

WEST OSSIPPEE FIRE PRECINCT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

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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, 2013, and the 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 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 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 governmental activities and major fund of the West Ossipee Fire Precinct as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

February 3, 2015

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WEST OSSIPPEE FIRE PRECINCT
Statement of Net Position
December 31, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 88,386
Intergovernmental receivable	40,012
Capital assets:	
Land and construction in progress	96,440
Other capital assets, net of depreciation	825,881
Total assets	<u>1,050,719</u>
LIABILITIES	
Accounts payable	40,726
Accrued salaries and benefits	1,586
Accrued interest payable	6,410
Long-term liabilities:	
Due within one year	67,470
Due in more than one year	192,181
Total liabilities	<u>308,373</u>
NET POSITION	
Net investment in capital assets	662,670
Unrestricted	79,676
Total net position	<u><u>\$ 742,346</u></u>

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

EXHIBIT B
WEST OSSIPPEE FIRE PRECINCT
Statement of Activities
For the Fiscal Year Ended December 31, 2013

		Program Revenues		Net
		Charges	Operating	Expense and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 169,090	\$ -	\$ -	\$ (169,090)
Public safety	128,884	-	-	(128,884)
Highways and streets	464	-	-	(464)
Interest on long-term debt	19,015	-	-	(19,015)
Capital outlay	1,381	-	-	(1,381)
Total governmental activities	<u>\$ 318,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(318,834)</u>
General revenues:				
Precinct assessment				430,892
Unrestricted investment earnings				46
Miscellaneous				<u>3,892</u>
Total general revenues				<u>434,830</u>
Change in net position				115,996
Net position, beginning				<u>626,350</u>
Net position, ending				<u>\$ 742,346</u>

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

EXHIBIT C-1
WEST OSSIPPEE FIRE PRECINCT
Governmental Funds
Balance Sheet
December 31, 2013

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 88,386
Due from other governments	<u>40,012</u>
Total assets	<u><u>\$ 128,398</u></u>
LIABILITIES	
Accounts payable	\$ 40,726
Accrued salaries and benefits	<u>1,586</u>
Total liabilities	<u>42,312</u>
FUND BALANCES	
Committed	40,012
Assigned	29,610
Unassigned	<u>16,464</u>
Total fund balances	<u>86,086</u>
Total liabilities and fund balances	<u><u>\$ 128,398</u></u>

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

EXHIBIT C-2
WEST OSSIPEE FIRE PRECINCT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2013

Total fund balances of governmental funds (Exhibit C-1)		\$ 86,086
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	\$ 1,549,155	
Less accumulated depreciation	<u>(626,834)</u>	
		922,321
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(6,410)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bond	\$ 226,000	
Capital lease	<u>33,651</u>	
		<u>(259,651)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 742,346</u></u>

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

EXHIBIT C-3
WEST OSSIPPEE FIRE PRECINCT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2013

	General
REVENUES	
Taxes	\$ 430,892
Investment earnings	46
Miscellaneous	3,892
Total revenues	<u>434,830</u>
EXPENDITURES	
Current:	
General government	169,090
Public safety	143,128
Highways and streets	464
Debt service:	
Principal	34,000
Interest	19,811
Capital lease	30,920
Capital outlay	<u>28,747</u>
Total expenditures	<u>426,160</u>
Net change in fund balances	8,670
Fund balance, beginning	<u>77,416</u>
Fund balance, ending	<u><u>\$ 86,086</u></u>

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

EXHIBIT C-4
WEST OSSIPEE 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, 2013

Net change in fund balances of governmental funds (Exhibit C-3)	\$ 8,670
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 capitalized capital outlay exceeded depreciation expense in the current period.	
Capitalized capital outlay	\$ 130,972
Depreciation expense	<u>(89,362)</u>
	41,610
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	\$ 34,000
Repayment of capital lease principal	<u>30,920</u>
	64,920
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>796</u>
Changes in net position of governmental activities (Exhibit B)	<u><u>\$ 115,996</u></u>

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

EXHIBIT D
WEST OSSIPEE FIRE PRECINCT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 430,625	\$ 430,625	\$ 430,892	\$ 267
Investment earnings	60	60	41	(19)
Miscellaneous	28	28	3,892	3,864
Total revenues	430,713	430,713	434,825	4,112
EXPENDITURES				
Current:				
General government	99,520	99,520	123,675	(24,155)
Public safety	200,410	200,410	172,738	27,672
Highways and streets	600	600	464	136
Debt service:				
Principal	32,000	32,000	34,000	(2,000)
Interest	9,183	9,183	19,811	(10,628)
Capital lease	34,000	34,000	30,920	3,080
Capital outlay	55,000	35,000	28,747	6,253
Total expenditures	430,713	410,713	410,355	358
Excess of revenues over expenditures	-	20,000	24,470	4,470
OTHER FINANCING USES				
Transfers out	-	(20,000)	(20,000)	-
Net change in fund balances	\$ -	\$ -	4,470	\$ 4,470
Unassigned fund balance, beginning			11,994	
Unassigned fund balance, ending			\$ 16,464	

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

WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

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WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Ossipee Fire Precinct (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. The reporting entity is comprised of the primary government and any other organizations (*component units*) that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the Precinct is financially accountable. The Precinct is financially accountable for an organization if the Precinct appoints a voting majority of the organization's governing board, and (1) the Precinct is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Precinct is legally entitled to or can otherwise access the organization's resources; (3) the Precinct is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Precinct is obligated for the debt of the organization. Based on the foregoing criteria, no other organizations are included in the Precinct's financial reporting entity.

1-B 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*. The effect of interfund activity has been eliminated from these statements.

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 Precinct considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Precinct assessment, 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 Precinct.

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.

Non-exchange transactions, in which the Precinct receives value without directly giving equal value without directly giving equal value in return, include the Precinct assessment, grants, and donations. Revenue from grants 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1-C 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.

WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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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-D Capital Assets

Capital assets, which include property, plant, equipment, (infrastructure is not included), are reported in the applicable governmental column 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.

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:

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

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-E Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of fund net position.

1-F 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-G 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 or other borrowings that are attributable to the acquisition, construction, or improvement of those 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 three 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).

WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

The classifications used in the Precinct's governmental fund financial statements are as follows:

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Annual 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.

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 Precinct'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 2013, 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 and Expenditures-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)	\$ 434,825
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Interest income earned on eliminated capital reserve fund	5
Per Exhibit C-3 (GAAP basis)	<u>\$ 434,830</u>
	(Continued)

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 430,355
Adjustment:	
Basis differences:	
Encumbrances, beginning	45,415
Encumbrances, ending	(29,610)
GASB Statement No. 54:	
To eliminate transfers between general and capital reserve fund	(20,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 426,160</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Precinct's deposits are entirely covered by federal depository insurance (FDIC). The FDIC currently insures the first \$250,000 of the Precinct's deposits at each financial institution, per case custodian. As of year-end, the carrying amount of the Precinct's deposits was \$88,386 and the bank balances totaled \$59,102.

NOTE 4 – RECEIVABLES

Receivables of \$40,012 at December 31, 2013, consist of the expendable trust funds which are held by the Town of Ossipee Trustees of Trust Funds.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Construction in progress	\$ 8,310	\$ 88,130	\$ 96,440
Being depreciated:			
Land improvements	-	14,966	14,966
Buildings and building improvements	517,020	-	517,020
Vehicles	892,853	27,876	920,729
Total capital assets being depreciated	1,409,873	42,842	1,452,715
Total all capital assets	1,418,183	130,972	1,549,155
Less accumulated depreciation:			
Land improvements	-	(50)	(50)
Buildings and building improvements	(94,900)	(10,340)	(105,240)
Vehicles	(442,572)	(78,971)	(521,543)
Total accumulated depreciation	(537,472)	(89,362)	(626,834)
Net book value, capital assets being depreciated	872,401	(46,520)	825,881
Net book value, all capital assets	\$ 880,711	\$ 41,610	\$ 922,321

Depreciation expense of \$89,362 was charged to the public safety function of the Precinct.

NOTE 6 - ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2013 consist of \$1,586 for salary and other employee benefits.

WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 7 – CAPITAL LEASE OBLIGATIONS

The Precinct has entered into a capital lease agreement under which the related equipment will become the property of the Precinct when all the terms of the lease agreement are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2013
Capital lease obligation:		
Fire equipment	4.95%	\$ 33,651

Leased equipment under capital lease, included in capital assets, is as follows:

Equipment:	
Fire equipment	\$ 150,000
Less: accumulated depreciation	(105,000)
Total capital lease equipment	\$ 45,000

The annual requirements to amortize the capital lease payable as of December 31, 2013, including interest payments, are as follows:

Fiscal Year Ending December 31,	
2014	\$ 33,886
2015	1,295
Total requirements	35,181
Less: interest	(1,530)
Present value of remaining payments	\$ 33,651

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 8 – LONG-TERM LIABILITIES

Changes in the Precinct's long-term liabilities consisted of the following for the year ended December 31, 2013:

	Balance January 1, 2013	Reductions	Balance December 31, 2013	Due Within One Year
General obligation bond payable	\$ 260,000	\$ (34,000)	\$ 226,000	\$ 35,000
Capital lease	64,571	(30,920)	33,651	32,470
Total long-term liabilities	\$ 324,571	\$ (64,920)	\$ 259,651	\$ 67,470

Long term liabilities are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2013	Current Portion
General obligation bond payable:						
Jewell Hill Fire Station	\$ 373,000	2009	2019	5.96	\$ 226,000	\$ 35,000
Capital lease payable:						
Fire equipment	\$ 150,000	2010	2015	4.95	33,651	32,470
Total					\$ 259,651	\$ 67,470

WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

The annual requirements to amortize the general obligation bond outstanding as of December 31, 2013, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2014	\$ 35,000	\$ 15,097	\$ 50,097
2015	37,000	13,186	50,186
2016	40,000	11,070	51,070
2017	42,000	8,678	50,678
2018	45,000	6,065	51,065
2019	27,000	3,158	30,158
Totals	<u>\$ 226,000</u>	<u>\$ 57,254</u>	<u>\$ 283,254</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.

NOTE 9 – ENCUMBRANCES

Encumbrances outstanding at December 31, 2013 consist of \$29,610 for public safety, for uniforms and a platform control upgrade.

NOTE 10 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2013 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 922,321
Less:	
General obligation bonds payable	(226,000)
Capital leases payable	(33,651)
Total net investment in capital assets	<u>662,670</u>
Unrestricted	79,676
Total net position	<u>\$ 742,346</u>

None of the net position is restricted by enabling legislation.

NOTE 11 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

Committed:	
Major funds:	
General:	
Expendable trust	\$ 40,012
Assigned:	
Major funds:	
General:	
Encumbrances	29,610
Unassigned:	
General fund	<u>16,464</u>
Total governmental fund balances	<u>\$ 86,086</u>

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 12 – 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 2013, 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 pool, currently operating as common risk management and insurance programs for its members.

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member towns, 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 for the year ended December 31, 2013, to be recorded as an insurance expenditure, totaled \$6,034. There were no unpaid contributions for the year ended December 31, 2013.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The following GASB pronouncements were implemented by the Precinct for the fiscal year ended December 31, 2013. Only GASB Statement No. 65 impacted these financial statements:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendments of GASB Statements No. 14 and No. 34*, issued November 2010. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. This Statement is intended to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. This Statement is intended to resolve conflicting accounting and financial report and guidance that emerged from two recent standards, Statement No. 54 and Statement No. 62. These standards conflicted with existing guidance in Statements No. 10, 13, and 48.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements 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 No. 69, *Government Combinations and Disposals of Government Operations*, issued in January 2013, will be effective for the Precinct beginning with its fiscal year ending December 31, 2014. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations that have been transferred or sold.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued in April 2013, will be effective for the Precinct beginning with the fiscal year ending December 31, 2014. The objective of this Statement is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees.

NOTE 14 – 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 February 3, 2015, the date the December 31, 2013 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
WEST OSSIPPEE FIRE PRECINCT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Precinct assessment	\$ 430,625	\$ 430,892	\$ 267
Miscellaneous:			
Interest on investments	60	41	(19)
Other	28	3,892	3,864
Total from miscellaneous	88	3,933	3,845
Total revenues	\$ 430,713	\$ 434,825	\$ 4,112

SCHEDULE 2
WEST OSSIPPEE FIRE PRECINCT
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 15,100	\$ 11,841	\$ -	\$ 3,259
Financial administration	-	6,000	6,500	-	(500)
Legal	-	2,000	-	-	2,000
General government buildings	45,415	59,820	139,241	-	(34,006)
Insurance, not otherwise allocated	-	16,600	11,508	-	5,092
Total general government	<u>45,415</u>	<u>99,520</u>	<u>169,090</u>	<u>-</u>	<u>(24,155)</u>
Public safety:					
Fire	-	200,410	143,128	29,610	27,672
Highways and streets:					
Street lighting	-	600	464	-	136
Debt service:					
Principal of long-term debt	-	32,000	34,000	-	(2,000)
Interest on long-term debt	-	9,183	19,811	-	(10,628)
Leases	-	34,000	30,920	-	3,080
Total debt service	<u>-</u>	<u>75,183</u>	<u>84,731</u>	<u>-</u>	<u>(9,548)</u>
Capital outlay	-	35,000	28,747	-	6,253
Other financing uses:					
Transfers out	-	20,000	20,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 45,415</u>	<u>\$ 430,713</u>	<u>\$ 446,160</u>	<u>\$ 29,610</u>	<u>\$ 358</u>

SCHEDULE 3
WEST OSSIPPEE FIRE PRECINCT
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2013

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 11,994
2013 Budget summary:		
Revenue surplus (Schedule 1)	\$ 4,112	
Unexpended balance of appropriations (Schedule 2)	<u>358</u>	
2013 Budget surplus		<u>4,470</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		<u><u>\$ 16,464</u></u>



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Members of the Board of Commissioners
West Ossipee Fire Precinct
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, 2013, 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 the 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 certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 Precinct's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Purchase Orders (Repeat Comment)

The Precinct is not in compliance with its current purchase order policy which states that purchase orders are required for all purchases. During our testing of internal controls over purchase orders, we again noted this year one instance out of forty, whereby, a purchase order should have been obtained but was not. Additionally, one purchase order was completed after the invoice was obtained, indicating that authorization for the expenditure did not exist prior to the purchase. We again strongly recommend that the Board consider revising the policy or enforcing the existing policy.

Cash Disbursements (Repeat Comment)

We noted in the prior year that controls over vendor payments needed to be implemented and enforced, including timeliness of payments. In the current year, one payment was identified as not being paid in a timely manner.

Reconciliations (Repeat Comment)

We noted that balance sheet accounts are not reconciled on a periodic basis. Beginning balances in these accounts did not agree with prior year audited figures. Two balances remained unchanged from the prior year balance. Additionally, the accounts payable account maintains a permanent balance in the account which does not zero out when payables are processed. These areas need to be addressed, as additional audit costs are being incurred as a result of these deficiencies.

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

February 3, 2015

Plodzik & Sanderson
Professional Association