

**WEST OSSIPPEE FIRE PRECINCT,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
West Ossipee Fire Precinct
Ossipee, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the West Ossipee Fire Precinct as of and for the year ended December 31, 2015, and related notes to the financial statements, which collectively comprise the Precinct's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions of 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 statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and major fund of the West Ossipee Fire Precinct as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

*West Ossipee Fire Precinct
Independent Auditor's Report*

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Ossipee Fire Precinct's basic financial statements. The individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

October 18, 2016

*Plodyk & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WEST OSSIPEE FIRE PRECINCT
Statement of Net Position
December 31, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 126,152
Intergovernmental receivable	80,877
Prepaid items	4,729
Capital assets:	
Other capital assets, net of depreciation	845,128
Total assets	1,056,886
LIABILITIES	
Accounts payable	21,969
Accrued salaries and benefits	1,463
Long-term liabilities:	
Due within one year	15,280
Due in more than one year	134,000
Total liabilities	172,712
NET POSITION	
Net investment in capital assets	695,848
Unrestricted	188,326
Total net position	\$ 884,174

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT B
WEST OSS�PEE FIRE PRECINCT
Statement of Activities
For the Fiscal Year Ended December 31, 2015

	Expenses	Net Expense and Change In Net Position
General government	\$ 78,518	\$ (78,518)
Public safety	237,430	(237,430)
Highways and streets	405	(405)
Interest on long-term debt	6,863	(6,863)
Capital outlay	32,726	(32,726)
Total governmental activities	\$ 355,942	(355,942)
General revenues:		
Taxes:		
Precinct assessment		420,026
Unrestricted investment earnings		871
Miscellaneous		1,156
Total general revenues		422,053
Change in net position		66,111
Net position, beginning		818,063
Net position, ending		\$ 884,174

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-1
WEST OSSIPPEE FIRE PRECINCT
Governmental Fund
Balance Sheet
December 31, 2015*

	General
ASSETS	
Cash and cash equivalents	\$ 126,152
Intergovernmental receivable	80,877
Prepaid items	29,449
Total assets	\$ 236,478
LIABILITIES	
Accounts payable	\$ 21,969
Accrued salaries and benefits	1,463
Total liabilities	23,432
FUND BALANCES	
Nonspendable	29,449
Committed	80,877
Assigned	1,463
Unassigned	101,257
Total fund balances	213,046
Total liabilities and fund balances	\$ 236,478

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-2
WEST OSSIPPEE FIRE PRECINCT
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position
December 31, 2015

Total fund balances of governmental funds (Exhibit C-1)		\$ 213,046
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost		\$ 1,634,105
Less accumulated depreciation		<u>(788,977)</u>
		845,128
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.		
		(24,720)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bond		<u>(149,280)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 884,174</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-3
WEST OSSIPPEE FIRE PRECINCT
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	General
REVENUES	
Taxes	\$ 420,026
Miscellaneous	2,027
Total revenues	422,053
EXPENDITURES	
Current:	
General government	78,518
Public safety	165,246
Highways and streets	405
Debt service:	
Principal	37,000
Interest	12,380
Capital outlay	82,318
Total expenditures	375,867
Net change in fund balances	46,186
Fund balance, beginning	166,860
Fund balance, ending	\$ 213,046

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-4
WEST OSSIPPEE FIRE PRECINCT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2015

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 46,186
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 49,592	
Depreciation expense	<u>(72,184)</u>	
		(22,592)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal		37,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense		<u>5,517</u>
Changes in net position of governmental activities (Exhibit B)		<u>\$ 66,111</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D
WEST OSS�PEE FIRE PRECINCT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 419,730	\$ 419,730	\$ 420,026	\$ 296
Charges for services	50	-	-	-
Miscellaneous	20	70	1,170	1,100
Total revenues	<u>419,800</u>	<u>419,800</u>	<u>421,196</u>	<u>1,396</u>
EXPENDITURES				
Current:				
General government	135,850	98,050	76,318	21,732
Public safety	192,350	192,150	163,804	28,346
Highways and streets	600	600	405	195
Debt service:				
Principal	37,000	35,000	37,000	(2,000)
Interest	14,000	16,000	12,380	3,620
Capital outlay	20,000	58,000	62,054	(4,054)
Total expenditures	<u>399,800</u>	<u>399,800</u>	<u>351,961</u>	<u>47,839</u>
Excess of revenues over expenditures	20,000	20,000	69,235	49,235
OTHER FINANCING USES				
Transfers out	(20,000)	(20,000)	(20,000)	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	49,235	<u>\$ 49,235</u>
Increase in nonspendable fund balance			(29,449)	
Unassigned fund balance, beginning			81,471	
Unassigned fund balance, ending			<u>\$ 101,257</u>	

The notes to the basic financial statements are an integral part of this statement.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Ossipee Fire Precinct, New Hampshire (the Precinct), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Precinct's accounting policies are described below.

1-A Reporting Entity

The West Ossipee Fire Precinct is a municipal corporation governed by an elected 3-member Board of Commissioners. In evaluating how to define the Precinct for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Precinct has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the governmental activities of the Precinct at year-end. This statement includes all of the Precinct's assets, liabilities, and net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds even though the latter are excluded from the government-wide financial statements. The major individual governmental fund is reported as separate column in the fund financial statements.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

WEST OSSIPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Non-exchange transactions, in which the Precinct receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Precinct must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Precinct on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, 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 those estimates.

The Precinct reports the following major governmental fund:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

1-D Cash and Cash Equivalents

The Precinct considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Receivables

Receivables recorded in the financial statements represent amounts due to the Precinct at December 31. They are aggregated into a single intergovernmental receivable line for certain funds and aggregated columns. They consist of expendable trust funds held by the Town of Ossipee Trustees of the Trust Funds.

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses as the items are used.

1-G Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements.

Capital assets are defined by the Precinct as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of one year. As the Precinct constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Precinct are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	25
Buildings and building improvements	50
Machinery, equipment, and vehicles	5-45
Infrastructure	25

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

1-H Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position.

1-I Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-J Net Position/Fund Balance Reporting

Government-wide Statements – Equity is classified as net position and displayed in two components:

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) *Unrestricted net position* – All other net position that does not meet the definition of “net investment in capital assets.”

Fund Balance Classifications - The fund balance of governmental funds is reported in four categories based on the nature of any limitations requiring the use of resources for specific programs. The Precinct itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Precinct’s governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Precinct Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Assigned – This classification includes amounts that are constrained by the Precinct’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners through the budgetary process.

Unassigned – This classification includes the residual fund balance for the general fund.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Precinct’s operations. At its annual meeting, the Precinct adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2015, none of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The Precinct employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues:	
Per Exhibit D (budgetary basis)	\$ 421,196
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Interest income earned on eliminated blended capital reserve fund	857
Per Exhibit C-3 (GAAP basis)	<u>\$ 422,053</u>
	<u>(Continued)</u>

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 371,961
Adjustment:	
Basis differences:	
Encumbrances, beginning	25,369
Encumbrances, ending	(1,463)
GASB Statement No. 54:	
To eliminate transfers between the blended general and capital reserve fund	(20,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 375,867</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Precinct’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Precinct’s agent in the Precinct’s name. The FDIC currently insures the Precinct’s deposits at each financial institution, per case custodian. As of year-end, the carrying amount of the Precinct’s deposits was \$126,152 and the bank balances totaled \$138,194.

NOTE 4 – RECEIVABLES

Receivables of \$80,877, at December 31, 2015, consist of the expendable trust funds held by the Town of Ossipee Trustees of the Trust Funds. Receivables are recorded on the Precinct’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – PREPAID ITEMS

Prepaid items of \$29,449 at December 31, 2015 consisted of a debt payment due to Zion National Bank for January 2016. Of this amount, \$24,720 represents the principal portion of the payment and \$4,729 the interest portion. As noted in Note 7 the principal portion has been used to reduce the current portion of the bond payable reported in the governmental activities (Exhibit A).

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Being depreciated:			
Land improvements	\$ 14,966	\$ -	\$ 14,966
Buildings and building improvements	648,818	13,120	661,938
Vehicles	920,729	-	920,729
Infrastructure	-	36,472	36,472
Total capital assets being depreciated	<u>1,584,513</u>	<u>49,592</u>	<u>1,634,105</u>
Total all capital assets	<u>1,584,513</u>	<u>49,592</u>	<u>1,634,105</u>

(Continued)

WEST OSSIPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Less accumulated depreciation:			
Land improvements	(649)	(598)	(1,247)
Buildings and building improvements	(116,898)	(13,196)	(130,094)
Vehicles	(599,246)	(57,660)	(656,906)
Infrastructure	-	(730)	(730)
Total accumulated depreciation	<u>(716,793)</u>	<u>(72,184)</u>	<u>(788,977)</u>
Net book value, capital assets being depreciated	<u>867,720</u>	<u>(22,592)</u>	<u>845,128</u>
Net book value, all capital assets	<u>\$ 867,720</u>	<u>\$ (22,592)</u>	<u>\$ 845,128</u>

Depreciation expense of \$72,184 was charged to the public safety function of the Precinct based on their usage of the related assets.

NOTE 7 – LONG-TERM LIABILITIES

Changes in the Precinct’s long-term liabilities consisted of the following for the year ended December 31, 2015:

	Balance January 1, 2015	Reductions	Balance December 31, 2015	Due Within One Year
General obligation bond payable	<u>\$ 186,280</u>	<u>\$ (37,000)</u>	<u>\$ 149,280</u>	<u>\$ 15,280 *</u>

The long-term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2015	Current Portion
General obligation bond payable:						
Jewell Hill Fire Station	\$ 373,000	2009	2019	5.96	\$ 149,280	\$ 15,280 *

*A prepayment on the principal portion of the debt was made in December 2015 of \$24,720 which reduces the current portion of the long-term debt owed in the governmental activities (Exhibit A) at year-end.

The annual requirements to amortize the general obligation bond outstanding as of December 31, 2015, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2016	\$ 15,280	\$ 9,457	\$ 24,737
2017	42,000	7,065	49,065
2018	45,000	4,453	49,453
2019	47,000	1,546	48,546
Totals	<u>\$ 149,280</u>	<u>\$ 22,521</u>	<u>\$ 171,801</u>

All debt is general obligation debt of the Precinct, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 8 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2015 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 845,128
Less:	
General obligation bonds payable	<u>(149,280)</u>
Total net investment in capital assets	695,848
Unrestricted	<u>188,326</u>
Total net position	<u><u>\$ 884,174</u></u>

None of the net position is restricted by enabling legislation.

NOTE 9 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	<u>General Fund</u>
Nonspendable:	
Prepaid items	\$ 29,449
Committed:	
Expendable trust	80,877
Assigned:	
Encumbrances	1,463
Unassigned	<u>101,257</u>
Total governmental fund balances	<u><u>\$ 213,046</u></u>

NOTE 10 – RISK MANAGEMENT

The Precinct is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2015, the Precinct was a member of the Local Government Center Property-Liability Trust, LLC, Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pools, currently operating as common risk management and insurance programs for member Precincts and cities.

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member Precincts, cities, and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Precinct shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in fiscal year ending December 31, 2015, to be recorded as an insurance expenditure totaled \$8,599 for property/liability and \$7,552 for workers compensation. There were no unpaid contributions for the year ended December 31, 2015.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through October 18, 2016, the date the December 31, 2015 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

INDIVIDUAL FUND SCHEDULES

*SCHEDULE 1
WEST OSS�PEE FIRE PRECINCT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015*

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Precinct assessment	\$ 419,730	\$ 420,026	\$ 296
Miscellaneous:			
Interest on investments	20	14	(6)
Other	<u>50</u>	<u>1,156</u>	<u>1,106</u>
Total from miscellaneous	<u>70</u>	<u>1,170</u>	<u>1,100</u>
Total revenues	<u>\$ 419,800</u>	<u>\$ 421,196</u>	<u>\$ 1,396</u>

*SCHEDULE 2
WEST OSSISPEE FIRE PRECINCT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 15,000	\$ 13,332	\$ -	\$ 1,668
Financial administration	-	6,000	5,372	-	628
Legal	-	1,000	-	-	1,000
General government buildings	2,200	53,950	37,955	-	18,195
Insurance, not otherwise allocated	-	22,100	21,859	-	241
Total general government	<u>2,200</u>	<u>98,050</u>	<u>78,518</u>	<u>-</u>	<u>21,732</u>
Public safety:					
Fire	<u>2,905</u>	<u>192,150</u>	<u>165,246</u>	<u>1,463</u>	<u>28,346</u>
Highways and streets:					
Street lighting	<u>-</u>	<u>600</u>	<u>405</u>	<u>-</u>	<u>195</u>
Debt service:					
Principal of long-term debt	-	35,000	37,000	-	(2,000)
Interest on long-term debt	<u>-</u>	<u>16,000</u>	<u>12,380</u>	<u>-</u>	<u>3,620</u>
Total debt service	<u>-</u>	<u>51,000</u>	<u>49,380</u>	<u>-</u>	<u>1,620</u>
Capital outlay	<u>20,264</u>	<u>58,000</u>	<u>82,318</u>	<u>-</u>	<u>(4,054)</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 25,369</u>	<u>\$ 419,800</u>	<u>\$ 395,867</u>	<u>\$ 1,463</u>	<u>\$ 47,839</u>

SCHEDULE 3
WEST OSSIPPEE FIRE PRECINCT
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2015

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 81,471
Changes:		
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,396	
Unexpended balance of appropriations (Schedule 2)	<u>47,839</u>	
2015 Budget surplus		49,235
Increase in nonspendable fund balance		<u>(29,449)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis, Exhibit D)		<u>\$ 101,257</u>



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES

Members of the Board of Commissioners
West Ossipee Fire Precinct
West Ossipee, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, and major fund of the West Ossipee Fire Precinct as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the West Ossipee Fire Precinct's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Ossipee Fire Precinct's internal control. Accordingly, we do not express an opinion on the effectiveness of West Ossipee Fire Precinct'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 discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be a significant deficiency:

When reviewing the time cards and payments made to employees, it was noted that multiple employees on several different occasions were paid for more time than what was documented on their time cards. In addition, we noted one instance where an employee was paid for fewer hours than was documented on his time card. Presently, the employee completes the time card but does not total the hours worked. This step is completed by the Fire Chief as part of the review and approval process. Once approved the information is transferred on to a payroll summary sheet which is submitted to the Commissioner's Secretary for processing of the payroll. If changes are required to an employee's time card the employee should make the change or at the very least approve the change by initialing the change. By doing so the necessary changes are made and done so in accordance with Department of Labor laws. Under the current process of approval and submission of time cards the employees could either be over or under paid.

We believe that controls should be strengthened over the completion, submission, and approval of time cards. We recommend that each employee complete their own time card including totaling the hours worked, which should then be reviewed and formally approved by the Fire Chief. Once approved, the Commissioner's Secretary should spot check the time cards for proper completion and approval and then compare them to the payroll summary.

Management's Response: Once it was brought to the attention of the Commissioners that there were inconsistencies between the employees' time cards and the payroll documents that were used to issue payroll checks, then a Payroll Reporting Policy was prepared, approved, and implemented to correct this matter.

*West Ossipee Fire Precinct
Independent Auditor's Communication of Significant Deficiencies*

This communication is intended solely for the information and use of management, Board of Commissioners, and others within West Ossipee Fire Precinct, and is not intended to be and should not be used by anyone other than these specified parties.

October 18, 2016

*Plodzik & Sanderson
Professional Association*