

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

**BASIC FINANCIAL STATEMENTS
MAY 31, 2015**

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, 2015, 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, 2015, 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 31 - 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut
November 30, 2015

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, 2015, 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 November 30, 2015.

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.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether 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*.

We noted certain other matters that we reported to management of the Dunn's Corners Fire District in a separate management letter dated November 30, 2015.

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 & Malaghan, LLC

Groton, Connecticut
November 30, 2015

DUNN'S CORNERS FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2015

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, 2015; as such, it should be read in conjunction with the District's audited financial statements. The District's financials 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, 2015**

CONDENSED GOVERNMENT-WIDE STATEMENTS

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

Statement of Net Position

	Governmental Activities		Increase
	2015	2014	(Decrease)
Current assets	\$ 870,490	\$ 652,980	\$ 217,510
Capital assets, net	2,637,269	2,291,749	345,520
Total assets	<u>\$ 3,507,759</u>	<u>\$ 2,944,729</u>	<u>\$ 563,030</u>
Current liabilities	\$ 72,060	\$ 90,004	\$ (17,944)
Noncurrent liabilities	1,435,934	1,081,662	354,272
Total liabilities	<u>1,507,994</u>	<u>1,171,666</u>	<u>336,328</u>
Net position			
Invested in capital assets, net of related debt	1,201,335	1,210,087	(8,752)
Unrestricted	798,430	562,976	235,454
Total net position	<u>1,999,765</u>	<u>1,773,063</u>	<u>226,702</u>
Total liabilities and net position	<u>\$ 3,507,759</u>	<u>\$ 2,944,729</u>	<u>\$ 563,030</u>

Net position *increased* during the year ended May 31, 2015 primarily because of the additional revenues received from the Branford Fire District for servicing its community for a full year, and from the gain recognized on the sale of the District's fire engine # 2. The increase in current assets includes the cash proceeds from the sale. The District's capital assets and noncurrent liabilities increased significantly as the District purchased a replacement fire engine ("engine # 4") using new financing.

Current assets consist primarily of certificates of deposit, and property tax receivables. Capital assets include real estate and fire apparatus owned by the District. The District's noncurrent liabilities consist of the outstanding balances of three (3) notes payable along with the related accrued interest at year-end.

Significant capital outlays (>\$10,000) 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, 2015**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Activities

	Governmental Activities		Increase
	2015	2014	(Decrease)
Program revenues			
Charges for services	\$ 247,543	\$ 218,710	\$ 28,833
Capital grants and contributions	17,627	-	17,627
General revenues			
Property taxes and related interest	692,292	634,804	57,488
Interest income	849	910	(61)
Gain on sale of capital assets	115,751	6,000	109,751
Miscellaneous revenues	11,339	10,696	643
Total revenues	<u>1,085,401</u>	<u>871,120</u>	<u>214,281</u>
Program expenses			
Public safety - fire protection	807,728	755,896	51,832
Recreation - community building	5,572	10,443	(4,871)
Interest expense	45,399	39,142	6,257
Total expenses	<u>858,699</u>	<u>805,481</u>	<u>53,218</u>
Change in net position	226,702	65,639	161,063
Net position, beginning of year	<u>1,773,063</u>	<u>1,707,424</u>	<u>65,639</u>
Net position, end of year	<u><u>\$ 1,999,765</u></u>	<u><u>\$ 1,773,063</u></u>	<u><u>\$ 226,702</u></u>

Governmental Activities

Program revenues *increased* from the prior year as the Bradford Fire District paid the District for an entire year of fire protection services in the year ended May 31, 2015. Expenses also *increased* during the year as a result of costs incurred related to the addition of the Bradford service area and *increased* depreciation from the acquisition of engine # 4. Overall the financial position of the District *improved* by \$226,702 during the year ended May 31, 2015. This enabled the District to pay \$55,000 in additional principal on one (1) of its three (3) long term notes.

**DUNN'S CORNERS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2015**

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 \$769,546, an *increase* of \$302,149 in comparison with the prior year. Approximately 30% or \$234,228 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 2014, there was an additional appropriation of \$55,000 made to the budget to pay additional principal on the balance on one (1) of the District's three (3) notes and an appropriation of \$60,000 for wireless radio alarm boxes. During the year ended May 31, 2015, the District invoked a previously approved appropriation of \$540,000 to acquire engine # 4 using new financing. The District also appropriated \$11,582 for selling costs incurred with the sale of engine # 2.

Overall actual expenditures were under budget by \$101,320 primarily as a result of lower than budgeted interest paid on the note for engine # 4, from not acquiring the wireless radio alarm boxes during the fiscal year, and from less than expected costs related to the facilities manager position. Overall actual revenues came in ahead of budget by \$48,398 primarily from the additional fire protection revenues received from the Bradford Fire District as mentioned earlier, and from the collection of delinquent taxes through a tax sale held during the fiscal year ended May 31, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At May 31, 2015, the District had over \$3.8 million invested in various capital assets as listed below:

	Governmental Activities
Land	\$ 454,696
Buildings and improvements	1,436,587
Vehicles	1,925,666
Total	\$ 3,816,949

During the fiscal year ended May 31, 2015, the District sold one of its older fire engines to another district for \$195,000. The District also acquired a new fire engine at a total cost of \$577,523, including \$43,313 placed on deposit in the previous fiscal year.

**DUNN'S CORNERS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Noncurrent Liabilities

During the year ended May 31, 2015, the Dunn's Corners Fire District made its scheduled principal payments on two (2) of its notes payable, plus an additional principal payment. The District also obtained a third note in the amount of \$520,000 for the purpose of acquiring engine # 4, leaving a total outstanding balance on all three (3) notes of \$1,435,934 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 2015, the Dunn's Corners Fire District adopted an \$943,234 budget for 2015-2016 and \$254,000 of additional appropriations using a tax levy of \$669,000, fees of \$220,000, other income of \$18,000, and assigned fund balance of \$290,234.

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, 2015**

ASSETS

	GOVERNMENTAL ACTIVITIES
CURRENT ASSETS	
Cash and cash equivalents	\$ 826,103
Receivables	27,781
Prepaid expenses	16,606
Total current assets	870,490
NONCURRENT ASSETS	
Capital assets, non-depreciable	454,696
Capital assets, net of accumulated depreciation	2,182,573
Total noncurrent assets	2,637,269
Total assets	\$ 3,507,759

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 50,100
Accrued expenses	21,960
Total current liabilities	72,060
NONCURRENT LIABILITIES	
Due within one year	120,566
Due in more than one year	1,315,368
Total noncurrent liabilities	1,435,934
Total liabilities	1,507,994
NET POSITION	
Invested in capital assets, net of related debt	1,201,335
Unrestricted	798,430
Total net position	1,999,765
Total liabilities and net position	\$ 3,507,759

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, 2015**

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Change in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES				
Public safety - fire protection	\$ (807,728)	\$ 244,273	\$ 17,627	\$ (545,828)
Recreation - community building	(5,572)	3,270	-	(2,302)
Interest expense	(45,399)	-	-	(45,399)
	<u>\$ (858,699)</u>	<u>\$ 247,543</u>	<u>\$ 17,627</u>	<u>(593,529)</u>
GENERAL REVENUES				
Property taxes and related interest				692,292
Interest income				849
Gain on sale of capital assets				115,751
Miscellaneous revenues				11,339
Total general revenues				<u>820,231</u>
Change in net position				226,702
NET POSITION, beginning of year				<u>1,773,063</u>
NET POSITION, end of year				<u>\$ 1,999,765</u>

The accompanying notes are an integral part of these financial statements

**DUNN'S CORNERS FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2015**

ASSETS

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS			TOTAL GOVERNMENTAL FUNDS
		PREVENTION FUND	TRUCK FUND	EQUIPMENT FUND	BUILDING FUND	
CURRENT ASSETS						
Cash and cash equivalents	\$ 826,103	\$ -	\$ -	\$ -	\$ -	\$ 826,103
Receivables, net	27,781	-	-	-	-	27,781
Due from other funds	-	37,098	38,493	107,493	62,000	245,084
Total current assets	<u>\$ 853,884</u>	<u>\$ 37,098</u>	<u>\$ 38,493</u>	<u>\$ 107,493</u>	<u>\$ 62,000</u>	<u>\$ 1,098,968</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

CURRENT LIABILITIES						
Accounts payable	\$ 50,100	\$ -	\$ -	\$ -	\$ -	\$ 50,100
Accrued expenses	9,307	-	-	-	-	9,307
Due to other funds	245,084	-	-	-	-	245,084
Total current liabilities	<u>304,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,491</u>
DEFERRED INFLOWS OF RESOURCES						
Revenues - unavailable	24,931	-	-	-	-	24,931
Total deferred inflows of resources	<u>24,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,931</u>
FUND BALANCES						
Committed	-	-	38,493	107,493	62,000	207,986
Assigned	290,234	37,098	-	-	-	327,332
Unassigned	234,228	-	-	-	-	234,228
Total fund balances	<u>524,462</u>	<u>37,098</u>	<u>38,493</u>	<u>107,493</u>	<u>62,000</u>	<u>769,546</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 853,884</u>	<u>\$ 37,098</u>	<u>\$ 38,493</u>	<u>\$ 107,493</u>	<u>\$ 62,000</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	2,637,269
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds or recorded as period expenditures	41,537
Liabilities that are not due and payable in the current period are not reported in the funds	(1,448,587)
Net position of governmental activities	<u>\$ 1,999,765</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, 2015**

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS			TOTAL GOVERNMENTAL FUNDS
		PREVENTION FUND	TRUCK FUND	EQUIPMENT FUND	BUILDING FUND	
REVENUES						
Property taxes and related interest	\$ 711,178	\$ -	\$ -	\$ -	\$ -	\$ 711,178
Intergovernmental	225,412	-	-	-	-	225,412
Interest income	849	-	-	-	-	849
Misc. revenue	24,317	15,153	-	-	-	39,470
Total revenues	<u>961,756</u>	<u>15,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,909</u>
EXPENDITURES						
Current						
Public safety - fire protection	619,504	733	-	-	-	620,237
Recreation - community building	5,572	-	-	-	-	5,572
Debt service	205,841	-	-	-	-	205,841
Capital outlay	545,692	-	-	19,995	4,050	569,737
Total expenditures	<u>1,376,609</u>	<u>733</u>	<u>-</u>	<u>19,995</u>	<u>4,050</u>	<u>1,401,387</u>
Excess (deficiency) of revenues over expenditures	(414,853)	14,420	-	(19,995)	(4,050)	(424,478)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	520,000	-	-	-	-	520,000
Proceeds from sale of capital asset	195,000	-	-	-	-	195,000
Insurance proceeds	11,627	-	-	-	-	11,627
Transfers in	6,448	-	30,000	74,981	20,000	131,429
Transfers out	(85,000)	-	(36,400)	-	(10,029)	(131,429)
Total other financing sources (uses)	<u>648,075</u>	<u>-</u>	<u>(6,400)</u>	<u>74,981</u>	<u>9,971</u>	<u>726,627</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	233,222	14,420	(6,400)	54,986	5,921	302,149
FUND BALANCE, beginning of year	<u>291,240</u>	<u>22,678</u>	<u>44,893</u>	<u>52,507</u>	<u>56,079</u>	<u>467,397</u>
FUND BALANCE, end of year	<u>\$ 524,462</u>	<u>\$ 37,098</u>	<u>\$ 38,493</u>	<u>\$ 107,493</u>	<u>\$ 62,000</u>	<u>\$ 769,546</u>

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, 2015**

Net change in fund balances - total governmental funds	\$ 302,149
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 outflows for capital additions (\$545,692) exceeded depreciation (\$164,236) in the current period.	381,456
Government funds do not report gains and losses from the sale or disposition of capital assets. This is the amount of gain on the sale of capital assets in the current period.	115,751
Government funds report the proceeds from the sale of capital assets as other financing sources.	(195,000)
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.	790
The issuance of long-term debt provides current financial resources of government funds, while the repayment of principal on long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net increase long-term liabilities for the current period.	(354,272)
The liability for accrued interest does not effect the current financial resources of governmental funds, while the change increases or decreases net position. This amount is the increase in accrued interest for the current period.	(5,286)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(18,886)</u>
Change in net position of governmental activities	<u><u>\$ 226,702</u></u>

The accompanying notes are an integral part of these financial statements

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

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, 2015**

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, 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:

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, 2015.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

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, 2015.

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:

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.

- 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, 2015**

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, 2015, 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, 2015, 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, 2015, 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, 2015**

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 were four (4) additional appropriations totaling \$666,582 made during the 2014-2015 fiscal year (see *Note 7*).

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 \$331,218 at May 31, 2015 which consisted of a short-term 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.

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:

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

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

FUND EQUITY AND NET POSITION (*Continued*)

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

There were no new accounting standards effective for the year ended May 31, 2015 which applied to the District.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through November 30, 2015, the date the financial statements were available to be issued. There were no subsequent events identified which required disclosure and/or recognition in the financial statements for the year ended May 31, 2015.

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.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

NOTE 2- CASH AND CASH EQUIVALENTS AND INVESTMENTS *(Continued)*

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, 2015, the carrying amount of the District's deposits with financial institutions (including cash and certificates of deposit) was \$826,103 and the bank balance was \$851,504 of which \$525,307 was covered by federal depository insurance and \$326,197 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, 2015.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

NOTE 5- RECEIVABLES

At May 31, 2015, receivables consisted of the following:

	Fund Financials	Government Wide
	General Fund	Governmental Activities
Property taxes	\$ 25,588	\$ 25,588
Interest and liens	1,521	1,521
Other	672	672
Receivables, gross	27,781	27,781
Allowance for doubtful accounts	-	-
Receivables, net	\$ 27,781	\$ 27,781

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, 2015, the District's deferred inflows of resources consisted of the following:

	Fund Financials	Government- Wide
	General Fund	Governmental Activities
Revenues - unavailable	\$ 24,931	\$ -

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, 2015, the District's interfund balances were as follows:

	Due From	Due To
General Fund	\$ 245,084	\$ -
Special Revenue Fund - Prevention Fund	-	37,098
Capital Project Fund - Truck Fund	-	38,493
Capital Project Fund - Equipment Fund	-	107,493
Capital Project Fund - Building Fund	-	62,000
	\$ 245,084	\$ 245,084

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

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, 2015:

	Transfers In	Transfers Out
General Fund	\$ 6,448	\$ 85,000
Capital Project Fund - Truck Fund	30,000	36,400
Capital Project Fund - Equipment Fund	74,981	-
Capital Project Fund - Building Fund	20,000	10,029
	\$ 131,429	\$ 131,429

Transfers totaling \$131,429 were made to provide funding for current and future expenditures of the District's three capital projects funds and to reallocate resources between the funds.

NOTE 7- BUDGET MODIFICATIONS

The following additional appropriations totaling \$666,582 were made to the District's budget for the year ended May 31, 2015:

Budget Line	Amount
Capital - principal - station 2	\$ 55,000
Capital - wireless radio alarm boxes	60,000
Capital - engine 2 selling costs	11,582
Capital - engine 4 purchase	540,000
	\$ 666,582

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

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	1,638,243	589,005	(301,582)	1,925,666
Total depreciable assets	3,074,830	589,005	(301,582)	3,362,253
Total at historical cost	3,529,526	589,005	(301,582)	3,816,949
Less accumulated depreciation				
Buildings and improvements	376,773	40,059	-	416,832
Vehicles	861,004	124,177	(222,333)	762,848
Total accumulated depreciation	1,237,777	164,236	(222,333)	1,179,680
Governmental activities capital assets, net	\$ 2,291,749	\$ 424,769	\$ (79,249)	\$ 2,637,269

Depreciation expense was charged to governmental functions as follows:

Public safety - fire protection	\$ 161,627
Recreation - community building	2,609
	<u>\$ 164,236</u>

The increase in capital assets totaling \$589,005 includes a \$43,313 deposit on fire engine made in the prior fiscal year, but placed in service during the year ended May 31, 2015.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

NOTE 9- NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Noncurrent liabilities of the governmental activities for the year ended May 31, 2015 consist of the following:

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.	\$ 566,665	\$ -	\$ 56,667	\$ 509,998
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.	514,997	-	90,000	424,997
Note payable dated 09/05/14, 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, 2015) Original indebtedness was \$520,000 for the purchase of engine # 4. The note is secured by engine # 4.	-	520,000	19,061	500,939
Total noncurrent liabilities	<u>\$1,081,662</u>	<u>\$ 520,000</u>	<u>\$ 165,728</u>	<u>\$ 1,435,934</u>
				Due within one year \$ 120,566
				Due in more than one year 1,315,368
				<u>\$ 1,435,934</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, 2015 was \$40,113. Total interest expense, including accrued interest, was \$45,399.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

NOTE 9- NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

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

	\$850,000	\$875,000	\$520,000	
	Note	Note	Note	Total
Principal Maturities				
<u>May 31,</u>				
2016	\$ 56,667	\$ 35,000	\$ 28,899	\$ 120,566
2017	56,667	35,000	29,740	121,407
2018	56,667	35,000	30,568	122,235
2019	56,667	35,000	31,419	123,086
2020	56,667	35,000	32,267	123,934
Thereafter	226,663	249,997	348,046	824,706
Total	\$ 509,998	\$ 424,997	\$ 500,939	\$ 1,435,934
Due within one year	\$ 56,667	\$ 35,000	\$ 28,899	\$ 120,566
Due in more than one year	453,331	389,997	472,040	1,315,368
Total	\$ 509,998	\$ 424,997	\$ 500,939	\$ 1,435,934
Interest Maturities				
<u>May 31,</u>				
2016	\$ 13,260	\$ 18,135	\$ 13,452	\$ 44,847
2017	11,787	16,203	12,610	40,600
2018	10,313	14,715	11,783	36,811
2019	8,840	13,228	10,931	32,999
2020	7,367	11,740	10,083	29,190
Thereafter	14,738	40,659	46,989	102,386
Total	\$ 66,305	\$ 114,680	\$ 105,848	\$ 286,833
Due within one year	\$ 13,260	\$ 18,135	\$ 13,452	\$ 44,847
Due in more than one year	53,045	96,545	92,396	241,986
Total	\$ 66,305	\$ 114,680	\$ 105,848	\$ 286,833

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

NOTE 10- COMMITTED AND ASSIGNED FUND BALANCE

At May 31, 2015, committed and assigned fund balances on the fund financial statements consisted of the following:

Purpose	Amount	Authority
Committed		
Acquisition of District vehicles	\$ 38,493	Operating Committee
Acquisition of firefighting equipment and apparatus	107,493	Operating Committee
Acquisition and improvement of District real property	62,000	Operating Committee
	<u>\$ 207,986</u>	
Assigned		
Fire department training and supplies	\$ 37,098	Fire Chief
To balance 2015-2016 budget	290,234	Operating Committee
	<u>\$ 327,332</u>	

NOTE 11- 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, 2015, 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, 2015 were \$7,815. As of May 31, 2015, there were two (2) participants in the plan.

NOTE 12- FIRE PROTECTION CONTRACTS

For the year ended May 31, 2015, the District had contracts with four (4) other area fire districts to provide fire protection services for an annual fee. As of May 31, 2015, the District was in the process of renewing the contracts with two (2) of the fire districts while the remaining two (2) districts had contracts remaining in effect through May 31, 2016. For the year ended May 31, 2015, fees earned and received under these contracts totaled \$225,412.

**DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015**

NOTE 13- EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended May 31, 2015, the following expenditures were in excess of their budgeted appropriations by the following amounts:

Operating	
Administrative assistant - office supplies	\$ 3,241
Tax collector/assessor - tax bills - Westerly/Charlestown	1,604
Tax collector/assessor - operating supplies	581
Tax collector/assessor - tax sale fees	16,640
Operating committee - legal services	7,350
Operating committee - miscellaneous	2,877
DCFD community building - repairs/minor upgrades	162
Salary	
Tax collector/assessor	266
Fire marshals	3,750
District tax contribution	3,934
Board of engineers	
Personal protective equipment	4,263
Replacement equipment	4,635
Maintenance - radios/alarm system	3,025
Insurance	8,671
General maintenance and supplies	2,629
Wireless communications	156
Firefighter reimbursement program	402
EMS equipment	488
Fire prevention services	6,200
Unanticipated repairs	4,063
Storm expense	953
Capital	
Prinicpal - engine 4	3,061

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015

NOTE 14- PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to May 31, 2015 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 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 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.

GASB Statement 72, Fair Value Measurement and Application. This statement establishes accounting and financial reporting related to fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining fair value measurements for financial reporting purposes and is effective for reporting periods beginning after June 15, 2015 (the District's year ending May 31, 2017).

GASB Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions, and amends certain provisions of Statement No. 67 and 68, for pension plans that are within their respective scopes. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 (the District's year ending May 31, 2017) except for those provisions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016 (the District's year ending May 31, 2018).

GASB Statement 74, Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post Employment Benefits ("OPEB"), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this statement are effective for fiscal years beginning after June 15, 2016 (the District's year ending May 31, 2018).

DUNN'S CORNERS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2015

NOTE 14- PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE (*Continued*)

GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The provisions of this statement are effective for fiscal years beginning after June 15, 2017 (the District's year ending May 31, 2019).

GASB Statement 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this statement are effective for fiscal years beginning after June 15, 2015 (the District's year ending May 31, 2017) and should be applied retroactively.

GASB Statement 77, Tax Abatement Disclosures. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The provisions of this statement are effective for fiscal years beginning after December 15, 2015 (the District's year ending May 31, 2017).

**DUNN'S CORNERS FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2015**

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Property taxes	\$ 667,970	\$ -	\$ 667,970	\$ 711,178	\$ 43,208
Outside district fees	229,388	-	229,388	225,412	(3,976)
Commercial inspection fees	8,000	-	8,000	-	(8,000)
Community building	4,000	-	4,000	3,270	(730)
MVAs	4,000	-	4,000	10,010	6,010
Interest income	-	-	-	849	849
Other income	-	-	-	11,037	11,037
Total revenues	<u>913,358</u>	<u>-</u>	<u>913,358</u>	<u>961,756</u>	<u>48,398</u>
EXPENDITURES					
Operating					
Clerk					
Advertising	900	-	900	135	765
Administrative assistant					
Office supplies	3,180	-	3,180	6,421	(3,241)
Information services	1,300	-	1,300	-	1,300
Misc. office	-	-	-	-	-
Stationary/postage	900	-	900	-	900
Tax collector/assessor					
Tax bills - Westerly/Charlestown	5,100	-	5,100	6,704	(1,604)
Information services	200	-	200	-	200
Operating supplies	-	-	-	581	(581)
Stationary/postage	500	-	500	-	500
Professional education	600	-	600	-	600
Tax sale fees	-	-	-	16,640	(16,640)
Operating committee					
Legal services	4,500	-	4,500	11,850	(7,350)
Audit services	11,500	-	11,500	11,500	-
Miscellaneous	2,000	-	2,000	4,877	(2,877)
Payroll fees	2,000	-	2,000	1,334	666
DCFD community building					
Fuel	5,500	-	5,500	3,910	1,590
Repairs/minor upgrades	1,500	-	1,500	1,662	(162)
Total operating	<u>39,680</u>	<u>-</u>	<u>39,680</u>	<u>65,614</u>	<u>(25,934)</u>
Salary					
Clerk					
Treasurer	2,000	-	2,000	2,000	-
Bookkeeper	1,800	-	1,800	1,780	20
Tax collector/assessor	5,500	-	5,500	5,766	(266)
Fire chief - salary and benefits	106,554	-	106,554	104,792	1,762
Administrative assistant - salary and benefits	28,158	-	28,158	27,932	226
Fire marshals	-	-	-	3,750	(3,750)
Deputy chiefs	30,000	-	30,000	29,167	833
Fire fighter/facilities manager - salary and benefits	60,000	-	60,000	20,548	39,452
District tax contribution	9,930	-	9,930	13,864	(3,934)
Total salary	<u>244,742</u>	<u>-</u>	<u>244,742</u>	<u>210,399</u>	<u>34,343</u>
Board of engineers					
Personal protective equipment	15,000	-	15,000	19,263	(4,263)
Radios and pagers	4,000	-	4,000	3,680	320
Replacement equipment	15,175	-	15,175	19,810	(4,635)
Maintenance - engines/pumps	31,000	-	31,000	28,275	2,725
Maintenance - radios/alarm system	2,000	-	2,000	5,025	(3,025)
Hydrant rental	10,053	-	10,053	9,631	422
Supplies - truck fuel	10,000	-	10,000	9,143	857
Station #1 - fuel and electric	19,000	-	19,000	15,201	3,799
Station #2 - fuel and electric	13,500	-	13,500	9,978	3,522
Insurance	47,500	-	47,500	56,171	(8,671)
General maintenance and supplies	13,500	-	13,500	16,129	(2,629)
Telephone/cable service	6,000	-	6,000	4,550	1,450
Dispatch service	10,500	-	10,500	10,152	348

See accountants' report

**DUNN'S CORNERS FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2015**

	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	10,600	-	10,600	10,600	-
Engineers' expenses	6,500	-	6,500	5,796	704
Information services	6,580	-	6,580	5,831	749
Fire marshal inspection expense	5,350	-	5,350	3,112	2,238
NFPA required testing	14,500	-	14,500	11,978	2,522
Wireless communications	6,500	-	6,500	6,656	(156)
Firefighter reimbursement program	64,000	-	64,000	64,402	(402)
Training	20,000	-	20,000	13,549	6,451
Firefighter health plan	4,000	-	4,000	1,427	2,573
EMS Equipment	5,500	-	5,500	5,988	(488)
Fire prevention services	-	-	-	6,200	(6,200)
Unanticipated repairs	-	-	-	4,063	(4,063)
Storm expense	-	-	-	953	(953)
Total board of engineers	342,258	-	342,258	349,063	(6,805)
Capital					
Principal - station 2	35,000	55,000	90,000	90,000	-
Interest - station 2	25,000	-	25,000	16,019	8,981
Principal - tower 5	56,667	-	56,667	56,667	-
Interest - tower 5	20,000	-	20,000	14,922	5,078
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	16,000	-	16,000	19,061	(3,061)
Interest - engine 4	32,000	-	32,000	9,172	22,828
Wireless radio alarm boxes	-	60,000	60,000	-	60,000
Engine 2 selling costs	-	11,582	11,582	11,582	-
Engine 4 purchase	-	540,000	540,000	534,110	5,890
Total capital	269,667	666,582	936,249	836,533	99,716
Total expenditures	896,347	666,582	1,562,929	1,461,609	101,320
Excess (deficiency) of revenues over expenditures	17,011	(666,582)	(649,571)	(499,853)	149,718
OTHER FINANCING SOURCES					
Proceeds from long-term debt	-	540,000	540,000	520,000	(20,000)
Proceeds from sale of capital asset	-	195,000	195,000	195,000	-
Insurance proceeds	-	-	-	11,627	11,627
Transfer in from building fund	-	6,448	6,448	6,448	-
Total other financing sources	-	741,448	741,448	733,075	(8,373)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 17,011	\$ 74,866	\$ 91,877	\$ 233,222	\$ 141,345

See accountants' report