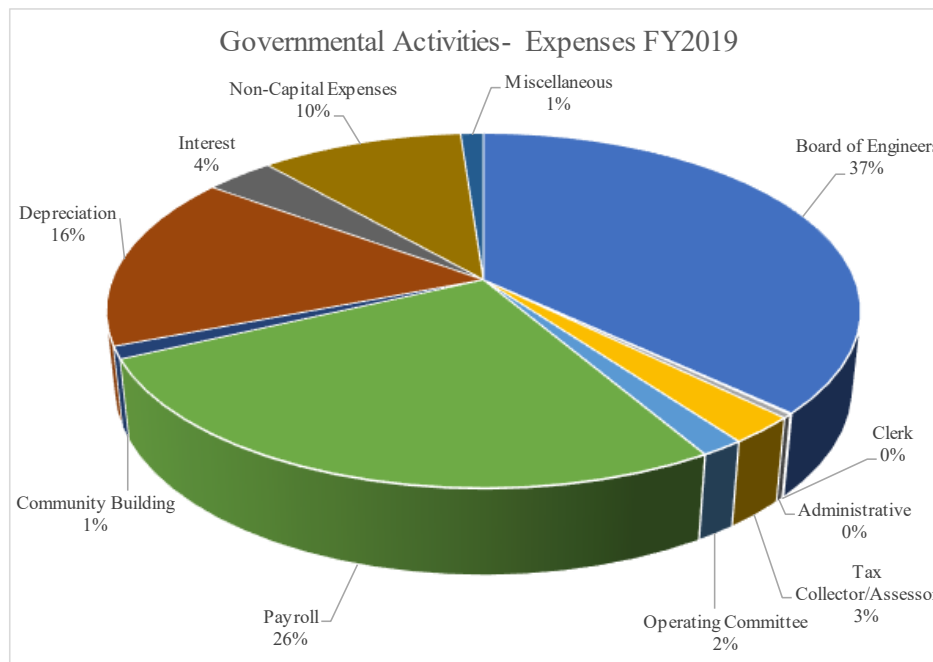
Governmental Activities (continued)

For fiscal year ended May 31, 2019, expenses for the governmental activities totaled \$1,134,642.

Public safety is the only function of the District. The following shows the portion of each expense item displayed on the statement of activities. The largest expense for the District was salaries, which is \$270,675 for year ended May 31, 2019.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



Governmental funds - The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements.

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

Financial Analysis of the Government's Funds (Continued)

The District's governmental funds reported combined ending fund balances of \$855,042 for fiscal year ended May 31, 2019 and \$821,809 for fiscal year ended May 31, 2018.

During 2019, total governmental funds reported amounts of \$0 within the non-spendable fund balance category, \$0 within the restricted fund balance category, \$369,158 within the committed fund category, \$70,638 within the assigned fund balance category, and \$415,246 within the unassigned fund balance category. Please refer to the Note "Fund Balance Classification Details" for a detailed breakdown of the components within each category.

Discussion and Analysis of Significant Budget Variances

The Dunn's Corners Fire District submits its budget to the Committee after reviewing and revising its revenue and expenditure plan for final adoption before setting the tax rate. For detailed information regarding the District's budgetary comparison, please see the required supplementary information section of these financial statements.

During fiscal year 2019, the District received \$87 thousand more than it budgeted in revenue, primarily from the collections of property taxes and related revenues.

Regarding expenditures, one account was noted as being significantly over-expended:

- The tax bills – Westerly / Charlestown was budgeted at \$5,000 and actual spent was \$22,088 resulted in an underbudgeted amount of \$17,088. Costs related to the tax lien sale are also grouped into this category.

DUNN'S CORNERS FIRE DISTRICT

Management's Discussion and Analysis (MD&A)

Year Ended May 31, 2019

Capital Asset and Debt Administration

Capital Position

The District's investment in capital position for governmental activities as of May 31, 2019 amounts to \$2,242,926 net of accumulated depreciation. The investment in capital position includes land, buildings and improvements, vehicles, and automobiles. The decrease in overall investments in capital assets is as a result of depreciation exceeding current purchases. The following is a summary of capital position as of May 31, 2019:

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Total
	2019	2018	Percentage Change
Governmental Activities			
Land	\$ 454,696	\$ 454,696	0%
Buildings and improvements, net	956,834	1,010,660	-5%
Automobiles, net	831,396	883,967	-6%
Total capital assets	<u>\$2,242,926</u>	<u>\$ 2,349,323</u>	<u>-5%</u>

Economic Factors and Impact on Future Periods

The Fire District has no current plans for major capital improvements outside of low to moderate projects to maintain the buildings and equipment. A comprehensive community risk assessment will continue to be the driving force behind any future capital needs involving personnel. However, should the District choose to expand the mission of the fire department to include ambulance transport services, a substantial investment in personnel and equipment will influence those financial periods.

At its annual budget meeting in July 2019, the Dunn's Corners Fire District adopted an \$1,084,269 budget for 2019-2020 and \$105,000 of additional appropriations using budgeted revenues of \$1,084,269 and assigned fund balance of \$105,000.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at Dunn's Corners Fire District, 1 Langworthy Road, Westerly, RI 02891.

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DUNN'S CORNERS FIRE DISTRICT

Statement of Net Position

May 31, 2019

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 918,009
Property tax receivables	28,411
Accounts receivable (other)	3,964
Inventory	1,690
Prepaid expense	<u>19,652</u>
Total current assets	<u>971,726</u>
Capital Assets	
Land	454,696
Buildings and improvements	1,565,909
Vehicles	1,979,791
Less: accumulated depreciation	<u>(1,757,470)</u>
Total capital assets	<u>2,242,926</u>
Total assets	<u>3,214,652</u>
Deferred Outflows of Resources	
None	<u>-</u>
Total deferred outflows of resources	<u>\$ -</u>

The accompanying notes are an integral part of this statement

DUNN'S CORNERS FIRE DISTRICT

Statement of Net Position

May 31, 2019

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 45,203
Accrued expenses	31,672
Notes Payable	<u>138,438</u>
Total current liabilities	<u>215,313</u>
Long-term liabilities	
Notes payable, due in more than one year	<u>687,021</u>
Total long-term liabilities	<u>687,021</u>
Total liabilities	<u>902,334</u>
Deferred Inflows of Resources	
None	<u>-</u>
Total deferred inflows of resources	<u>-</u>
Net Position	
Net investment in capital assets	1,417,467
Restricted for:	
Specific purposes - prevention fire	70,638
Specific purposes - memorial	4,885
Building and improvements	133,605
Equipment replacement	90,678
Vehicles replacement	139,990
Unrestricted	<u>455,055</u>
Total net position	<u>\$ 2,312,318</u>

The accompanying notes are an integral part of this statement

DUNN'S CORNERS FIRE DISTRICT

Statement of Activities

For the Year Ended May 31, 2019

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Change in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities				
Public safety - fire protection	\$ 900,691	\$ 333,310	\$ -	\$ 567,381
Recreation - community building	12,780	10,315	-	2,465
Interest on long-term debt	39,563	-	-	39,563
Depreciation	181,608	-	-	181,608
	<u>\$ 1,134,642</u>	<u>\$ 343,625</u>	<u>\$ -</u>	<u>\$ 791,017</u>
		General Revenues		
			Property taxes and related revenue	\$ 808,592
			Interest income	4,531
			Miscellaneous income	4,828
			Total general revenues	<u>817,951</u>
		Special Items		
			Proceeds from sale of assets	<u>30,950</u>
			Total special items	<u>30,950</u>
			Change in net position	57,884
			Net position, beginning of year	<u>2,254,434</u>
			Net position, end of year	<u>\$ 2,312,318</u>

The accompanying notes are an integral part of this statement

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DUNN'S CORNERS FIRE DISTRICT

Balance Sheet-Governmental Funds

May 31, 2019

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets			
Cash and cash equivalents	\$ 918,009	\$ -	\$ 918,009
Property tax receivables	28,411	-	28,411
Account receivable (other)	3,964	-	3,964
Due from other funds	-	439,796	439,796
	<hr/>	<hr/>	<hr/>
Total assets	950,384	439,796	1,390,180
Deferred Outflows of Resources			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	950,384	439,796	1,390,180
	<hr/>	<hr/>	<hr/>
Liabilities			
Accounts payable	45,203	-	45,203
Accrued expenses	21,728	-	21,728
Due to other funds	439,796	-	439,796
	<hr/>	<hr/>	<hr/>
Total liabilities	506,727	-	506,727
	<hr/>	<hr/>	<hr/>
Deferred Inflows of Resources			
Deferred property tax revenue	28,411	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	28,411	-	28,411
	<hr/>	<hr/>	<hr/>
Fund Balance			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	130,000	369,158	499,158
Assigned	-	70,638	70,638
Unassigned	285,246	-	285,246
	<hr/>	<hr/>	<hr/>
Total fund balance	415,246	439,796	855,042
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 950,384</u>	<u>\$ 439,796</u>	<u>\$ 1,390,180</u>

The accompanying notes are an integral part of this statement

DUNN'S CORNERS FIRE DISTRICT

Reconciliation of the Governmental Fund Balance Sheet
Total Fund Balances to the Statement of Net Position

May 31, 2019

Total governmental fund balance	\$ 855,042
Amounts reported for the activities in the Statement of Net Position are different because	
Other long-term assets and deferred outflows are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Inventory	1,690
Prepaid expenses	19,652
Capital assets used are not financial resources and, therefore, are not reported in the funds:	
Beginning net capital assets	2,349,323
Current year capital asset additions	75,211
Depreciation expense	(181,608)
Other long-term assets and deferred outflows are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Deferred revenue - real and personal property taxes	28,411
Other long-term liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(825,459)
Interest accrued on long-term debt	<u>(9,944)</u>
Net position of governmental activities	<u>\$2,312,318</u>

The accompanying notes are an integral part of this statement

DUNN'S CORNERS FIRE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds

For the Year Ended May 31, 2019

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Revenues			
Property taxes and related interest	\$ 833,237	\$ -	\$ 833,237
Intergovernmental - operating	292,974	-	292,974
Interest income	4,531	-	4,531
Miscellaneous income	46,178	9,301	55,479
	<hr/>	<hr/>	<hr/>
Total revenues	1,176,920	9,301	1,186,221
Expenditures			
Public safety - fire protection	770,465	128,795	899,260
Recreation - community building	12,780	-	12,780
Capital outlay	75,211	-	75,211
Debt service:			
Note principal	216,354	-	216,354
Note interest	39,334	-	39,334
	<hr/>	<hr/>	<hr/>
Total expenditures	1,114,144	128,795	1,242,939
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	62,776	(119,494)	(56,718)
Other Financing Sources (uses)			
Gain on sale of capital assets	7,900	23,050	30,950
Proceeds from new notes	59,000	-	59,000
Transfers in	-	130,000	130,000
Transfers out	(130,000)	-	(130,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(63,100)	153,050	89,950
Excess (deficiency) of revenues and other sources over expenditures and other uses	<hr/>	<hr/>	<hr/>
	(324)	33,556	33,232
Fund balance, June 1, 2018	<hr/>	<hr/>	<hr/>
	415,569	406,240	821,809
Fund Balance, May 31, 2019	<hr/>	<hr/>	<hr/>
	\$ 415,246	\$ 439,796	\$ 855,042

The accompanying notes are an integral part of this statement

DUNN'S CORNERS FIRE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended May 31, 2019

Net change in fund balance \$ 33,232

Amounts reported for the governmental activities in the
statement of activities are different because:

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 the amount by
which capital outlays exceeded depreciation in the current
period.

Capital Outlay	75,211
Depreciation	(181,608)

Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues
in the funds. (24,645)

The issuance long-term debt (e.g. bonds and installment
purchases) provide current financial resources to governmental
funds, while the repayment of the principal of long-term debt
consumes the current financial resources of governmental funds.
Neither transaction has any effect on the net position in the
government-wide statements 157,354

Some expenses reported in the Statement of Activities do not require
the use of current financial resources and, therefore, and not reported
as expenditures in the governmental funds.

Insurance	299
Inventory	(1,730)
Interest accrued on long-term debt	<u>(229)</u>

Net change in governmental activities \$ 57,884

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dunn's Corners Fire District (the District) operates under the direction of an Operating Committee and provides fire protection services to the residents of designated areas of Westerly and Charlestown, Rhode Island. The District also provides fire protection services to other local fire districts under individual contracts.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting Entity

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB. In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide statement of net position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in two parts – invested in capital assets, net of related debt and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of the District's primary function of fire protection. This function is also supported by general government revenues (property taxes, interest, and miscellaneous income). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. The net costs of fire protection are normally covered by general revenue (property taxes, interest, and miscellaneous income). The District does not allocate indirect costs.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basic Financial Statements – Government-Wide Statements *(continued)*

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned for specified purposes. The District currently maintains two special revenue funds, the Prevention Fund, which is used to account for inspection fee income which is used to pay for training activities and supplies, and the Memorial Fund which is to be used for future commemoration ceremonies of current and past members of the Dunn's Corners Fire Department. These funds are considered major funds for the year ended May 31, 2019.

Capital Project Funds: These funds are used to account for the acquisition or construction of capital assets. The District currently maintains three capital project funds: the Truck Fund, the Equipment Fund, and the Building Fund. These funds are considered major funds for the year ended May 31, 2019.

When an expenditure is incurred for a purpose for which amounts in any unrestricted fund balance category could be used, committed fund balances are considered to have been spent first, followed by assigned fund balances and unassigned fund balances.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basic Financial Statements – Fund Financial Statements *(continued)*

Basis of Accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Under this basis of accounting and measurement focus, the District applies (a) all GASB pronouncements and (b) FASB statements and interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989 except those that conflict with a GASB pronouncements.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. “Available” means collectible within the current period or within sixty (60) days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. The District uses the purchase method with regard to its expenditures for insurance premiums and inventory.

Allowance for Doubtful Accounts:

Based upon prior experience, management has not established an allowance for doubtful accounts for its delinquent property taxes or other receivables in its General Fund.

Inventory:

Inventory consists of radio boxes purchased by the District for resale at cost to local establishments. These are carried at historical cost.

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Under this basis of accounting and measurement focus, the District applies (a) all GASB pronouncements and (b) FASB statements and interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989 except those that conflict with a GASB pronouncements.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital Assets:

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over estimated useful lives ranging from five (5) to forty (40) years.

GASB Statement No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents the consumption of net position or fund balance that applies to a future period and so it will not be recognized as an expense or expenditure until then. For the year ended May 31, 2019, the District had no items that met the criterion for this category. In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position or fund balance that applies to a future period and so it will not be recognized as revenue until then. For the year ended May 31, 2019, the District had receivables in connection with property taxes, related interest and penalties which were considered unavailable for revenue recognition and were therefore presented as deferred inflows of resources. These are discussed further in *Note 5*.

Unearned Revenues:

Unearned revenues arise as liabilities in the government-wide and fund financial statements when assets are recognized before the related revenue recognition criteria have been satisfied. In the District, this consists of grants received before the eligibility and performance requirements have been met. As of May 31, 2019, the District did not have any unearned revenues.

Budgets:

The District is required by state law to adopt an annual budget. The budget is presented on the modified accrual basis of accounting.

The budget is developed by the District's Operating Committee and then presented to eligible voters for approval at the Annual Meeting held each July. The District's tax levy is also approved by the eligible voters at the Annual Meeting. There were no appropriations made during the 2018-2019 fiscal year.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Use of Estimates:

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

Cash Equivalents:

The District defines cash equivalents as liquid investments with an original maturity of three months or less. The District had cash equivalents of \$347,903 at May 31, 2019 which consisted of short-term certificate of deposits.

Fund Equity and Net Position:

In the government-wide financial statements, net position is classified in the following categories:

Net Investments in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category represents constraints placed on net position use which are either:

- a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or
- b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the District, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent:

- *Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.
- *Committed Fund Balance* – This represents the portion of fund balance that can only be used for specific purposes imposed by the District's highest level of decision-making authority (the Operating Committee) and presented to the District's voters for approval. In the District's Capital Project Funds, these are monies earmarked by the Operating Committee awaiting approval for specific projects by the District's voters.
- *Assigned Fund Balance* – This classification includes amounts that are intended for a particular purpose, but are neither restricted nor committed. In the District's Prevention Fund (a Special Revenue Fund), these monies are earmarked and approved by the Fire Chief. In the General Fund, these monies represent fund balance set aside to balance the subsequent year's budget.
- *Unassigned Fund Balance* – This represents amounts that are available for any purpose.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Application of Accounting Standards:

For the year ending May 31, 2019, the District implemented the following pronouncements issued by the GASB include:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*

The implementation of Statement Nos. 75, 81, 85 and 86 had no material reporting impact for the District.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits and Investments - The District has no formal policy for deposits (cash and certificates of deposit treated as cash equivalents) and investments or a custodial credit risk policy and related credit risk policy for debt securities. However, as a practice, the District follows Rhode Island State Statutes which allows for the deposit of funds into savings accounts or certificates of deposit of commercial or savings banks or trust companies, or in obligations of the United States or its agencies, or in any other short term investment, as would be made by prudent persons of discretion and intelligence.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases. Generally, the District does not invest in any long-term investment obligations.

Concentration of Credit Risk - At May 31, 2019, the carrying amount of the District's deposits with financial institutions (including cash and certificates of deposit) was \$918,009 and the bank balance was \$950,469 of which \$450,469 was covered by federal depository insurance and \$372,941 was collateralized by debt securities held by the financial institution.

NOTE 3 - PROPERTY TAXES

The District's property tax is levied and due between September 1st and September 30th, based on the assessed value listed as of December 31st of the previous year. Property taxes that have been levied and are due on or before year-end are recognized as revenue on the fund financial statements if they have been collected within sixty days after year-end. Property taxes receivable represents delinquent and uncollected taxes from the prior and current levies. Delinquent taxes accrue interest at 12% per annum. Property taxes receivable not collected within sixty days after year-end are reflected as deferred inflows of resources – revenues unavailable. An allowance has not been established for uncollectible taxes based on historical collection experience and because Rhode Island State Statutes provide for an immediate three-year lien on property related to delinquent taxes.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 4 - RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for in the general fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims outstanding at May 31, 2019.

NOTE 5 - RECEIVABLES

At May 31, 2019, receivables consisted of the following:

	<u>Fund Financial Statements</u>	<u>Government-Wide Statements</u>
	<u>General Fund</u>	<u>Governmental Activities</u>
Property taxes	\$ 28,411	\$ 28,411
Fire prevention contracts	3,964	3,964
Total receivables	<u>\$ 32,375</u>	<u>\$ 32,375</u>

Governmental funds report *deferred inflows of resources* in connection with receivables that are not considered to be available to liquidate liabilities of the current period.

At May 31, 2019, the District's deferred inflows of resources consisted of the following:

	<u>Fund Financial Statements</u>	<u>Government-Wide Statements</u>
	<u>General Fund</u>	<u>Governmental Activities</u>
Revenues unavailable	<u>\$ 28,411</u>	<u>\$ -</u>

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances between governmental funds arise when receipts or disbursements are processed through one fund's cash accounts on behalf of another fund or from temporary advances of receipts. All balances are expected to be repaid within one year. The interfund activity presented below is for the fund statement level only. These balances include both due from/to other funds and intra-equity receivables and payables. As of May 31, 2019, the District's interfund balances were as follows:

	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>	<u>Due to/Due from NET</u>
Major Governmental Funds			
General Fund	\$ -	\$ (130,000)	\$ (439,796)
Non-Major Governmental Funds			
Prevention	-	-	70,638
Memorial	-	-	4,885
Truck	40,000	-	139,990
Equipment	60,000	-	90,678
Building	30,000	-	133,605
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 130,000</u>	<u>\$ (130,000)</u>	<u>\$ -</u>

Transfers represent nonreciprocal transactions between funds. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 7 - CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Changes in capital assets of governmental activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 454,696	\$ -	\$ -	\$ 454,696
Total capital assets not being depreciated	<u>454,696</u>	<u>-</u>	<u>-</u>	<u>454,696</u>
Capital assets, being depreciated				
Building and improvements	1,565,908	-	-	1,565,908
Automobiles and other vehicles	<u>2,010,839</u>	<u>75,210</u>	<u>106,258</u>	<u>1,979,791</u>
Total capital assets, being depreciated	<u>3,576,747</u>	<u>75,210</u>	<u>106,258</u>	<u>3,545,699</u>
Accumulated depreciation				
Building and improvements	555,248	53,826	-	609,074
Automobiles and other vehicles	<u>1,126,871</u>	<u>127,782</u>	<u>106,258</u>	<u>1,148,395</u>
Total accumulated depreciation	<u>1,682,119</u>	<u>181,608</u>	<u>106,258</u>	<u>1,757,469</u>
Total capital assets, being depreciated, net	<u>1,894,628</u>	<u>(106,398)</u>	<u>-</u>	<u>1,788,230</u>
Net capital assets	<u>\$ 2,349,324</u>	<u>\$ (106,398)</u>	<u>\$ -</u>	<u>\$ 2,242,926</u>

For the year ended May 31, 2019, depreciation was charged to the following functions as follows:

Public safety	<u>181,608</u>
Total depreciation expense	<u>\$ 181,608</u>

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 8 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Long-term debt of the governmental activities for the year ended May 31, 2019 consist of the following:

Description of Obligation	Beginning Balance	Additions	Repayments	Ending Balance	Interest Paid
Note payable dated 11/13/08, payable fifteen (15) years at \$56,667 per year plus interest at a variable rate equal to 80% of the New York Prime Rate (3.80% per annum at May 31, 2019). Original indebtedness was \$850,000 for the purchase of a ladder truck.	\$ 339,997	\$ -	\$ 56,667	\$ 283,330	\$ 14,354
Note payable dated 12/07/04, payable twenty-five (25) years at \$35,000 per year plus interest at 4.25% per annum. Original indebtedness was \$875,000 for the renovation of fire station # 2.	184,997	-	115,000	69,997	4,635
Note payable dated 12/07/04, payable fifteen (15) years with monthly payments of principal and interest at the Wall Street Journal prime rate minus one-half (.50%) percent (2.75% at May 31,2019) Original indebtedness was \$520,000 for the purchase of engine # 4. The note is secured by engine # 4.	413,385	-	27,872	385,513	18,503
Note payable dated 08/23/16, payable five (5) years with monthly payments of principal and interest of \$1,168.82 at 3.00% per annum. Original indebtedness was \$65,000 for the purchase of the GMC Yukon. The note is secured by the GMC Yukon and a certificate of deposit.	44,433	-	12,868	31,565	1,158
Note payable dated 08/4/2018, payable ten (10) years with monthly payments of principal and interest of \$343.33 at 3.00% per annum. Original indebtedness was \$40,000 to refinance a portion of the fire station at a lower interest rate.	-	40,000	3,946	36,054	484
Note payable dated 8/4/2018, payable five (5) years with yearly payments of interest of \$427 at 3.00% per annum. Original indebtedness was \$19,000 to refinance a portion of the fire station at a lower interest rate.	-	19,000		19,000	427
Total long-term debt	\$ 982,812	\$ 59,000	\$ 216,353	\$ 825,459	\$ 39,561
				Due within one year 138,438	
				Due in more than one year 687,021	
				<u>\$ 825,459</u>	

The District has pledged its full faith and credit as collateral for its indebtedness. The notes will be paid through the General Fund from taxes levied on taxable property in the District. Interest paid by the District for the year ended May 31, 2019 was \$39,561. Total interest expense, including accrued interest, was \$39,224.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 8 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

The schedule of debt maturity (principal and interest) is as follows:

	M-010 Ladder Truck \$850,000 Note	M-020 Station #2 \$875,000 Note	M-030 Engine #4 \$520,000 Note	M-030 GMC Yucon \$65,000 Note	Total
Principal Maturities					
<u>May 31,</u>					
2020	\$ 56,667	\$ 39,000	\$ 29,514	\$ 13,257	\$ 140,458
2021	56,667	39,051	30,794	13,662	142,195
2022	56,667	4,000	32,128	4,646	99,463
2023	56,667	4,000	33,520	-	96,210
2024	56,662	4,000	32,703	-	95,389
Thereafter	-	35,000	226,854	-	261,854
Total	\$ 283,330	\$ 125,051	\$ 385,513	\$ 31,565	\$ 835,569
Due within one year	\$ 56,667	\$ 39,000	\$ 29,514	\$ 13,257	\$ 138,438
Due in more than one year	226,663	86,051	355,999	18,308	687,021
Total	\$ 283,330	\$ 125,051	\$ 385,513	\$ 31,565	\$ 825,459
Interest Maturities					
<u>May 31,</u>					
2020	\$ 7,367	\$ 1,754	\$ 15,796	\$ 768	\$ 27,705
2021	5,893	1,754	14,517	363	24,548
2022	4,419	690	13,182	30	20,343
2023	2,947	690	11,790	-	17,450
2024	1,478	120	10,934	-	14,556
Thereafter	-	480	27,336	-	27,816
Total	\$ 22,104	\$ 5,488	\$ 93,555	\$ 1,161	\$ 132,418
Due within one year	\$ 7,367	\$ 1,754	\$ 15,796	\$ 768	\$ 25,685
Due in more than one year	14,737	3,734	77,759	393	96,623
Total	\$ 22,104	\$ 5,488	\$ 93,555	\$ 1,161	\$ 122,308

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 9 - COMMITTED AND ASSIGNED FUND BALANCE

At May 31, 2019, committed and assigned fund balances on the fund financial statements consisted of the following:

<u>Purpose</u>	<u>Amount</u>	<u>Authority</u>
Committed		
Acquisition of District vehicles	\$ 179,990	Operating Committee
Acquisition of firefighting equipment and apparatus	150,678	Operating Committee
Acquisition and improvement of District real property	163,605	Operating Committee
Future commemoration services	4,885	Operating Committee
	<u>\$499,158</u>	
Assigned		
Fire prevention	70,638	Fire Chief
	<u>\$ 70,638</u>	

NOTE 10- PENSION PLAN

The District sponsors and administers a defined contribution profit sharing retirement plan under Section 401(k) of the Internal Revenue Code. At its sole discretion, the District may make matching and profit-sharing contributions to eligible employees' accounts. As of May 31, 2019, the District's plan provided matching contributions of up to 7% of gross pay for employees who have worked 1,000 hours and are at least 21 years of age. Total District contributions to the plan for the year ended May 31, 2019 were \$6,346. As of May 31, 2019, there was three (3) participants in the plan.

NOTE 11- FIRE PROTECTION CONTRACTS

For the year ended May 31, 2019, the District had contracts with four (4) other area fire districts to provide fire protection services for an annual fee. The contracts, which range from four and one-half (4 ½) to five (5) years, have fees which are based on each participating districts' property tax assessment, the District's own applicable mill rate, and other factors. For the year ended May 31, 2019, fees earned under these contracts totaled \$292,974.

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 12- EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended May 31, 2019, the following expenditures were in excess of their budgeted appropriations by the following amounts:

<i>Operating</i>	
Stationary/postage	\$ 407
<i>Tax Collector/Assessor</i>	
Tax bills - Westerly/Charlestown	17,088
Legal services	1,870
Stationary/postage	80
Tax sale redempt	1,871
Information services	45
<i>Operating Committee</i>	
Audit services	98
District tax contributions (all)	5,609
<i>DCFD community building</i>	
Repairs/minor upgrades	824
Miscellaneous repairs	371
Bad debts	324
<i>Salary</i>	
Tax collector/assessor	1,717
Leadership incentives	85
Administrator support	439
Cleaning asst/maint	365
<i>Board of Engineers</i>	
Replacement equipment	92
Maintenance - engines/pumps	6,522
Supplies - truck fuel	850
Station #1 - fuel and electric	2,696
Telephone/cable service	1,059
Engineers' expenses	92
Information services	638
<i>Capital</i>	
Rescue Boat & Motor	12,008
Utility Vehicle	63,203
Principal - tower 5	1
Interest - tower 5	1,626
Principal - station 2	80,000
Interest - engine 4	5,703
Principal - GMC Yukon	68
Principal - station 2	3,947
Interest - station 2	485
Interest - FD loan	427
	<hr/>
Total appropriated deficits	<u>\$ 182,023</u>

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 13- PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to May 31, 2019 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- *GASB Statement 83, Certain Asset Retirement Obligations.* This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations (ARO). The provisions of this statement are effective for reporting periods beginning after June 15, 2018 (the District's year ending May 31, 2020).
- *GASB Statement 84, Fiduciary Activities.* The purpose of the statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The provisions of this statement are effective for reporting periods beginning after December 15, 2018 (the District's year ending May 31, 2020).
- *GASB Statement 87, Leases.* The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for reporting periods beginning after December 15, 2019 (the District's year ending May 31, 2021).
- *GASB Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018 (the District's year ending May 31, 2020).
- *GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period.* This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for periods beginning after December 15, 2019 (the District's year ending May 31, 2021).
- *GASB Statement 90, Majority Equity Interests – and amendment of GASB Statements No. 14 and 61.* This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirement of this statement is effective for periods beginning after December 15, 2018 (the District's year ending May 31, 2020).

DUNN'S CORNERS FIRE DISTRICT

Notes to the Financial Statements

May 31, 2019

NOTE 14- SUBSEQUENT EVENTS

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred after May 31, 2019 and through November 1, 2019, the date on which the financial statements were available to be issued. The following represents these subsequent events:

There were no subsequent events to be disclosed.

DUNN'S CORNERS FIRE DISTRICT

Required Supplemental Information

Statement of Revenues and Expenditures – Budget to Actual (Budgetary Basis – General Fund)

For the Year Ended May 31, 2019

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Property taxes	\$ 778,653	\$ -	\$ 778,653	\$ 833,237	\$ 54,584
Outside district fees	292,974	-	292,974	292,974	-
Commercial inspection fees	6,000	-	6,000	20,281	14,281
Community building	6,000	-	6,000	10,315	4,315
MVAs	6,000	-	6,000	9,210	3,210
Interest income	-	-	-	4,531	4,531
Other income	-	-	-	6,372	6,372
Total revenues	<u>1,089,627</u>	<u>-</u>	<u>1,089,627</u>	<u>1,176,920</u>	<u>87,293</u>
EXPENDITURES					
<i>Operating</i>					
Clerk					
Advertising	1,400	-	1,400	612	788
Stationary/postage	-	-	-	407	(407)
Administrative Assistant					
Office supplies	3,500	-	3,500	3,159	341
Information services	500	-	500	20	480
Stationary/postage	1,000	-	1,000	954	46
Tax collector/assessor					
Tax bills - Westerly/Charlestown *	5,000	-	5,000	22,088	(17,088)
Operating supplies	200	-	200	73	127
Legal services	-	-	-	1,870	(1,870)
Computer services	200	-	200	-	200
Stationary/postage	-	-	-	80	(80)
Tax sale redempt	-	-	-	1,871	(1,871)
Professional education	60	-	60	-	60
Information services	2,500	-	2,500	2,545	(45)
Operating Committee					
Legal services	4,500	-	4,500	2,127	2,373
Audit services	11,500	-	11,500	11,598	(98)
Miscellaneous	5,000	-	5,000	250	4,750
Payroll fees	2,500	-	2,500	1,603	897
401(k) admin fee	2,000	-	2,000	1,800	200
Consultant fees (treasurer)	3,500	-	3,500	731	2,769
Specia legal services	7,500	-	7,500	-	7,500
District tax contributions (all)	23,500	-	23,500	29,109	(5,609)
Chief interview expense	-	-	-	-	-

* Includes tax lien sale costs

*See accompanying Independent Auditor's Report
See notes to required supplementary information*

DUNN'S CORNERS FIRE DISTRICT

Required Supplemental Information

Statement of Revenues and Expenditures – Budget to Actual (Budgetary Basis – General Fund)

For the Year Ended May 31, 2019

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<i>DCFD community building</i>					
Fuel	3,000	-	3,000	2,458	542
Repairs/minor upgrades	9,500	-	9,500	10,324	(824)
Miscellaneous other	-	-	-	371	(371)
Bad debts	-	-	-	324	(324)
Total operating	<u>86,860</u>	<u>-</u>	<u>86,860</u>	<u>94,374</u>	<u>(7,514)</u>
<i>Salary</i>					
Clerk	1,000	-	1,000	950	50
Treasurer	2,200	-	2,200	2,200	-
Bookkeeper	3,120	-	3,120	3,120	-
Tax collector/assessor	5,870	-	5,870	7,587	(1,717)
Fire chief - salary and benefits	108,950	-	108,950	108,206	744
Administrative assistant - salary	36,915	-	36,915	36,906	9
Duty chiefs (3)	36,000	-	36,000	33,250	2,750
Fire fighter/facilities manager - salary and benefits	56,476	-	56,476	54,487	1,989
Leadership incentives	3,500	-	3,500	3,585	(85)
Moderator	1,000	-	1,000	1,000	-
Administrator support	8,580	-	8,580	9,019	(439)
Cleaning asst/maint	10,000	-	10,000	10,365	(365)
Total salary	<u>273,611</u>	<u>-</u>	<u>273,611</u>	<u>270,675</u>	<u>2,936</u>
<i>Board of Engineers</i>					
Personal protective equipment	24,500	-	24,500	22,859	1,641
Radios and pagers	4,500	-	4,500	2,585	1,915
Replacement equipment	21,000	-	21,000	21,092	(92)
Maintenance - engines/pumps	40,000	-	40,000	46,522	(6,522)
Maintenance - radios/alarm system	2,000	-	2,000	1,187	813
Hydrant rental	10,000	-	10,000	9,585	415
Supplies - truck fuel	9,000	-	9,000	9,850	(850)
Station #1 - fuel and electric	15,500	-	15,500	18,196	(2,696)
Station #2 - fuel and electric	12,500	-	12,500	12,377	123
Insurance	63,000	-	63,000	59,971	3,029
General maintenance and supplies	22,000	-	22,000	18,942	3,058
Telephone/cable service	8,250	-	8,250	9,309	(1,059)
Dispatch service	13,000	-	13,000	12,226	774
Southern league	2,500	-	2,500	2,500	-
Dunn's Corners Fire Department	13,000	-	13,000	13,000	-
Engineers' expenses	6,500	-	6,500	6,592	(92)
Information services	8,500	-	8,500	9,138	(638)

*See accompanying Independent Auditor's Report
See notes to required supplementary information*

DUNN'S CORNERS FIRE DISTRICT

Required Supplemental Information

Statement of Revenues and Expenditures – Budget to Actual (Budgetary Basis – General Fund)

For the Year Ended May 31, 2019

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Fire marshal inspection expense	3,500	-	3,500	3,389	111
NFPA required testing	11,000	-	11,000	10,893	107
Wireless communication	5,000	-	5,000	3,439	1,561
Firefighter reimbursement program	85,000	-	85,000	84,534	466
Training	25,000	-	25,000	24,707	293
Firefighter health plan	9,000	-	9,000	7,528	1,472
EMS equipment	8,000	-	8,000	7,772	228
Bradford expenses	1	-	1	1	-
Total Board of Engineers	<u>422,251</u>	<u>-</u>	<u>422,251</u>	<u>418,194</u>	<u>4,057</u>
<i>Capital</i>					
Rescue Boat & Motor	-	-	-	12,008	(12,008)
Utility Vehicle	-	-	-	63,203	(63,203)
Principal - tower 5	56,667	-	56,667	56,668	(1)
Interest - tower 5	12,500	-	12,500	14,126	(1,626)
Principal - station 2	35,000	-	35,000	115,000	(80,000)
Interest - station 2	7,980	-	7,980	4,635	3,345
Principal - engine 4	32,000	-	32,000	27,872	4,128
Interest - engine 4	12,800	-	12,800	18,503	(5,703)
Principal - GMC Yukon	12,800	-	12,800	12,868	(68)
Interest - GMC Yukon	1,800	-	1,800	1,158	642
Principal - station 2	-	-	-	3,947	(3,947)
Interest - station 2	-	-	-	485	(485)
Interest - FD loan	-	-	-	427	(427)
Total capital	<u>171,547</u>	<u>-</u>	<u>171,547</u>	<u>330,900</u>	<u>(159,353)</u>
Total expenditures	<u>954,269</u>	<u>-</u>	<u>954,269</u>	<u>1,114,143</u>	<u>(159,874)</u>
Excess (deficiency) of revenue over expenditures	135,358	-	135,358	62,777	(72,581)
OTHER FINANCING SOURCES (USES)					
Transfers between funds	(130,000)	-	(130,000)	(130,000)	-
Proceeds from notes	-	-	-	59,000	59,000
Gain on sale of capital assets	-	-	-	7,900	7,900
Total other financing sources	<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>	<u>(63,100)</u>	<u>66,900</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ 5,358</u>	<u>\$ -</u>	<u>\$ 5,358</u>	<u>\$ (323)</u>	<u>\$ (5,681)</u>

*See accompanying Independent Auditor's Report
See notes to required supplementary information*

DUNN'S CORNERS FIRE DISTRICT

Required Supplemental Information

Notes to Statement of Revenues and Expenditures – Budget to Actual (Budgetary Basis – General Fund)

For the Year Ended May 31, 2019

Budgetary - GAAP Reporting Reconciliation

The accompanying Statement of Revenues and Expenditures – Budget and Actual (Budgetary Basis) – General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the Generally Accepted Accounting Principles (“GAAP”) basis are that:

Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis) except for property taxes which are recorded on the accrual basis when levied.

Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis).

Therefore, timing, perspective and entity differences in excess (deficiency) of revenues and other sources of financial resources for the year ended May 31, 2019 there are no reconciling items.

DUNN'S CORNERS FIRE DISTRICT

Supplemental Information

Non-Major Governmental Funds

Combining Balance Sheet

For the Year Ended May 31, 2019

	Special Revenue		Capital Projects			Total Non-Major Funds
	Prevention Fund	Memorial Fund	Truck Fund	Equipment Fund	Building Fund	
Assets						
Due from other funds	\$ 70,638	\$ 4,885	\$ 139,990	\$ 90,678	\$ 133,605	\$ 439,796
Total assets	70,638	4,885	139,990	90,678	133,605	439,796
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	70,638	4,885	139,990	90,678	133,605	439,796
Liabilities						
None	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Deferred Inflows of Resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	4,885	139,990	90,678	133,605	369,158
Assigned	70,638	-	-	-	-	70,638
Unassigned	-	-	-	-	-	-
Total fund balance	70,638	4,885	139,990	90,678	133,605	439,796
Total liabilities, deferred inflows of resources and fund balances	\$ 70,638	\$ 4,885	\$ 139,990	\$ 90,678	\$ 133,605	\$ 439,796

See accompanying Independent Auditor's Report

DUNN'S CORNERS FIRE DISTRICT

Supplemental Information

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended May 31, 2019

	<u>Special Revenue</u>		<u>Capital Projects</u>			<u>Total Non-Major Funds</u>
	<u>Prevention Fund</u>	<u>Memorial Fund</u>	<u>Truck Fund</u>	<u>Equipment Fund</u>	<u>Building Fund</u>	
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	9,301	-	-	-	-	9,301
Total revenues	9,301	-	-	-	-	9,301
Expenditures						
Public safety- fire protection	12,430	-	6,553	94,467	15,345	128,795
Total expenditures	12,430	-	6,553	94,467	15,345	128,795
Excess (deficiency) of revenues over expenditures	(3,129)	-	(6,553)	(94,467)	(15,345)	(119,494)
Other financing sources (uses):						
Proceeds from sale of assets	-	-	23,050	-	-	23,050
Transfers in	-	-	40,000	60,000	30,000	130,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	63,050	60,000	30,000	153,050
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,129)	-	56,497	(34,467)	14,655	33,556
Beginning fund balance	73,767	4,885	83,493	125,145	118,950	406,240
Ending fund balance	<u>\$ 70,638</u>	<u>\$ 4,885</u>	<u>\$ 139,990</u>	<u>\$ 90,678</u>	<u>\$ 133,605</u>	<u>\$ 439,796</u>

See accompanying Independent Auditor's Report

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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 Operating Committee of Dunn's Corners Fire
District Westerly, Rhode Island

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 Dunn's Corner Fire District ("the District"), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 1, 2019.

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 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 preceding paragraph 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.

Hague, Sahady & Co., CPA's, P.C.

Hague, Sahady & Co., CPA's, P.C.

Fall River, Massachusetts

November 1, 2019