

**DUNN'S CORNERS FIRE DISTRICT
WESTERLY, RHODE ISLAND**

**BASIC FINANCIAL STATEMENTS
MAY 31, 2014**

TOGETHER WITH

**INDEPENDENT AUDITORS' REPORT,
GOVERNMENTAL AUDITING STANDARDS REPORT,**

AND

REQUIRED SUPPLEMENTARY INFORMATION

**DUNN’S CORNERS FIRE DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dunn's Corners Fire District (the District), as of and for the year ended May 31, 2014, 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.

Auditors' 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 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 auditors' 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 auditors consider 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 and each major fund of the Dunn's Corners Fire District, as of May 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 5 - 9 and 30 - 31 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 December 9, 2014, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hayt, Filippetti & Malaghan, LLC

Groton, Connecticut

December 9, 2014

**INDEPENDENT AUDITORS' 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 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 and each major fund of the Dunn's Corners Fire District, as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Dunn's Corners Fire District's basic financial statements and have issued our report thereon dated December 9, 2014.

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 auditing 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the management letter dated December 9, 2014, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the management letter dated December 9, 2014 as MW-10-2 to be a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Dunn's Corners Fire 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*.

DUNN'S CORNERS FIRE DISTRICT'S RESPONSE TO FINDINGS

The District's response to the findings identified in our audit is described in the management letter dated December 9, 2014. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malachuk, LLC

Groton, Connecticut

December 9, 2014

DUNN'S CORNERS FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2014

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of the Dunn's Corners Fire District's (the District's) financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2014; as such, it should be read in conjunction with the District's audited financial statements. The audit consists of two series of financial statements: Government-Wide and Fund Financial Statements.

- 1) Government-Wide Financial Statements: These statements, which include the Statement of Net Position and the Statement of Activities, provide information about the activity of the District as a whole. These statements also present a longer-term view of the District's finances by presenting all assets, liabilities, net position, revenues, and expenses on the *accrual basis of accounting*, which is similar to the accounting methods used by many private-sector companies.

For purposes of the Government-Wide Financial Statements, the Dunn's Corners Fire District has the following activities:

- a) Governmental Activities – The District's primary service, fire protection, is reported here. This activity is financed primarily through an annual levy of property taxes.
- 2) Fund Financial Statements: For governmental activities, these statements present how the services provided by the District were financed in the short term as well as what remains for future spending. Additionally, these statements report the District's activities in greater detail by highlighting the District's most significant funds. The District's funds consist solely of *Governmental Funds*. These funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual basis of accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations; these statements help you to determine whether there are more or fewer financial resources that can be spent in the near future to finance District operations. We describe the relationship (or differences) between governmental *activities* (reported in the government-wide financial statements) and government *funds* in a reconciliation at the bottom of the fund financial statements.

DUNN'S CORNERS FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2014

CONDENSED GOVERNMENT-WIDE STATEMENTS

Presented below is a condensed version of the government-wide financial statements.

Statement of Net Position

	Governmental Activities 2014	2013	Increase (Decrease)
Current assets	\$ 652,980	\$ 543,491	\$ 109,489
Capital assets, net	2,291,749	2,441,207	(149,458)
Total assets	<u>\$ 2,944,729</u>	<u>\$ 2,984,698</u>	<u>\$ (39,969)</u>
Current liabilities	\$ 90,004	\$ 88,945	\$ 1,059
Noncurrent liabilities	1,081,662	1,188,329	(106,667)
Total liabilities	<u>1,171,666</u>	<u>1,277,274</u>	<u>(105,608)</u>
Net position			
Invested in capital assets, net of related debt	1,210,087	1,252,878	(42,791)
Unrestricted	562,976	454,546	108,430
Total net position	<u>1,773,063</u>	<u>1,707,424</u>	<u>65,639</u>
Total liabilities and net position	<u>\$ 2,944,729</u>	<u>\$ 2,984,698</u>	<u>\$ (39,969)</u>

Net position *increased* during the year ended May 31, 2014 primarily because of the additional revenues received from the Branford Fire District for servicing its community. The increase in current assets includes a deposit made for a new fire truck, the balance of which was purchased in the 2014-2015 fiscal year. Capital assets *decreased* from annual depreciation. Noncurrent liabilities *decreased* significantly as additional principal was paid during the fiscal year on one (1) of the District's two (2) notes.

Current assets consist primarily of certificates of deposit, property tax receivables, and the previously mentioned deposit on a new fire engine. Capital assets include real estate and fire apparatus owned by the District. The District's liabilities consist of the outstanding balances of two (2) notes payable along with the related accrued interest at year-end.

Significant capital outlays (>\$5,000) are being recorded as District capital assets and are being depreciated over their estimated useful lives. Capital assets presented here are shown net of their accumulated depreciation. Net position has been separated into two categories on the District's financial statements: 1) Invested in capital assets and 2) Unrestricted net position. Because capital assets are not very liquid (i.e. easily converted to cash) the District's equity in these assets has been separated and labeled as such. Unrestricted net position, however, represents the liquid portion of the District's net position that can be used to finance daily operations without constraints.

**DUNN'S CORNERS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2014**

CONDENSED GOVERNMENT-WIDE STATEMENTS *(Continued)*

Statement of Activities

	Governmental Activities 2014	2013	Increase (Decrease)
Program revenues			
Charges for services	\$ 218,710	\$ 169,331	\$ 49,379
Capital grants and contributions	-	7,045	(7,045)
General revenues			
Property taxes and related interest	634,804	603,322	31,482
Interest income	910	943	(33)
Gain on sale of capital assets	6,000	-	6,000
Miscellaneous revenues	10,696	30,124	(19,428)
Total revenues	871,120	810,765	60,355
Program expenses			
Public safety - fire protection	755,896	708,061	47,835
Recreation - community building	10,443	6,287	4,156
Interest expense	39,142	42,789	(3,647)
Total expenses	805,481	757,137	48,344
Change in net position	65,639	53,628	12,011
Net position, beginning of year	1,707,424	1,653,796	53,628
Net position, end of year	<u>\$ 1,773,063</u>	<u>\$ 1,707,424</u>	<u>\$ 65,639</u>

Governmental Activities

Program revenues *increased* from the prior year as the Bradford Fire District now pays the District for fire protection services. Expenses also *increased* during the year as a result of costs incurred related to the addition of the Bradford service area. Overall the financial position of the District *improved* by \$65,639 during the year ended May 31, 2014. This enabled the District to pay additional principal on one (1) of its two (2) long term notes.

DUNN'S CORNERS FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2014

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District currently maintains five (5) governmental funds, all of which the District considers major funds: General Fund, Prevention Fund, Truck Fund, Equipment Fund, and the Building Fund.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$467,397, an *increase* of \$38,897 in comparison with the prior year. Approximately 62%, or \$291,240 of this combined fund balance is unassigned fund balance, which is available for spending at the government's discretion.

General Fund Budgetary Highlights

At the District annual meeting in July 2013, there was an additional appropriation of \$15,000 made to the budget to pay additional principal on the balance on one (1) of the District's two (2) notes.

Overall actual expenditures were under budget by \$2,399. Overall actual revenues came in ahead of budget by \$40,256 primarily from the additional fire protection revenues received from the Bradford Fire District as mentioned earlier.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At May 31, 2014, the District had over \$3.5 million invested in various capital assets as listed below:

	Governmental Activities
Land	\$ 454,696
Buildings and improvements	1,436,587
Vehicles	1,638,243
Total	<u>\$ 3,529,526</u>

During the fiscal year ended May 31, 2014, the District sold one (1) of its older fire engines to a neighboring district for \$6,000. The District has placed \$43,313 on deposit for a replacement fire engine.

**DUNN'S CORNERS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Noncurrent Liabilities

During the year ended May 31, 2014, the Dunn's Corners Fire District made its scheduled principal payments on its two (2) notes payable, plus an additional principal payment, leaving a total outstanding balance of \$1,081,662 at year end.

More detailed information on the District's capital assets and noncurrent liabilities is presented in the notes to the financial statements.

NEXT YEAR'S BUDGET AND RATES

At its annual budget meeting in July 2014, the Dunn's Corners Fire District adopted an \$896,347 budget for 2014-2015 using a tax levy of \$667,970 and fees of \$228,377.

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.

DUNN'S CORNERS FIRE DISTRICT
STATEMENT OF NET POSITION
MAY 31, 2014

ASSETS

	GOVERNMENTAL ACTIVITIES
CURRENT ASSETS	
Cash and cash equivalents	\$ 543,627
Receivables	50,224
Prepaid expenses	15,816
Deposit on capital asset	43,313
Total current assets	<u>652,980</u>
NONCURRENT ASSETS	
Capital assets, non-depreciable	454,696
Capital assets, net of accumulated depreciation	1,837,053
Total noncurrent assets	<u>2,291,749</u>
Total assets	<u><u>\$ 2,944,729</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 80,637
Accrued expenses	9,367
Total current liabilities	<u>90,004</u>
NONCURRENT LIABILITIES	
Due within one year	91,667
Due in more than one year	989,995
Total noncurrent liabilities	<u>1,081,662</u>
Total liabilities	<u>1,171,666</u>
NET POSITION	
Invested in capital assets, net of related debt	1,210,087
Unrestricted	562,976
Total net position	<u>1,773,063</u>
Total liabilities and net position	<u><u>\$ 2,944,729</u></u>

The accompanying notes are an integral part of these financial statements

**DUNN'S CORNERS FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2014**

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES				
Public safety - fire protection	\$ (755,896)	\$ 215,245	\$ -	\$ (540,651)
Recreation - community building	(10,443)	3,465	-	(6,978)
Interest expense	(39,142)	-	-	(39,142)
	<u>\$ (805,481)</u>	<u>\$ 218,710</u>	<u>\$ -</u>	<u>(586,771)</u>
GENERAL REVENUES				
Property taxes and related interest				634,804
Interest income				910
Gain on sale of capital assets				6,000
Miscellaneous revenues				10,696
Total general revenues				<u>652,410</u>
Change in net position				65,639
NET POSITION, beginning of year				<u>1,707,424</u>
NET POSITION, end of year				<u>\$ 1,773,063</u>

The accompanying notes are an integral part of these financial statements

**DUNN'S CORNERS FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2014**

ASSETS

	GENERAL FUND	SPECIAL REVENUE PREVENTION FUND	TRUCK FUND	CAPITAL PROJECTS EQUIPMENT FUND	BUILDING FUND	TOTAL GOVERNMENTAL FUNDS
CURRENT ASSETS						
Cash and cash equivalents	\$ 543,627	\$ -	\$ -	\$ -	\$ -	\$ 543,627
Receivables, net	50,224	-	-	-	-	50,224
Due from other funds	-	22,678	44,893	52,507	56,079	176,157
Total current assets	<u>\$ 593,851</u>	<u>\$ 22,678</u>	<u>\$ 44,893</u>	<u>\$ 52,507</u>	<u>\$ 56,079</u>	<u>\$ 770,008</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

CURRENT LIABILITIES						
Accounts payable	\$ 80,637	\$ -	\$ -	\$ -	\$ -	\$ 80,637
Accrued expenses	2,000	-	-	-	-	2,000
Due to other funds	176,157	-	-	-	-	176,157
Total current liabilities	<u>258,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,794</u>
DEFERRED INFLOWS OF RESOURCES						
Revenues - unavailable	43,817	-	-	-	-	43,817
Total deferred inflows of resources	<u>43,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,817</u>
FUND BALANCES						
Committed	-	-	44,893	52,507	56,079	153,479
Assigned	-	22,678	-	-	-	22,678
Unassigned	291,240	-	-	-	-	291,240
Total fund balances	291,240	22,678	44,893	52,507	56,079	467,397
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 593,851</u>	<u>\$ 22,678</u>	<u>\$ 44,893</u>	<u>\$ 52,507</u>	<u>\$ 56,079</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements	2,291,749
Deposits on capital assets to be used in governmental activities are not financial resources and therefore are not reported as assets in the fund financial statements	43,313
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds or recorded as period expenditures	59,633
Liabilities that are not due and payable in the current period are not reported in the funds	(1,089,029)
Net position of governmental activities	<u>\$ 1,773,063</u>

The accompanying notes are an integral part of these financial statements

DUNN'S CORNERS FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2014

	GENERAL FUND	SPECIAL REVENUE PREVENTION FUND	TRUCK FUND	CAPITAL PROJECTS EQUIPMENT FUND	BUILDING FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES						
General property taxes	\$ 614,934	\$ -	\$ -	\$ -	\$ -	\$ 614,934
Intergovernmental	196,059	-	-	-	-	196,059
Interest income	910	-	-	-	-	910
Other revenue	15,733	17,613	-	-	-	33,346
Total revenues	827,636	17,613	-	-	-	845,249
EXPENDITURES						
Current						
Public safety - fire protection	536,390	3,485	-	-	-	539,875
Recreation - community building	7,834	-	-	-	-	7,834
Debt service	152,359	-	-	-	-	152,359
Capital outlay	18,398	-	50,538	41,368	1,980	112,284
Total expenditures	714,981	3,485	50,538	41,368	1,980	812,352
Excess (deficiency) of revenues over expenditures	112,655	14,128	(50,538)	(41,368)	(1,980)	32,897
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital asset	6,000	-	-	-	-	6,000
Transfers in	-	-	30,000	35,000	20,000	85,000
Transfers (out)	(85,000)	-	-	-	-	(85,000)
Total other financing sources (uses)	(79,000)	-	30,000	35,000	20,000	6,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	33,655	14,128	(20,538)	(6,368)	18,020	38,897
FUND BALANCE, beginning of year	257,585	8,550	65,431	58,875	38,059	428,500
FUND BALANCE, end of year	\$ 291,240	\$ 22,678	\$ 44,893	\$ 52,507	\$ 56,079	\$ 467,397

The accompanying notes are an integral part of these financial statements

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, 2014

Net change in fund balances - total governmental funds	\$ 38,897
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation (\$149,458) exceeded capital additions (\$0) in the current period.	(149,458)
Government funds report deposits made for the acquisition of a capital asset as expenditures in the current period.	43,313
The District's governmental funds use the purchase method with regard to expenditures for insurance premiums. This is the decrease in prepaid insurance premiums in the current period.	(200)
Governmental funds do not report the changes in long-term liabilities as they do not require the use of current financial resources.	113,217
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>19,870</u>
Change in net position of governmental activities	<u><u>\$ 65,639</u></u>

The accompanying notes are an integral part of these financial statements

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

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 Dunn's Corners Fire District reporting entity consists of all significant funds, agencies, boards, commissions and authorities over which the District exercises oversight responsibility. Oversight responsibility was determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Based on these criteria, the following entity was considered not to be a component unit as defined in Governmental Accounting Standards Board Statement (GASB) pronouncements and has therefore been excluded from the District's reporting entity:

Dunn's Corners Fire Department

The District is not included in any other governmental "reporting entity" as defined by GASB because the Operating Committee members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

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.

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS
(Continued)

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.

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, liabilities, 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:

1) 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:

- a) 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.
- b) 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 one special revenue fund, the Prevention Fund, which is used to account for inspection fee income which is used to pay for training activities and supplies. This fund is considered a major fund for the year ended May 31, 2014.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014**

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

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS *(Continued)*

- c) 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, 2014.

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.

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.

- 1) Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

- 2) 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.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

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, 2014, 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, 2014, the District had receivables in connection with property taxes and 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, 2014, 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.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014**

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

BUDGETS (*Continued*)

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 was one (1) additional appropriation totaling \$15,000 made during the 2013-2014 fiscal year for Capital - principal – station 2. Unexpended appropriations lapse at the end of the fiscal year.

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 \$330,774 at May 31, 2014 which consisted of a certificate of deposit.

FUND EQUITY AND NET POSITION

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

Invested in Capital Assets, Net of Related Debt – 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.

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

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

FUND EQUITY AND NET POSITION (*Continued*)

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.

Unassigned Fund Balance – This represents amounts that are available for any purpose.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended May 31, 2014, the District implemented:

- 1) GASB Statement 66, Technical Corrections – An Amendment of GASB Statements 10 and 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 9, 2014, the date the financial statements were available to be issued. These are discussed in *Note 14*.

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

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, 2014, the carrying amount of the District's deposits with financial institutions (including cash and certificates of deposit) was \$543,627 and the bank balance was \$561,670 of which \$250,000 was covered by federal depository insurance and \$311,670 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.

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, 2014.

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

NOTE 5- RECEIVABLES

At May 31, 2014, receivables consisted of the following:

	Fund Financials	Government Wide
	General Fund	Governmental Activities
Property taxes	\$ 43,647	\$ 43,647
Interest and liens	4,429	4,429
Other	2,148	2,148
Receivables, gross	50,224	50,224
Allowance for doubtful accounts	-	-
Receivables, net	<u>\$ 50,224</u>	<u>\$ 50,224</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, 2014, the District's deferred inflows of resources consisted of the following:

	Fund Financials	Government- Wide
	General Fund	Governmental Activities
Revenues - unavailable	<u>\$ 43,817</u>	<u>\$ -</u>

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. As of May 31, 2014, the District's interfund balances were as follows:

	Due From	Due To
Major Funds		
General Fund	\$ 176,157	\$ -
Special Revenue Fund - Prevention Fund	-	22,678
Capital Project Fund - Truck Fund	-	44,893
Capital Project Fund - Equipment Fund	-	52,507
Capital Project Fund - Building Fund	-	56,079
	<u>\$ 176,157</u>	<u>\$ 176,157</u>

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014**

NOTE 6- INTERFUND BALANCES AND TRANSFERS *(Continued)*

Transfers represent nonreciprocal transactions between funds. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. The District made the following transfers during the year ended May 31, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
Fund Financial Statements		
Major Funds		
General Fund	\$ -	\$ 85,000
Capital Project Fund - Truck Fund	30,000	-
Capital Project Fund - Equipment Fund	35,000	-
Capital Project Fund - Building Fund	20,000	-
Total transfers - Fund Financial Statements	<u>\$ 85,000</u>	<u>\$ 85,000</u>

Transfers totaling \$85,000 were made to provide funding for current and future expenditures of the District's three capital projects funds.

NOTE 7- BUDGET MODIFICATIONS

At its 2013 Annual Meeting, eligible voters approved the following additional appropriations totaling \$15,000:

<u>Budget Line</u>	<u>Amount</u>
Capital - principal - station 2	<u>\$ 15,000</u>

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

NOTE 8- CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Changes in capital assets of governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 454,696	\$ -	\$ -	\$ 454,696
Total nondepreciable assets	454,696	-	-	454,696
Depreciable assets				
Buildings and improvements	1,436,587	-	-	1,436,587
Vehicles	1,757,228	-	(118,985)	1,638,243
Total depreciable assets	3,193,815	-	(118,985)	3,074,830
Total at historical cost	3,648,511	-	(118,985)	3,529,526
Less accumulated depreciation				
Buildings and improvements	336,714	40,059	-	376,773
Vehicles	870,590	109,399	(118,985)	861,004
Total accumulated depreciation	1,207,304	149,458	(118,985)	1,237,777
Governmental activities capital assets, net	\$ 2,441,207	\$ (149,458)	\$ -	\$ 2,291,749

Depreciation expense was charged to governmental functions as follows:

Public safety - fire protection	\$ 146,849
Recreation - community building	2,609
	<u>\$ 149,458</u>

NOTE 9- NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Description of Obligation	Beginning Balance	Borrowings	Repayments	Ending Balance
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 (2.60% per annum at May 31, 2014). Original indebtedness was \$850,000 for the purchase of a ladder truck.	\$ 623,332	\$ -	\$ 56,667	\$ 566,665
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.	564,997	-	50,000	514,997
Total noncurrent liabilities	\$1,188,329	\$ -	\$ 106,667	\$ 1,081,662
Due within one year				\$ 91,667
Due in more than one year				989,995
				<u>\$ 1,081,662</u>

Interest paid by the District for the year ended May 31, 2014 was \$45,692. Total interest expense, including accrued interest, was \$39,142.

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

NOTE 9- NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

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

		\$850,000	\$875,000	
		Note	Note	Total
Principal Maturities				
May 31,				
2015	\$	56,667	\$ 35,000	\$ 91,667
2016		56,667	35,000	91,667
2017		56,667	35,000	91,667
2018		56,667	35,000	91,667
2019		56,667	35,000	91,667
Thereafter		283,330	339,997	623,327
Total	\$	566,665	\$ 514,997	\$ 1,081,662
Due within one year	\$	56,667	\$ 35,000	\$ 91,667
Due in more than one year		509,998	479,997	989,995
Total	\$	566,665	\$ 514,997	\$ 1,081,662
Interest Maturities				
May 31,				
2015	\$	14,733	\$ 21,516	\$ 36,249
2016		13,260	20,028	33,288
2017		11,787	18,541	30,328
2018		10,313	17,053	27,366
2019		8,840	15,566	24,406
Thereafter		22,105	74,482	96,587
Total	\$	81,038	\$ 167,186	\$ 248,224
Due within one year	\$	14,733	\$ 21,516	\$ 36,249
Due in more than one year		66,305	145,670	211,975
Total	\$	81,038	\$ 167,186	\$ 248,224

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

NOTE 10- COMMITTED AND ASSIGNED FUND BALANCE

At May 31, 2014, committed and assigned fund balances on the fund financial statements consisted of the following:

Purpose	Amount	Authority
Committed		
Acquisition of District vehicles	\$ 44,893	Operating Committee
Acquisition of firefighting equipment and apparatus	52,507	Operating Committee
Acquisition and improvement of District real property	56,079	Operating Committee
	<u>\$ 153,479</u>	
Assigned		
Fire department training and supplies	<u>\$ 22,678</u>	Fire Chief

NOTE 11- EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended May 31, 2014, the following expenditures were in excess of their budgeted appropriations by the following amounts:

Operating	
Administrative assistant - office supplies	\$ 3,209
Tax collector/assessor - tax bills - Westerly/Charlestown	1,036
Tax collector/assessor - operating supplies	3,382
Tax collector/assessor - tax sale fees	5,310
Operating committee - miscellaneous	2,755
DCFD community building - fuel	2,329
Salary	
Tax collector/assessor	393
Board of engineers	
Personal protective equipment	395
Replacement equipment	13
Maintenance - engines/pumps	8,790
Station # 1 - fuel and electric	3,716
Station # 2 - fuel and electric	492
Engineers' expenses	198
Fire marshal inspection expense	15
NFPA required testing	3,415
Firefighter reimbursement program	285
Training	974
Bradford Fire District expenses	10,947
Capital	
Interest - station 2	4,301

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

NOTE 12- 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, 2014, 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, 2014 were \$6,537. As of May 31, 2014, there were two (2) participants in the plan.

NOTE 13- FIRE PROTECTION CONTRACTS

For the year ended May 31, 2014, the District had contracts with four (4) other area fire districts to provide fire protection services for an annual fee. Three (3) of these contracts were set to expire as of May 31, 2014 and one (1) expires May 31, 2016. Of the three (3) agreements expiring as of May 31, 2014, two (2) have been extended for one (1) year and one (1) has been approved for a two (2) year extension. The annual fee under these contracts is based on the previous year's fee as adjusted for any increases for the District's corresponding annual budget, subject to a maximum increase percentage of 6 to 7%. For the year ended May 31, 2014, fees earned and received under these contracts totaled \$196,059.

NOTE 14- SUBSEQUENT EVENTS

In September 2014, the District purchased a replacement fire engine by incurring \$520,000 of new financing as was approved at their annual meeting in July 2013. The new note, which bears an initial interest rate of 2.75%, matures on September 1, 2029 and is secured by the fire engine.

NOTE 15- PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to May 31, 2014 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 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement 25. This statement is effective for the year ending May 31, 2015. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2014

NOTE 15- PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE *(Continued)*

GASB Statement 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement 27. This statement is effective for the year ending May 31, 2016. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB Statement 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations in financial reporting periods beginning after December 15, 2013 (the District's year ending May 31, 2015).

GASB Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for fiscal years beginning after June 15, 2013 (The District's year ending May 31, 2015).

GASB Statement 71, Pension Transition for Contributions Made Subsequent to Measurement Date. This statement amends GASB Statement 68 and allows for recognition of beginning deferred outflows of resources for pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year. This statement should be applied simultaneously with GASB Statement 68.

DUNN'S CORNERS FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2014

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Property taxes	\$ 614,027	\$ -	\$ 614,027	\$ 614,934	\$ 907
Outside district fees	155,353	-	155,353	196,059	40,706
Commercial inspection fees	8,000	-	8,000	-	(8,000)
Community building	4,000	-	4,000	3,465	(535)
MVAs	6,000	-	6,000	3,258	(2,742)
Interest income	-	-	-	910	910
Other income	-	-	-	9,010	9,010
Total revenues	787,380	-	787,380	827,636	40,256
EXPENDITURES					
Operating					
Clerk					
Advertising	900	-	900	888	12
Administrative assistant					
Office supplies	3,180	-	3,180	6,389	(3,209)
Information services	2,500	-	2,500	-	2,500
Misc. office	-	-	-	-	-
Stationary/postage	900	-	900	-	900
Tax collector/assessor					
Tax bills - Westerly/Charlestown	4,000	-	4,000	5,036	(1,036)
Operating supplies	-	-	-	3,382	(3,382)
Legal advertising	500	-	500	-	500
Professional education	600	-	600	-	600
Tax sale fees	-	-	-	5,310	(5,310)
Operating committee					
Legal services	4,500	-	4,500	3,650	850
Audit services	11,500	-	11,500	11,500	-
Miscellaneous	2,000	-	2,000	4,755	(2,755)
Payroll fees	2,000	-	2,000	1,169	831
DCFD community building					
Fuel	3,000	-	3,000	5,329	(2,329)
Repairs/minor upgrades	3,000	-	3,000	2,505	495
Total operating	38,580	-	38,580	49,913	(11,333)
Salary					
Clerk	800	-	800	800	-
Bookkeeper	1,800	-	1,800	1,800	-
Tax collector/assessor	5,000	-	5,000	5,393	(393)
Fire chief - salary and benefits	103,450	-	103,450	96,522	6,928
Administrative assistant - salary and benefits	23,625	-	23,625	23,450	175
Fire marshals	5,000	-	5,000	4,635	365
District tax contribution	9,930	-	9,930	8,499	1,431
Total salary	149,605	-	149,605	141,099	8,506
Board of engineers					
Personal protective equipment	15,000	-	15,000	15,395	(395)
Radios and pagers	4,500	-	4,500	3,861	639
Replacement equipment	18,675	-	18,675	18,688	(13)
Maintenance - engines/pumps	31,000	-	31,000	39,790	(8,790)
Maintenance - radios/alarm system	3,000	-	3,000	1,209	1,791
Hydrant rental	10,053	-	10,053	9,677	376
Supplies - truck fuel	12,000	-	12,000	11,096	904
Station #1 - fuel and electric	17,000	-	17,000	20,716	(3,716)
Station #2 - fuel and electric	13,500	-	13,500	13,992	(492)
Insurance	47,500	-	47,500	47,019	481
General maintenance and supplies	20,000	-	20,000	19,108	892
Telephone/cable service	6,000	-	6,000	5,603	397
Dispatch service	11,500	-	11,500	9,785	1,715

See accountants' report

DUNN'S CORNERS FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2014

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<i>Continued</i>					
Southern league	1,500	-	1,500	1,500	-
Dunn's Corners Fire Department	10,000	-	10,000	10,000	-
Engineers' expenses	6,500	-	6,500	6,698	(198)
Information services	6,950	-	6,950	6,896	54
Fire marshal inspection expense	4,350	-	4,350	4,365	(15)
NFPA required testing	11,500	-	11,500	14,915	(3,415)
Wireless communications	6,000	-	6,000	5,651	349
Firefighter reimbursement program	70,000	-	70,000	70,285	(285)
Training	20,000	-	20,000	20,974	(974)
Firefighter health plan	4,000	-	4,000	3,440	560
Bradford Fire District expenses	-	-	-	10,947	(10,947)
Total board of engineers	350,528	-	350,528	371,610	(21,082)
Capital					
Principal - station 2	35,000	15,000	50,000	50,000	-
Interest - station 2	25,000	-	25,000	29,301	(4,301)
Principal - tower 5	56,667	-	56,667	56,667	-
Interest - tower 5	20,000	-	20,000	16,391	3,609
Equipment fund	35,000	-	35,000	35,000	-
Truck fund	30,000	-	30,000	30,000	-
Buildings and grounds fund	20,000	-	20,000	20,000	-
Principal - engine 4	27,000	-	27,000	-	27,000
Total capital	248,667	15,000	263,667	237,359	26,308
Total expenditures	787,380	15,000	802,380	799,981	2,399
Excess (deficiency) of revenues over expenditures	-	(15,000)	(15,000)	27,655	42,655
OTHER FINANCING SOURCES					
Proceeds from sale of capital asset	-	-	-	6,000	6,000
Total other financing sources	-	-	-	6,000	6,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (15,000)	\$ (15,000)	\$ 33,655	\$ 48,655

See accountants' report