

MISQUAMICUT FIRE DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

**MISQUAMICUT FIRE DISTRICT
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John J. Brough, Jr., CPA/ABV/CFF, MST
Emilio N. Colapietro, CPA/CFF, MST
Robert A. D'Amico, CPA, CFP®, MST
David P. DiSanto, CPA/CFF/PFS, MST
Thomas N. Forsythe, CPA/CFF, MST, MBA
James Martin, CPA
William R. Pirolli, CPA/CFF/PFS
James P. Queenan, CPA/CFF, MST
Frank T. Sciuto, CPA/PFS, CFP®, MST, MBA/MS
Leah J. Szlatenyi, CPA/ABV/CFF, CVA, MSPFP, MST

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Misquamicut Fire District
Westerly, Rhode Island

We have audited the accompanying statement of combined assets, liabilities and fund balances - cash basis of the Misquamicut Fire District as of June 30, 2012, and the related statement of combined cash receipts, expenditures and changes in fund balances - cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined assets, liabilities and fund balances - cash basis of the Misquamicut Fire District as of June 30, 2012, and its combined cash receipts, expenditures and changes in fund balances - cash basis for the year then ended, on the basis of accounting described in Note 1.

The statement of cash receipts and expenditures budget and actual - General Fund on page 7 is not a required part of the basic financial statements but is supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

DiSanto, Priest + Co.

Warwick, Rhode Island
September 12, 2012



**MISQUAMICUT FIRE DISTRICT
STATEMENT OF COMBINED ASSETS, LIABILITIES
AND FUND BALANCES - CASH BASIS
JUNE 30, 2012**

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Fixed Asset Replacement</u>	<u>General Fixed Assets</u>	<u>Memo-Only</u>
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents	\$ 191,862	\$ 119,654	\$ -	\$ 311,516
Land and land improvements	-	-	588,969	588,969
Equipment	-	-	502,897	502,897
Building	-	-	159,016	159,016
Less: Accumulated depreciation	-	-	(158,223)	(158,223)
Total assets and other debits	<u>\$ 191,862</u>	<u>\$ 119,654</u>	<u>\$ 1,092,659</u>	<u>\$ 1,404,175</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Note payable	\$ -	\$ -	\$ -	\$ -
Fund balances	<u>191,862</u>	<u>119,654</u>	<u>1,092,659</u>	<u>1,404,175</u>
Total liabilities and fund balances	<u>\$ 191,862</u>	<u>\$ 119,654</u>	<u>\$ 1,092,659</u>	<u>\$ 1,404,175</u>

MISQUAMICUT FIRE DISTRICT
STATEMENT OF COMBINED CASH RECEIPTS, EXPENDITURES
AND CHANGES IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Fixed Asset Replacement</u>	<u>General Fixed Assets</u>	<u>Totals Memo-Only</u>
Cash receipts:				
Taxes collected - current year	\$ 435,147	\$ -	\$ -	\$ 435,147
Taxes collected - prior years	12,594	-	-	12,594
Rental income	85,000	-	-	85,000
Late charges and other income	5,107	-	-	5,107
Grant income	13,005	-	-	13,005
Interest income	463	-	-	463
Beach parking	<u>54,767</u>	<u>-</u>	<u>-</u>	<u>54,767</u>
 Total cash receipts	 <u>606,083</u>	 <u>-</u>	 <u>-</u>	 <u>606,083</u>
Expenditures:				
Fire department operations	104,189	-	-	104,189
Salaries	80,025	-	-	80,025
Insurance	26,943	-	-	26,943
Rubbish removal	81,841	-	-	81,841
Beaches	154,298	-	-	154,298
Storm repair	78,557	-	-	78,557
Taxes	23,674	-	-	23,674
Administrative	<u>22,391</u>	<u>-</u>	<u>-</u>	<u>22,391</u>
 Total expenses	 <u>571,918</u>	 <u>-</u>	 <u>-</u>	 <u>571,918</u>
 Excess of cash receipts over expenditures	 <u>34,165</u>	 <u>-</u>	 <u>-</u>	 <u>34,165</u>
Other financing sources (uses):				
Operating transfers in/(out)	(25,000)	25,000	-	-
Transfer in/(out) of donations	<u>45,552</u>	<u>(45,552)</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	 <u>20,552</u>	 <u>(20,552)</u>	 <u>-</u>	 <u>-</u>
Non cash expense:				
Depreciation expense	<u>-</u>	<u>-</u>	24,164	24,164
 Change in fund balance	 54,717	 (20,552)	 (24,164)	 10,001
Fund balance, beginning	<u>137,145</u>	<u>140,206</u>	<u>1,116,823</u>	<u>1,394,174</u>
Fund balance, ending	<u>\$ 191,862</u>	<u>\$ 119,654</u>	<u>\$ 1,092,659</u>	<u>\$ 1,404,175</u>

**MISQUAMICUT FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

1. Summary of significant accounting policies

Organization

The Misquamicut Fire District (the "Organization") is a political subdivision by charter of the State of Rhode Island. The Organization was incorporated by Chapter 129 of the Public Laws of the State of Rhode Island in 1915. The charter was amended by the general assembly in January, 1993 and approved by the district residents at the annual meeting, July 13, 1993. In addition to fire protection and prevention, the district maintains three beaches and provides rubbish removal. The main source of revenue for the Organization is the fire district taxes.

Fund accounting

The accounts of the Organization are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operation of each fund or account group are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund balance, revenues and expenses or expenditures. The following fund groups are used by the Organization:

Government Fund Types

General Fund

The General Fund is the general operating fund for the Organization. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Fixed Asset Replacement Fund

The Fixed Asset Replacement Fund accounts for financial resources to be used for the acquisition of tangible long-term assets or major improvements to those assets. This fund is referred to in the budget process as the "sinking fund".

Account Group

General Fixed Asset Account Group

The General Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Basis of accounting

The financial statements of the Organization have been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when disbursed rather than when the obligation is incurred.

**MISQUAMICUT FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

1. Summary of significant accounting policies (continued)

Basis of presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and budgetary accounting

The Organization adopts an annual budget for the General Fund at its annual meeting. The annual budget is prepared in accordance with the basis of accounting utilized by that fund.

Building, land improvements and equipment

The building, land improvements and equipment are stated at cost. Depreciation on land improvements and the fire station is computed using the straight line method over the estimated useful lives of the assets. The fire trucks are depreciated based on actual engine miles driven.

Use of estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Subsequent events

The Organization did not have any subsequent events through September 12, 2012, which is the date that the financial statements were available to be issued for events requiring recording or disclosure in the financial statements.

**MISQUAMICUT FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

2. Property and equipment

Property and equipment consists of the following at June 30, 2011:

	Beginning 7/1/11	Additions	Disposals	Ending 6/30/12
General fixed assets:				
Land and improvements	\$ 588,969	\$ -	\$ -	\$ 588,969
Equipment	502,897	-	-	502,897
Buildings	<u>159,016</u>	<u>-</u>	<u>-</u>	<u>159,016</u>
Total general fixed assets	<u>1,250,882</u>	<u>-</u>	<u>-</u>	<u>1,250,882</u>
Accumulated depreciation	<u>134,059</u>	<u>24,164</u>	<u>-</u>	<u>158,223</u>
Total general fixed assets, net of depreciation	<u>\$1,116,823</u>	<u>\$(24,164)</u>	<u>\$ -</u>	<u>\$1,092,659</u>

Vehicles consist of the following:

1994 KME fire truck	\$ 110,591
2005 Ferrara fire truck	<u>296,195</u>
Total vehicles	<u>\$406,786</u>

On a yearly basis, the fire trucks are evaluated to ensure that it meets the national and state fire regulations. Depreciation is taken on the fire trucks based on the actual engine hours used.

3. Operating transfers

The Organization transferred \$25,000 into the Fixed Asset Replacement Fund from the General Fund.

4. Budget transfers

The Organization transferred a total of \$2,381 of under-expended funds from various accounts to the over-expended accounts of the real estate taxes and payroll taxes. The transfers occurred through a motion made at the July, 2012 board of directors meeting.

SUPPLEMENTARY INFORMATION

**MISQUAMICUT FIRE DISTRICT
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	BUDGETED AMOUNTS			Favorable (Unfavorable)
	Original	Final	Actual	
Cash receipts:				
Taxes collected - current year	\$ 431,075	\$ 431,075	\$ 435,147	\$ 4,072
Taxes collected - prior year	8,000	8,000	12,594	4,594
Late charges and other income	1,200	1,200	5,107	3,907
Interest income	675	675	463	(212)
Beach parking	48,000	48,000	54,767	6,767
Grant income	-	-	13,005	13,005
Rental income	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total cash receipts	<u>573,950</u>	<u>573,950</u>	<u>606,083</u>	<u>32,133</u>
Expenditures:				
Fire department operations	103,825	104,189	104,189	-
Salaries	80,025	80,025	80,025	-
Insurance	26,600	26,943	26,943	-
Rubbish removal	82,900	82,900	81,841	1,059
Beaches	177,150	174,769	154,298	20,471
Storm repair	20,000	20,000	78,557	(58,557)
Taxes	22,000	23,674	23,674	-
Committees	1,500	1,500	-	1,500
Administrative	<u>24,950</u>	<u>24,950</u>	<u>22,391</u>	<u>2,559</u>
Total expenditures	<u>538,950</u>	<u>538,950</u>	<u>571,918</u>	<u>(32,968)</u>
Excess of cash receipts over expenditures	<u>35,000</u>	<u>35,000</u>	<u>34,165</u>	<u>(835)</u>
Other financing uses	<u>(35,000)</u>	<u>(35,000)</u>	<u>20,552</u>	<u>55,552</u>
Excess of cash receipts over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,717</u>	<u>\$ 54,717</u>