

**ROLESVILLE RURAL
FIRE DEPARTMENT, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Fire Chief of
Rolesville Rural Fire Department, Inc.
Rolesville, NC

We have audited the accompanying financial statements of Rolesville Rural Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rolesville Rural Fire Department, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Actual vs. Budget Variance Report on pages 19 & 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mitchell & Nemitz, PA

Certified Public Accountants
Wake Forest, NC

October 17, 2019

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 & 2018

ASSETS		
	2019	2018
CURRENT ASSETS:		
Cash, including Interest-Bearing Accounts	\$ 536,986	\$ 618,168
Certificates of Deposit	12,609	12,513
Accounts Receivable	30,515	35,585
Prepaid Insurance	48,542	46,286
Total Current Assets	628,652	712,552
PROPERTIES & EQUIPMENT (net of accumulated depreciation of \$2,743,295 in 2019 and \$2,629,862 in 2018)		
	1,951,142	2,094,471
OTHER ASSETS:		
Restricted Cash - Ladder Truck/Building/Land Fund	241,583	148,262
Restricted Cash - Firefighters' Relief Fund	88,830	90,185
Cash held for Long Term Purposes - Capital Improvements	523,209	422,002
Cash held for Long Term Purposes - Ladder Truck Building Land	200,171	-
Total Other Assets	1,053,793	660,449
TOTAL ASSETS	\$ 3,633,587	\$ 3,467,472

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 & 2018

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES:		
Accounts Payable	\$ 43,718	\$ 29,775
Accrued Interest	7,093	8,402
Accrued Payroll Liabilities	2,666	648
Accrued Payroll	23,794	21,850
Accrued Vacation	31,617	30,151
Current Maturities of Long-Term Debt	87,161	84,236
Total Current Liabilities	196,049	175,062
LONG TERM DEBT (net of current portion of \$87,161 in 2019 and \$84,236 in 2018)	349,002	436,163
Total Liabilities	545,051	611,225
NET ASSETS:		
Without Donor Restrictions:		
Undesignated	502,875	601,141
Net investment in Property & Equipment	1,514,979	1,574,072
Board Designated - Capital Improvements	523,209	422,002
Board Designated - Ladder Truck Building Land Fund	200,171	-
Board Designated - Firefighters' Day	20,285	25,649
Total Net Assets Without Donor Restrictions	2,761,519	2,622,864
With Donor Restrictions		
Firefighters' Relief Fund	88,830	90,185
Ladder Truck/Building/Land Fund	238,187	143,198
Total Net Assets With Donor Restrictions	327,017	233,383
Total Net Assets	3,088,536	2,856,247
TOTAL LIABILITIES & NET ASSETS	\$ 3,633,587	\$ 3,467,472

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 & 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUES:		
Support:		
Contributions - Cash	\$ 390	\$ 250
Revenues:		
Government Fees and Contracts		
Wake County Appropriations	808,556	808,556
Wake County - Capital Improvement Fund	13,166	39,580
Town of Rolesville - Special District Taxes	684,122	626,917
Town of Rolesville - Capital Improvement Funds	97,663	89,560
Total Government Fees and Contracts	1,603,507	1,564,613
Other Revenues		
Rental Income	7,800	7,800
Interest Income	4,292	2,367
Sales and Gas Tax Refunds	13,112	13,617
Miscellaneous Income	4,978	2,395
Total Other Revenues	30,182	26,179
Net Assets Released From Restrictions:	112,502	306,724
TOTAL SUPPORT AND REVENUES		
WITHOUT DONOR RESTRICTIONS	1,746,581	1,897,766
EXPENSES:		
Program Services:		
Firefighting	1,349,582	1,261,472
Supporting Services:		
Management and General	258,344	229,666
Total Expenses	1,607,926	1,491,138
Increase/(Decrease) in Net Assets Without Donor Restrictions	\$ 138,655	\$ 406,628

(continued)

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 & 2018

	2019	2018
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Homeowners' Premium Allocations	\$ 9,944	\$ 9,766
Town of Rolesville Ladder Truck/Building/Land Appropriations	195,446	179,119
Donor Designated Contributions	-	23,500
Interest Income	746	594
 Net Assets Released From Restrictions:		
Ladder Truck and Land Loan Payments	(100,502)	(100,546)
Land Purchase	-	(191,034)
Other Expenses	-	(2,544)
Firemen's Relief Fund Payments to Retirees	(12,000)	(12,600)
Total Net Assets Release From Restrictions	(112,502)	(306,724)
Increase (Decrease) in Net Assets With Donor Restrictions	93,634	(93,745)
TOTAL INCREASE/(DECREASE) IN NET ASSETS	232,289	312,883
NET ASSETS, beginning of year	2,856,247	2,543,364
NET ASSETS, end of year	\$ 3,088,536	\$ 2,856,247

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Program Services - Firefighting	Support Services - Management & General	2019 Total Expenses	(Memorandum Only) 2018 Total Expenses
Advertising	844	-	844	525
Building & Grounds Maintenance	13,243	697	13,940	14,073
Contributions	500	-	500	1,000
Dues & Publications	2,094	-	2,094	1,999
Equipment Repairs & Maintenance	11,972	630	12,602	16,559
Firefighter Benefits	142,386	-	142,386	143,714
Firefighters' Pension Fund	2,520	-	2,520	2,880
Food & Provisions	9,419	-	9,419	8,417
Firefighters' Relief Fund	12,000	-	12,000	12,600
Firefighters' Day Supplies	3,200	-	3,200	-
Insurance	16,358	861	17,219	17,878
Interest Expense	16,265	-	16,265	19,134
Professional Fees	-	24,702	24,702	14,882
Medical Supplies	2,960	-	2,960	3,299
Miscellaneous	7,243	2,414	9,657	8,795
Office Supplies	2,786	2,785	5,571	3,820
Other Supplies & Materials	2,359	786	3,145	4,904
Wake County Personnel	85,590	-	85,590	78,027
Salaries	670,557	203,345	873,902	794,541
Postage	365	364	729	732
Property Taxes	-	2,678	2,678	2,539
Rental Expenses	-	2,992	2,992	3,241
Safety Gear & Uniforms	48,361	-	48,361	25,837
Service Awards & Receptions	8,233	-	8,233	7,687
Telephone	7,987	2,662	10,649	10,421
Training Expenses	5,421	-	5,421	6,868
Truck Repairs & Maintenance	66,568	-	66,568	83,603
Turnout Gear	27,252	-	27,252	25,645
Utilities	15,619	822	16,441	14,081
Depreciation	167,480	12,606	180,086	163,437
	<u>\$ 1,349,582</u>	<u>\$ 258,344</u>	<u>\$ 1,607,926</u>	<u>\$ 1,491,138</u>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 & 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
INCREASE/(DECREASE) IN NET ASSETS	\$ 232,289	312,883
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Flow Provided by Operating Activities:		
Depreciation Expense	180,414	164,730
Net Assets Released from Restrictions	112,502	306,724
(Increase)/Decrease in:		
Accounts Receivable	5,070	(8,237)
Prepaid Insurance	(2,256)	(900)
Increase/(Decrease) in:		
Accounts Payable	13,943	1,573
Accrued Expenses	5,429	(4,003)
	NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	772,770
	547,391	772,770
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Property and Equipment	(37,084)	(302,578)
Purchase of Certificates of Deposit	(96)	(44)
Interest Earned on Restricted Cash	(746)	(594)
	NET CASH FLOW (USED) BY INVESTING ACTIVITIES	(303,216)
	(37,926)	(303,216)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principle Payments on Long-Term Debt	(84,237)	(81,412)
Collections of Revenues Restricted for Long-Term Purposes		
Capital Improvements Fund	(101,208)	(12,194)
Ladder Truck/Building/Land Fund	(395,258)	(202,452)
Firemen's Relief Fund	(9,944)	(9,766)
	NET CASH (USED) BY FINANCING ACTIVITIES	(305,824)
	(590,647)	(305,824)
NET INCREASE IN CASH	(81,182)	163,730
CASH - BEGINNING OF YEAR	618,168	454,438
CASH - END OF YEAR	\$ 536,986	\$ 618,168

See accompanying notes to financial statements

ROLESVILLE RURAL FIRE DEPARTMENT, INC.

STATEMENT OF CASH FLOWS (continued)

YEARS ENDED JUNE 30, 2019 & 2018

SUPPLEMENTAL DISCLOSURES:

	<u>2019</u>	<u>2018</u>
Cash Paid For:		
Interest	<u>\$ 17,575</u>	<u>\$ 20,400</u>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 & 2018

NOTE 1 - NATURE OF ORGANIZATION

Rolesville Rural Fire Department, Inc. (“the Organization”) is a North Carolina non-profit Corporation whose purpose is to provide firefighting operations for the safety of citizens and protection of property in the Rolesville, North Carolina community. The Organization’s support comes primarily from a portion of the Wake County and Town of Rolesville property tax collections.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective July 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Use of Estimates

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.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 & 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Cash and Cash Equivalents

For purpose of cash flows, cash equivalents consists of highly liquid investments with an initial maturity of three months or less.

Accounts Receivable

Accounts receivable consists mainly of funds due to the Organization from fire services contracts. Management believes these receivables to be fully collectible; therefore, no allowance for uncollectible accounts is reflected.

Functional Allocation of Expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense:</u>	<u>Method of Allocation:</u>
Salaries	Time and effort
Building & Equipment	
Maintenance	Reasonable basis consistently applied
Office & Postage	Reasonable basis consistently applied
Telephone & Utilities	Reasonable basis consistently applied
Insurance	Reasonable basis consistently applied
Other Supplies & Materials	Reasonable basis consistently applied
Depreciation	Reasonable basis consistently applied
Miscellaneous	Reasonable basis consistently applied

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes in the accompanying financial statements. The Organization is also exempt from N.C. income taxes.

Management has evaluated all tax positions that could have a significant effect on the financial statements, under the guidance provided by GAAP related to Accounting for Uncertainty in Income Taxes, and determined the Organization had no uncertain income tax positions at June 30, 2019 and 2018.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 & 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property and Equipment

The Organization capitalizes all acquired property and equipment in excess of \$500. Property and equipment acquired by the Organization is recorded at cost. Property donated to the Organization are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. The estimated useful lives of depreciable assets are:

	<u>Estimated Useful Lives</u>
Builings and Improvements	7 - 39 years
Fire Fighting Equipment & Vehicles	5 - 15 years
Furniture, Fixtures, & Equipment	3 - 5 years
Communication Equipment	5 years

Depreciation expense totaled \$180,414 and \$164,730 for the years ended June 30, 2019 & 2018, respectively. This includes depreciation on the rental house and an allocable portion of the new storage building of \$328 and \$1,293 for the years ended June 30, 2019 & 2018, respectively. Rental depreciation is included in rental expenses on the schedule of functional expenses.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Organization holds monies in several different financial institutions, which were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2019 and June 30, 2018 for interest bearing accounts and non-interest bearing accounts per institution. The Organization held balances in accounts in excess of the FDIC limit by \$877,963 and \$706,355 at June 30, 2019 and June 30, 2018, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Town of Rolesville	\$ 18,483	\$ 16,690
Wake County	3,451	10,433
Sales Tax Refund	8,120	8.063
Gas Tax Refund	461	399
	<u>\$ 30,515</u>	<u>\$ 35,585</u>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 & 2018

NOTE 5 – PROPERTY AND EQUIPMENT

Balances of the different classes of property and equipment and accumulated depreciation at June 30, 2019 & 2018 are as follows:

	<u>2019</u>	<u>2018</u>
PROPERTY AND EQUIPMENT		
Land – Fire Station	\$ 36,110	\$ 36,110
Land – EMS Lot	50,000	50,000
Land – Rental House	9,000	9,000
Land – Pearce Property	149,149	149,149
Land – Clontz Property	274,100	274,100
Land – Fowler Property	172,084	172,084
Fire Station Buildings & Improvements	466,278	456,903
New Storage Building	65,608	65,608
New Dormitory Building	325,123	325,123
Land Improvements	45,621	45,621
Fire Fighting Equipment	2,749,139	2,789,326
Communication Equipment	127,963	133,690
Furniture & Fixtures	125,565	107,198
Rental House & Improvements	<u>98,697</u>	<u>98,697</u>
 Total Property and Equipment, at cost	 <u>\$ 4,694,437</u>	 <u>\$ 4,724,333</u>
 ACCUMULATED DEPRECIATION		
Fire Station Buildings & Improvements	\$ 306,508	\$ 295,848
New Storage Building	26,083	24,657
New Dormitory Building	109,696	104,359
Land Improvements	36,430	34,561
Fire Fighting Equipment	2,025,155	1,949,005
Communication Equipment	61,559	50,895
Furniture & Fixtures	89,221	82,223
Rental House & Improvements	<u>88,643</u>	<u>88,314</u>
	 <u>\$ 2,743,295</u>	 <u>\$ 2,629,862</u>
 TOTAL PROPERTY AND EQUIPMENT, net	 <u>\$ 1,951,142</u>	 <u>\$ 2,094,471</u>

The Fire Department owns six fire trucks which are included in property and equipment.

NOTE 6 – RESTRICTED CASH

Restricted cash consists of funds that have donor or contractual restrictions for long-term purposes. The cash restricted either by donor or contractually for firefighters' relief and contract purposes are reflected as Net Assets With Donor Restrictions.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 & 2018

NOTE 7 – ACCRUED EXPENSES

Accrued expenses at June 30, 2019 & 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Accrued Payroll Liabilities	\$ 2,666	\$ 648
Accrued Payroll	23,794	21,850
Accrued Interest	7,093	8,402
Accrued Vacation	31,617	30,151
	<u>\$ 65,170</u>	<u>\$ 61,051</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization has the following categories of net assets with donor restriction:

Firefighters' Relief Fund – The Department of Insurance annually distributes a portion of the gross premium tax collected on certain insurance policies to Firefighters' Relief Funds maintained by each fire department. The funds can be used to assist any firefighter in active service for a sickness or injury contracted in the line of duty or their families should a firefighter lose their life in the line of duty. The fund can also be used to pay for specified insurance, pension contributions, educational benefits, annually required physical examinations, and certain other benefits.

The fund is overseen by a five-member Local Relief Fund Board, which must approve all expenditures. Certain classes of expenditures must also be approved by the North Carolina State Firefighters Association.

Ladder Truck/Building/Land Fund – These funds are restricted due to donor designation of the use of the funds. The donor restricted the use of the funds to be used for land acquisition and building of substations, expansion of the firestation building, or purchase of a new firetruck or for making loan payments on loans for ladder truck, building, or land purchases.

NOTE 9 – CONCENTRATION OF REVENUE THAT COMPRISES MAJOR PORTION OF SUPPORT

The Organization receives a major portion of its support and revenue from the collection of a portion of the property taxes collected by Wake County and the Town of Rolesville. For the years ended June 30, 2019 & 2018, this revenue amounted to 87% and 86% of the total revenue, respectively.

NOTE 10 – CONTRIBUTED SERVICES

The Organization receives a substantial amount of services donated by its volunteer firemen. These services meet the criteria established in FASB ASC 958-605 (Formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*).

No amounts are reflected in the financial statements because it is both impractical and unreasonable, due to the varying levels of experience of each volunteer fireman and the large amount of calls the volunteers answer during the year, to estimate the amount of contributed services to the Organization. The effect on the financial statements as of June 30, 2019 and 2018 has not been determined.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 & 2018

NOTE 11 – RETIREMENT PROGRAMS

The Organization contributes ten dollars per month per fireman into the North Carolina State Pension Fund and Rescue Division. This sum is payable for a period of twenty years at which time the individual fireman will become eligible for a monthly pension, currently one hundred seventy dollars per month, upon reaching fifty-five years of age. Expenses related to the plan for the year ended June 30, 2019 and 2018 were \$2,520 and \$2,880, respectively.

The Organization started a Code Section 457 Deferred Compensation Retirement Plan effective January 1, 2006 for full-time employees. For the fiscal year ending June 30, 2019 & 2018, full-time employees put \$64,690 and \$46,586, respectively, through salary deferrals into the 457 Deferred Compensation Plan.

NOTE 12: RELATED PARTY TRANSACTIONS

The Organization purchases insurance services from an individual in key management. The amounts of these services were \$26,975 and \$25,316 for the years ended June 30, 2019 and 2018, respectively.

A key member of management is on the Board of Directors at a bank in which the Organization maintains accounts. The value of the accounts are \$623,324 and \$597,110 for the years ended June 30, 2019 and 2018, respectively.

NOTE 13: HOUSE & STORAGE BUILDING RENTAL

The Board approved leasing the house to Rolesville Chamber of Commerce, beginning March 1, 2013. The lease continued to be in effect for monthly rental of \$650 per month beginning in August 2016.

The costs and accumulated depreciation associated with the house and the storage building are as follows:

	<u>2019</u>	<u>2018</u>
Rental House & Improvements	\$ 98,697	\$ 98,697
Rental House – Land	9,000	9,000
Storage Building	<u>65,608</u>	<u>65,608</u>
 Total Cost	 <u>173,305</u>	 <u>173,305</u>
 Accumulated Depreciation – Rental House	 88,643	 88,314
Accumulated Depreciation – Storage Bldg.	<u>26,722</u>	<u>25,040</u>
 Total Accumulated Depreciation	 <u>115,365</u>	 <u>113,354</u>
 Net Book Value	 <u>\$ 57,940</u>	 <u>\$ 59,951</u>

NOTE 14 – ACCRUED VACATION AND SICK PAY

The Organization offers vacation and sick pay benefits to full-time employees.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 & 2018

NOTE 14 – ACCRUED VACATION AND SICK PAY - (continued)

Full-time employees begin accruing vacation for each year of service starting after a six-month probation period. The vacation pay policy limits accumulated vacation pay based on years of service not to exceed 240 hours of accrued vacation time. Upon termination of employment, any unused vacation pay is payable to the employee. As of June 30, 2019 and 2018, the balance of accrued vacation pay was \$31,617 and \$30,151, respectively.

Full-time employees earn twelve days of sick pay each year. There is no limit on the amount of sick pay that can be accrued; however, upon termination, any unused sick pay is forfeited. Therefore, no accrual for sick pay is included.

NOTE 15 – LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2019</u>	<u>2018</u>
A note payable dated February 3, 2012 to a financial institution with annual installments of \$83,373, including interest at 3.62%, beginning February 3, 2013. The note will mature on February 3, 2023. The note is secured by an Aerial Platform Firetruck.	\$ 305,365	\$ 375,157
A note payable dated October 5, 2016 to a financial institution with annual installments of \$18,439, including interest at 2.75%, beginning October 5, 2018. The note will mature on October 5, 2026. The note is secured by an land located at 5713 Old Pearce Road, Wake Forest, NC 27587.	<u>\$ 130,798</u>	<u>\$ 145,242</u>
Total Debt at June 30	\$ 436,163	\$ 520,399
Less: Current Maturities	<u>(87,161)</u>	<u>(84,236)</u>
Total Long-Term Debt	<u>\$ 349,002</u>	<u>\$ 436,163</u>

Maturities of long-term debt for the next five years are as follows:

Years ending June 30:	
2019	87,161
2020	90,178
2021	93,318
2022	96,560
2023	16,543
2024 and years after	<u>52,403</u>
Total Maturities of Long-Term Debt	<u>\$ 436,163</u>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 & 2018

NOTE 16 – SUMMARIZED COMPARATIVE INFORMATION

The Statement of Functional Expenses includes prior-year comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such amounts should be read in conjunction with the organization's Statement of Functional Expenses for the year ended June 30, 2018, from which the comparative total amounts were derived.

NOTE 17 – BOARD DESIGNATED – FIREFIGHTERS' DAY

The Board of Directors have designated a portion of the fund balance without donor restrictions towards firefighters' day. Firefighters' Day funds are intended to be used for the benefit of the full-time and volunteer firemen only. These funds are not intended to be used for normal operating purposes.

NOTE 18 – BOARD DESIGNATED – CAPITAL IMPROVEMENTS

The Board of Directors have designated a portion of the unrestricted fund balance towards capital improvements. Capital improvement funds are intended to be used to assist in paying the portion of capital improvements that are not funded by the Wake County Capital Improvements Fund. These funds are not intended to be used for normal operating purposes. Since the cash balances are designated for expenditure in the acquisition of noncurrent assets, these balances are not considered Current Assets, and are thus presented in the Other Assets section of the Statement of Financial Position.

NOTE 19 – BOARD DESIGNATED – LADDER TRUCK, BUILDING, LAND FUND

The Board of Directors have designated a portion of the unrestricted fund balance towards future acquisitions of ladder trucks, fire station building, or land purchase. These funds are intended to be used to for future acquisition of fire station property and ladder truck equipment. These funds are not intended to be used for normal operating purposes. Since the cash balances are designated for expenditure in the acquisition of noncurrent assets, these balances are not considered Current Assets, and are thus presented in the Other Assets section of the Statement of Financial Position.

NOTE 20 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The contract with Wake County requires the department to have minimum year-end balances as follows:

- Expendable Net Assets Without Donor Restrictions or Board Designations - at least 5% of annual total expenses reported in the audited financial statements. Expendable Net Assets Without Donor Restrictions or Board Designations is defined as Net Assets Without Donor Restrictions, less net investment in capital assets, less amounts designated for specific expenditures by the governing board. Net investment in capital assets is total property and equipment, net of accumulated depreciation, less debt owed on property and equipment.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 & 2018

NOTE 20 – LIQUIDITY AND AVAILABILITY OF RESOURCES – (continued)

- Financial Assets to Meet Cash Needs for General Expenditures Within One Year - at least 10% of annual total expenses reported in the audited financial statements. This amount is total assets, less nonfinancial assets (e.g. property and equipment, inventory, prepaid amounts), less assets that are unavailable for general expenditures due to contractual or donor-imposed restrictions, less assets that are unavailable for general expenditures because they have been designated for other purposes by the governing board.

The Organization reported financial assets to meet cash needs for general expenditures within one year as follows:

	<u>2019</u>	<u>2018</u>
Current cash	\$536,986	\$618,168
Certificates of deposit	12,609	12,513
Accounts Receivable	30,515	35,585
Less: Cash designated for Firefighters' Day	<u>(20,285)</u>	<u>(25,649)</u>
 Financial Assets to Meet Cash Needs for General Expenditures within One Year	 <u>\$559,825</u>	 <u>\$640,617</u>

Both amounts were equal to or greater than the required minimum at year-end.

NOTE 21 – SUBSEQUENT EVENTS REVIEW

The Organization has evaluated subsequent events through October 17, 2019 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued and there were none to disclose.

SUPPLEMENTARY INFORMATION

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
ACTUAL VS BUDGET VARIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Support & Revenues:			
Wake County - Special District Taxes	\$ 808,556	808,556	\$ -
Wake County - Capital Improvement Fund	13,165	8,823	4,342
Town of Rolesville - Special District Taxes	684,122	626,560	57,562
Town of Rolesville - Capital Improvement	97,663	89,500	8,163
Town of Rolesville - Ladder Truck	195,446	179,000	16,446
Interest Income	5,038	600	4,438
Rental Income	7,800	7,800	-
Sales and Gas Tax Refunds	13,113	8,200	4,913
Donations	390	-	390
Homeowners' Premium Allocations	9,944	-	9,944
Miscellaneous Income	4,978	-	4,978
	<u>1,840,215</u>	<u>1,729,039</u>	<u>111,176</u>
Total Support & Revenues			

Expenses:

Salaries	873,902	838,148	35,754
Wake County Personnel	85,590	66,828	18,762
Firemen Expenses	142,386	127,482	14,904
Firemen's Relief Fund	12,000	-	12,000
Firemen's Day Supplies	3,200	-	3,200
Equipment Repairs & Maintenance	12,602	12,000	602
Insurance	17,219	23,000	(5,781)
Safety Gear & Uniforms	48,361	24,500	23,861
Utilities	16,441	19,345	(2,904)
Truck Repairs & Maintenance	66,568	58,300	8,268
Interest Expense	16,265	-	16,265
Building & Grounds Maintenance	13,940	8,000	5,940
Firemen's Pension Fund	2,520	-	2,520
Medical Supplies	2,960	5,000	(2,040)
Training Expenses	5,421	10,000	(4,579)
Miscellaneous	9,658	10,800	(1,142)
Contributions	500	-	500
Professional Services	24,702	5,600	19,102
Office Supplies	5,571	4,000	1,571

(continued)

See independent auditors' report

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
ACTUAL VS BUDGET VARIANCE REPORT (continued)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenses (continued):			
Telephone	10,649	9,000	1,649
Dues & Publications	2,094	2,500	(406)
Other Supplies & Materials	3,145	3,200	(55)
Service Awards & Receptions	8,233	6,000	2,233
Turnout Gear	27,252	23,000	4,252
Food & Provisions	9,419	8,000	1,419
Advertising	844	500	344
Postage	729	675	54
Property Taxes	2,678	-	2,678
Rental Expenses	2,992	-	2,992
Depreciation	180,085	-	180,085
	<u>1,607,926</u>	<u>1,265,878</u>	<u>342,048</u>
Total Expenses			
	<u>1,607,926</u>	<u>1,265,878</u>	<u>342,048</u>
Net Increase/(Decrease) in Net Assets	<u>232,289</u>	<u>463,161</u>	<u>(230,872)</u>