

ROLESVILLE RURAL  
FIRE DEPARTMENT, INC

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
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FOR THE YEAR ENDED JUNE 30, 2021 AND 2020

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To the Board of Directors  
Rolesville Rural Fire Department, Inc.  
Rolesville, North Carolina

We have audited the accompanying financial statements of Rolesville Rural Fire Department, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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.

**Auditors' 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

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 page 23 is presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited", 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. The information marked "unaudited" has not been subjected to the auditing procedures applies in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

October 14, 2021

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash, including Interest-Bearing Accounts	\$ 710,995	\$ 558,103
Certificates of Deposit	13,115	12,908
Accounts Receivable	41,109	31,763
Prepaid Insurance	49,374	49,435
Total Currents Assets	814,593	652,209
PROPERTY & EQUIPMENT (net of accumulated depreciation of \$3,071,940 in 2021, and \$2,924,040 in 2020)	2,466,640	1,878,135
OTHER ASSETS:		
Restricted Cash - Ladder Truck/Building/Land Fund	477,914	350,296
Restricted Cash - Firefighters' Relief Fund	77,673	82,674
Cash held for Long Term Purposes - Capital Improvements	281,392	634,384
Cash held for Long Term Purposes - Ladder Truck Building Land	211,129	204,825
Total Other Assets	1,048,108	1,272,179
TOTAL ASSETS	\$ 4,329,341	\$ 3,802,523

The accompanying notes are an integral part of these financial statements.

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

LIABILITIES AND NET ASSETS

	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 11,906	\$ 30,021
Accrued Interest	8,462	5,739
Accrued Payroll	18,405	22,416
Accrued Vacation	34,391	38,534
Current Maturities of Long-term Debt	134,693	90,178
Total Current Liabilities	207,857	186,888
LONG TERM DEBT (net of current portion of \$134,693 in 2021, AND \$90,178 in 2020)	583,551	258,824
Total Liabilities	791,408	445,712
<b>NET ASSETS:</b>		
Without Donor Restrictions		
Undesignated	715,468	534,885
Net Investment in Property and Equipment	1,748,396	1,529,133
Board Designated - Capital Improvements	281,392	634,384
Board Designated - Ladder Truck Building Land Fund	211,129	204,825
Board Designated - Firefighters' Day	21,476	20,614
Total Net Assets Without Donor Restrictions	2,977,861	2,923,841
With Donor Restrictions		
Firefighters' Relief Fund	77,673	82,674
Ladder Truck/Building/Land Fund	482,399	350,296
Total Net Assets With Donor Restrictions	560,072	432,970
Total Net Assets	3,537,933	3,356,811
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 4,329,341</b>	<b>\$ 3,802,523</b>

The accompanying notes are an integral part of these financial statements.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUES:		
Support:		
Contributions - Cash	\$ 650	\$ -
Revenues:		
Government Fees and Contracts		
Wake County Appropriations	673,700	810,200
Wake County CARES Act	16,055	-
Town of Rolesville - Special District Taxes	828,092	743,433
Town of Rolesville - Capital Improvement Funds	118,299	106,205
Total Government Fees and Contracts	1,636,796	1,659,838
Other Revenues:		
Rental Income	7,800	7,800
Interest Income	2,227	7,969
Sales and Gas Tax Refund	11,718	16,422
Miscellaneous Income	3,550	-
Total Other Revenues	25,295	32,191
Net Assets Released From Restrictions:	118,935	115,657
TOTAL SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS	1,781,026	1,807,686
<b>EXPENSES:</b>		
Program Services:		
Firefighting	1,345,046	1,382,853
Supporting Services:		
Management and General	381,960	262,512
Total Expenses	1,727,006	1,645,365
Increase/(Decrease) in Net Assets Without Donor Restrictions	\$ 54,020	\$ 162,321

The accompanying notes are an integral part of these financial statements.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30,

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Homeowners' Premium Allocations	\$ 9,297	\$ 8,486
Town of Rolesville Ladder Truck/Building/Land Appropriations	236,597	212,409
Interest Income	143	716
 Net Assets Released From Restrictions:		
Ladder Truck and Land Loan Payments	(104,535)	(100,457)
Firemen's Relief Fund Payment to Retirees	<u>(14,400)</u>	<u>(15,200)</u>
Total Net Assets Released From Restrictions	<u>(118,935)</u>	<u>(115,657)</u>
 Increase/(Decrease) in Net Assets With Donor Restrictions	<u>127,102</u>	<u>105,954</u>
 INCREASE/(DECREASE) IN NET ASSETS	181,122	268,275
 NET ASSETS, beginning of year	<u>3,356,811</u>	<u>3,088,536</u>
NET ASSETS, end of year	<u><u>\$ 3,537,933</u></u>	<u><u>\$ 3,356,811</u></u>

The accompanying notes are an integral part of these financial statements.



ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2021 AND 2020

	Program Services - Firefighting	Support Services - Management and General	2021 Total Expenses
Advertising	\$ -	\$ 31	\$ 31
Building and Grounds Maintenance	12,333	649	12,982
Dues and Publication	3,204	-	3,204
Equipment Repairs and Maintenance	19,220	1,012	20,232
Firefighter Benefits	126,937	-	126,937
Food and Provisions	8,665	-	8,665
Firefighters' Relief Fund	14,400	-	14,400
Insurance	20,188	1,062	21,250
Interest Expense	14,357	-	14,357
Professional Fees	-	33,917	33,917
Medical Supplies	5,270	-	5,270
Miscellaneous	2,899	966	3,865
Office Supplies	1,778	1,778	3,556
Other Supplies and Materials	2,754	918	3,672
Wake County Personnel	94,103	-	94,103
Salaries	710,330	316,848	1,027,178
Postage	417	417	834
Property Taxes	-	2,865	2,865
Rental Expenses	-	3,047	3,047
Safety Gear and Uniforms	28,555	-	28,555
Service Awards and Reception	6,459	-	6,459
Telephone	10,856	3,619	14,475
Training Expenses	2,947	-	2,947
Truck Repairs and Maintenance	50,672	-	50,672
Turnout Gear	6,978	-	6,978
Utilities	15,545	818	16,363
Depreciation	186,179	14,013	200,192
<b>Total</b>	<b>\$ 1,345,046</b>	<b>\$ 381,960</b>	<b>\$ 1,727,006</b>

The accompanying notes are an integral part of these financial statements.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2020

	Program Services - Firefighting	Support Services - Management and General	2020 Total Expenses
Advertising	\$ -	\$ 210	\$ 210
Building and Grounds Maintenance	15,941	839	16,780
Contributions	-	98	98
Dues and Publication	1,899	-	1,899
Equipment Repairs and Maintenance	20,180	1,062	21,242
Firefighter Benefits	132,809	-	132,809
Firefighters' Pension Fund	2,640	-	2,640
Food and Provisions	9,862	-	9,862
Firefighters' Relief Fund	15,200	-	15,200
Insurance	17,977	946	18,923
Interest Expense	13,297	-	13,297
Professional Fees	-	14,744	14,744
Medical Supplies	2,107	-	2,107
Miscellaneous	3,964	1,321	5,285
Office Supplies	2,069	2,069	4,138
Other Supplies and Materials	2,850	950	3,800
Wake County Personnel	92,133	-	92,133
Salaries	707,679	216,372	924,051
Postage	251	251	502
Property Taxes	-	3,670	3,670
Rental Expenses	-	2,455	2,455
Safety Gear and Uniforms	19,635	-	19,635
Service Awards and Reception	7,096	-	7,096
Telephone	9,821	3,274	13,095
Training Expenses	4,529	-	4,529
Truck Repairs and Maintenance	94,327	-	94,327
Turnout Gear	12,683	-	12,683
Utilities	15,174	798	15,972
Depreciation	178,730	13,453	192,183
<b>Total</b>	<b>\$ 1,382,853</b>	<b>\$ 262,512</b>	<b>\$ 1,645,365</b>

The accompanying notes are an integral part of these financial statements.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
INCREASE (DECREASE) IN NET ASSETS	\$ 181,122	\$ 268,275
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Flow Provided by Operating Activities:		
Depreciation Expense	200,192	192,183
(Increase) Decrease in:		
Accounts Receivable	(9,346)	(920)
Prepaid Insurance	61	(893)
Increase (Decrease) in:		
Accounts Payable	(18,115)	(13,697)
Accrued Expenses	(5,431)	1,519
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES:	348,483	446,467
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Property and Equipment	(788,697)	(119,504)
NET CASH FLOW USED BY INVESTING ACTIVITIES:	(788,697)	(119,504)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments on Long-Term Debt	(90,178)	(87,161)
Proceeds From Long-Term Debt	459,420	-
Purchases of Certificates of Deposit	(207)	(299)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	369,035	(87,460)
NET INCREASE (DECREASE) IN CASH	(71,179)	239,503
CASH - BEGINNING OF YEAR	1,830,282	1,590,779
CASH - END OF YEAR	\$ 1,759,103	\$ 1,830,282
CASH SUMMARY		
Cash, including Interest-Bearing Accounts	\$ 710,995	\$ 558,103
Restricted Cash - Ladder Truck/Building/Land Fund	477,914	350,296
Restricted Cash - Firefighters' Relief Fund	77,673	82,674
Cash held for Long Term Purposes - Capital Improvements	281,392	634,384
Cash held for Long Term Purposes - Ladder Truck Building Land	211,129	204,825
CASH - END OF YEAR	\$ 1,759,103	\$ 1,830,282
SUPPLEMENTAL DISCLOSURES:		
Cash Paid For		
Interest	\$ 14,357	\$ 13,297

The accompanying notes are an integral part of these financial statements.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020

**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 operating 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**

Basis of Accounting

The accompanying financial statement of the Organization have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to 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. Donor-imposed restrictions are released when the stipulated purpose for which the resource was restricted has been fulfilled.

COVID-19 – CARES Act Funding

As a result of the COVID-19 pandemic, the County amended the fire department's contracts to provide CARES Act funding to provide temporary special pay allowance for essential employees. The Department reported \$16,055 in CARES Act funding.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 and 2020

Use of Estimates

The presentation 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

For purpose of cash flows, cash equivalents consist 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 program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expense that are allocated include the following:

Expense:	Method of Allocation:
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

Advertising

The Organization expenses advertising cost as incurred. Advertising costs promote the Organization's services. Advertising expense was \$31 and \$210 for the years ended June 30, 2021 and 2020, respectively.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 and 2020

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, 2021 or 2020.

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:

Asset Type	Estimated Useful Lives
Building 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 \$200,192 and \$192,183 for the years ended June 30, 2021 and 2020, respectively. This includes depreciation on the rental house and an allocable portion of the new storage building of \$328 for the years ended June 30, 2021 and 2020. Rental depreciation is included in rental expenses on the Statement 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, 2021 and June 20, 2020 for interest bearing accounts and non-interest-bearing accounts per institution. The Organization held balances in accounts in excess of the FDIC limit by \$840,468 and \$1,109,138 at June 30, 2021 and June 30, 2020, respectively.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at June 30, 2021 and 2020:

	2021	2020
Town of Rolesville	\$ 22,428	\$ 17,985
Wake County	9,622	5,296
Sales Tax Refund	7,324	8,095
Gas Tax Refund	435	387
Rental Income	1,300	-
	\$ 41,109	\$ 31,763

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 and 2020

**NOTE 5 – PROPERTY AND EQUIPMENT**

Balances of the different classes of property and equipment and accumulated depreciation at June 30, 2021 and 2020 are as follows:

	2021	2020
Property and Equipment		
Land - Fire Station	\$ 115,024	\$ 36,110
Land - EMS Lot	50,000	50,000
Land - Rental House	9,000	9,000
Land - Pearce Property	152,274	152,274
Land - Clontz Property	274,950	274,950
Land - Fowler Property	173,384	173,384
Fire Station Buildings & Improvements	493,684	469,328
New Storage Building	65,608	65,608
New Dormitory Building	325,123	325,123
Land Improvements	45,621	45,621
Fire Fighting Equipment	3,473,861	2,847,938
Communication Equipment	130,386	126,263
Furniture & Fixtures	130,968	127,879
Rental House & Improvements	98,697	98,697
Total Property and Equipment, at cost	5,538,580	4,802,175
Accumulated Depreciation		
Fire Station Buildings & improvements	329,340	317,525
New Storage Building	28,936	27,510
New Dormitory Building	120,369	115,032
Land Improvements	40,476	38,343
Fire Fighting Equipment	2,266,952	2,160,851
Communication Equipment	89,371	76,168
Furniture & Fixtures	107,197	99,640
Rental House & Improvements	89,299	88,971
	3,071,940	2,924,040
Total Property and Equipment, net	\$ 2,466,640	\$ 1,878,135

The Fire Department owns seven 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  
 JUNE 30, 2021 and 2020

**NOTE 7 – ACCRUED EXPENSES**

Accrued expenses at June 30, 2021 and 2020 consist of the following:

	2021	2020
Accrued Payroll	\$ 18,405	\$ 22,416
Accrued Interest	8,462	5,739
Accrued Vacation	34,391	38,534
	\$ 61,258	\$ 66,689

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

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

*Firefighter's 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 specific insurance, pension contributions, educational benefits, annual 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 funds to be used for land acquisition and building of substations, expansion of the fire station building, or purchase of a new firetruck or for making loan payments on loans for ladder truck, building, or land purchases.

**NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of either event specified by the donors.

Ladder Truck and Land Loan Payments	\$ 104,535
Distributions from Relief Fund	14,400
	\$ 118,935

**NOTE 10 – 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, 2021 and 2020, this revenue amounted to 86% and 87% of total revenue, respectively.

**NOTE 11 – 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.*)



ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020

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, 2021 and 2020 has not been determined.

**NOTE 12 – RETIREMENT PROGRAMS**

The Organization contributes ten dollar per month per fireman into the North Carolina's 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, 2021 and 2020 were \$2,280 and \$2,640, 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, 2021 and 2020, full-time employees contribute \$99,261 and \$78,777, respectively, through salary deferrals into the 457 Deferred Compensation Plan.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The Organization purchases insurance services from an individual in key management. The amounts of these services were \$30,433 in 2021 and \$28,990 in 2020.

The Organization purchases maintenance and repair services from an individual on the Board of Director. The amount of these services was \$7,024 in 2020.

The Organization purchases maintenance and repair services from an individual on the Board of Director. The amounts of these services were \$650 in 2021 and \$200 in 2020.

A key member of management is on the Board of Directors at a bank in which the Organization maintains accounts. The values of the accounts are \$380,609 and \$737,673 for the years ended June 30, 2021 and 2020, respectively.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 and 2020

**Note 14 – 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:

	2021	2020
Rental House & Improvements	\$ 98,697	\$ 98,697
Rental House - Land	9,000	9,000
Storage Building	65,608	65,608
Total Cost	173,305	173,305
Accumulated Depreciation - Rental House	89,299	88,971
Accumulated Depreciation - Storage Building	30,087	28,405
Total Accumulated Depreciation	119,386	117,376
Net Book Value	\$ 53,919	\$ 55,929

**NOTE 15 – ACCRUED VACATION AND SICK PAY**

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

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, 2021 and 2020, the balance of accrued vacation pay was \$34,391 and \$38,534, 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.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020

**NOTE 16 – LONG-TERM DEBT**

Long-term debt consists of the following:

	2021	2020
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.	\$ 158,110	\$ 233,046
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 land located at 5713 Old Pearce Road, Wake Forest, NC 27587.	100,714	115,956
A note payable dated February 24, 2021 to a financial institution with annual installments of \$52,698, including interest at 2.60%, beginning February 5, 2022. The note will mature on February 5, 2031. The note is secured by Enforcer Heavy Duty Rescue Truck.	459,420	-
Total Debt at June 30,	718,244	349,002
Less: Current Maturities	(134,693)	(90,178)
Total Long-Term Debt	\$ 583,551	\$ 258,824

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

Years ending June 30,

2022	\$ 134,693
2023	138,389
2024	59,460
2025	61,002
2026	62,640
2027-2031	262,060
Total Maturities of Long-Term Debt	\$ 718,244

Interest expense was \$14,357 and \$13,297 for the years ended June 30, 2021 and 2020, respectively.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020

**NOTE 17 – BOARD DESIGNATED – FIREFIGHTERS’ DAY**

The Board of Directors have designated a portion of net assets without donor restrictions towards firefighter’s 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 has designated a portion of net assets without donor restrictions 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**

The Board of Directors has designated a portion of net assets without donor restrictions towards future acquisition of ladder trucks, fire station building, or land purchase. These funds are intended to be used 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**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash, Including Interest Bearing Accounts	\$ 710,995
Certificates of Deposit	13,115
Accounts Receivable	41,109
	<u>\$ 765,219</u>

The contract with Wake County requires the Organization 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
- 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.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 and 2020

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

	2021	2020
Cash, including Interest-Bearing Accounts	\$ 710,995	\$ 558,103
Certificates of Deposit	13,115	12,908
Accounts Receivable	41,109	31,763
Less: Cash Designated for Firefighters' Day	(21,476)	(20,614)
Financial Assets to Meet Cash Needs for General Expenditures Within One Year	\$ 743,743	\$ 582,160

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

**NOTE 21 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the statement of financial position through the date the report is available to be issued which is the date of the independent auditors' report. The Organization has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

**NOTE 22 – CONTINGENCIES**

During the year ended June 30, 2021, the COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time. The COVID-19 outbreak is ongoing as of June 30, 2021, and additional impact on operational and financial performance may occur.

**NOTE 23 – RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; and natural disasters. During the year ended June 30, 2021, the Department carried insurance through the commercial carrier to cover all risks of losses. The Department has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 ACTUAL VS BUDGET VARIANCE REPORTS  
 FOR THE YEAR ENDED JUNE 30, 2021 AND 2020

	2021		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET (UNAUDITED)	ACTUAL	
<b>Support &amp; Revenues:</b>			
Wake County - Special District Taxes	\$ 664,877	\$ 673,700	\$ 8,823
Wake County CARES Act	-	16,055	16,055
Town of Rolesville - Special District Taxes	740,000	828,092	88,092
Town of Rolesville - Capital Improvement	108,000	118,299	10,299
Town of Rolesville - Ladder Truck	220,000	236,597	16,597
Interest Income	1,000	2,370	1,370
Rental Income	7,800	7,800	-
Sales and Gas Tax Refunds	8,500	11,718	3,218
Donations	-	650	650
Homeowners' Premium Allocations	-	9,297	9,297
Miscellaneous Income	-	3,550	3,550
<b>Total Revenue and Support</b>	<b>1,750,177</b>	<b>1,908,128</b>	<b>157,951</b>
<b>Expenses</b>			
Salaries	966,507	1,027,178	(60,671)
Wake County Personnel	77,727	94,103	(16,376)
Firemen Expenses	60,532	126,937	(66,405)
Firemen's Relief Fund	-	14,400	(14,400)
Equipment Repair & Maintenance	19,300	20,232	(932)
Insurance	23,000	21,250	1,750
Safety Gear & Uniforms	24,500	28,555	(4,055)
Utilities	19,345	16,363	2,982
Truck Repairs & Maintenance	81,000	50,672	30,328
Interest Expense	-	14,357	(14,357)
Building & Grounds Maintenance	12,000	12,982	(982)
Medical Supplies	5,000	5,270	(270)
Training Expenses	10,000	2,947	7,053
Miscellaneous	10,800	3,865	6,935
Professional Services	7,557	33,917	(26,360)
Office Supplies	6,258	3,556	2,702
Telephone	9,964	14,475	(4,511)
Dues & Publications	2,500	3,204	(704)
Other Supplies & Materials	3,200	3,672	(472)
Service Awards & Receptions	6,000	6,459	(459)
Turnout Gear	23,000	6,978	16,022
Food & Provisions	8,000	8,665	(665)
Advertising	500	31	469
Postage	675	834	(159)
Property Taxes	-	2,865	(2,865)
Rental Expenses	-	3,047	(3,047)
Depreciation	-	200,192	(200,192)
<b>Total Expenses</b>	<b>1,377,365</b>	<b>1,727,006</b>	<b>(349,641)</b>
<b>Net Increase/(Decrease) in Net Assets</b>	<b>\$ 372,812</b>	<b>\$ 181,122</b>	<b>\$ (191,690)</b>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.  
 ACTUAL VS BUDGET VARIANCE REPORTS  
 FOR THE YEAR ENDED JUNE 30, 2021 AND 2020

	2020		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET (UNAUDITED)	ACTUAL	
<b>Support &amp; Revenues:</b>			
Wake County - Special District Taxes	\$ 806,256	\$ 810,200	\$ 3,944
Town of Rolesville - Special District Taxes	700,000	743,433	43,433
Town of Rolesville - Capital Improvement	100,000	106,205	6,205
Town of Rolesville - Ladder Truck	200,000	212,409	12,409
Interest Income	500	8,685	8,185
Rental Income	7,800	7,800	-
Sales and Gas Tax Refunds	8,500	16,422	7,922
Homeowners' Premium Allocations	-	8,486	8,486
<b>Total Revenue and Support</b>	<b>1,823,056</b>	<b>1,913,640</b>	<b>90,584</b>
<b>Expenses</b>			
Salaries	773,636	924,051	(150,415)
Wake County Personnel	89,298	92,133	(2,835)
Firemen Expenses	191,729	132,809	58,920
Firemen's Relief Fund	-	15,200	(15,200)
Equipment Repair & Maintenance	12,000	21,242	(9,242)
Insurance	23,000	18,923	4,077
Safety Gear & Uniforms	24,500	19,635	4,865
Utilities	19,345	15,972	3,373
Truck Repairs & Maintenance	68,300	94,327	(26,027)
Interest Expense	-	13,297	(13,297)
Building & Grounds Maintenance	12,000	16,780	(4,780)
Firemen's Pension Fund	-	2,640	(2,640)
Medical Supplies	5,000	2,107	2,893
Training Expenses	10,000	4,529	5,471
Miscellaneous	10,800	5,285	5,515
Contributions	-	98	(98)
Professional Services	5,600	14,744	(9,144)
Office Supplies	4,000	4,138	(138)
Telephone	9,000	13,095	(4,095)
Dues & Publications	2,500	1,899	601
Other Supplies & Materials	3,200	3,800	(600)
Service Awards & Receptions	6,000	7,096	(1,096)
Turnout Gear	23,000	12,683	10,317
Food & Provisions	8,000	9,862	(1,862)
Advertising	500	210	290
Postage	675	502	173
Property Taxes	-	3,670	(3,670)
Rental Expenses	-	2,455	(2,455)
Depreciation	-	192,183	(192,183)
<b>Total Expenses</b>	<b>1,302,083</b>	<b>1,645,365</b>	<b>(343,282)</b>
<b>Net Increase/(Decrease) in Net Assets</b>	<b>\$ 520,973</b>	<b>\$ 268,275</b>	<b>\$ (252,698)</b>