

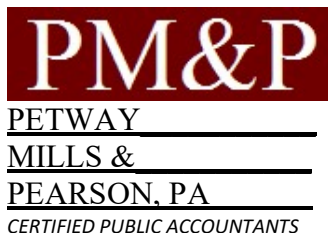
ROLESVILLE RURAL
FIRE DEPARTMENT, INC

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	<u>Page</u>
Independent Auditors' Report	3
Statements of Financial Position	5
Statements of Activities	7
Schedules of Functional Expenses	9
Statements of Cash Flows	11
Notes to the Financial Statements	12
Supplementary Information:	
Actual vs. Budget Variance Reports	23



Independent Auditors' Report

C. Briggs Petway, Jr.
Phyllis M. Pearson

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

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
9121 Anson Way
Raleigh, NC 27615
919-781-1047

www.pmpcpa.com

Opinion

We have audited the accompanying financial statements of Rolesville Rural Fire Department, Inc., as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rolesville Rural Fire Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Rolesville Rural Fire Department, Inc. as of June 30, 2023, and the respective changes in fund balances and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are required to be independent of Rolesville Rural Fire Department and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rolesville Rural Fire Department's ability to continue as a going concern within one year after the date that the financial statements are to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
Of Certified Public
Accountants

Medical Group
Management
Association

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rolesville Rural Fire Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rolesville Rural Fire Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue, Support and Expenses – Budget to Actual (Non-GAAP) 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 26, 2023

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash, including Interest-Bearing Accounts	\$ 579,064	\$ 432,524
Certificates of Deposit	13,275	12,909
Accounts Receivable	61,478	28,789
Prepaid Insurance	35,189	40,239
	<hr/>	<hr/>
Total Currents Assets	689,006	514,461
PROPERTY & EQUIPMENT (net of accumulated depreciation of \$2,998,254 in 2023, and \$3,105,953 in 2022)	2,338,718	2,656,619
OTHER ASSETS:		
Restricted Cash - Ladder Truck/Building/Land Fund	60,056	577,846
Restricted Cash - Firefighters' Relief Fund	72,104	73,491
Cash held for Long Term Purposes - Capital Improvements	69,924	91,377
Cash held for Long Term Purposes - Ladder Truck Building Land	1,193,206	268,302
	<hr/>	<hr/>
Total Other Assets	1,395,290	1,011,016
	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,423,014	\$ 4,182,096
	<hr/> <hr/>	<hr/> <hr/>

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

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 and 2022

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts Payable	\$ 24,497	\$ 24,497
Accrued Interest	11,858	11,858
Accrued Payroll	23,794	18,607
Accrued Vacation	43,577	34,967
Deferred Revenue	650	650
Current Maturities of Long-term Debt	87,779	138,389
	<hr/>	<hr/>
Total Current Liabilities	192,155	228,968
LONG TERM DEBT (net of current portion of \$87,779 in 2023, AND \$138,389 in 2022)	649,043	445,162
	<hr/>	<hr/>
Total Liabilities	841,198	674,130
NET ASSETS:		
Without Donor Restrictions		
Undesignated	442,382	401,408
Net Investment in Property and Equipment	1,601,896	2,073,068
Board Designated - Capital Improvements	69,924	91,377
Board Designated - Ladder Truck Building Land Fund	1,193,206	268,302
Board Designated - Firefighters' Day	142,248	22,474
	<hr/>	<hr/>
Total Net Assets Without Donor Restrictions	3,449,656	2,856,629
With Donor Restrictions		
Firefighters' Relief Fund	72,104	73,491
Ladder Truck/Building/Land Fund	60,056	577,846
	<hr/>	<hr/>
Total Net Assets With Donor Restrictions	132,160	651,337
	<hr/>	<hr/>
Total Net Assets	3,581,816	3,507,966
	<hr/>	<hr/>
TOTAL LIABILITIES & NET ASSETS	\$ 4,423,014	\$ 4,182,096
	<hr/> <hr/>	<hr/> <hr/>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUES:		
Support:		
Contributions - Cash	\$ 737	\$ 1,200
Revenues:		
Government Fees and Contracts		
Wake County Appropriations	794,160	682,966
Wake County ARPA	23,913	2,984
Town of Rolesville - Special District Taxes	945,213	898,375
Town of Rolesville - Capital Improvement Funds	1,129	208,339
Wake County Debt Reimbursement	<u>18,439</u>	<u>-</u>
Total Government Fees and Contracts	1,783,591	1,793,864
Other Revenues:		
Rental Income	7,150	7,800
Interest Income	1,808	690
Sales and Gas Tax Refund	33,855	14,365
Miscellaneous Income	<u>2,033</u>	<u>50</u>
Total Other Revenues	44,846	22,905
Net Assets Released From Restrictions:	<u>618,733</u>	<u>168,910</u>
TOTAL SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS	2,447,170	1,985,679
EXPENSES:		
Program Services:		
Firefighting	1,513,853	1,570,365
Supporting Services:		
Management and General	<u>339,979</u>	<u>541,070</u>
Total Expenses	<u>1,853,832</u>	<u>2,111,435</u>
Increase/(Decrease) in Net Assets Without Donor Restrictions	\$ 593,338	\$ (125,756)

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, 2023 and 2022

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Homeowners' Premium Allocations	\$ 13,470	\$ 10,136
Town of Rolesville Ladder Truck/Building/Land Appropriations	85,632	254,420
Interest Income	143	143
Net Assets Released From Restrictions:	.	.
Ladder Truck and Land Loan Payments	(603,433)	(154,510)
Firemen's Relief Fund Payment to Retirees	<u>(15,300)</u>	<u>(14,400)</u>
Total Net Assets Released From Restrictions	<u>(618,733)</u>	<u>(168,910)</u>
Increase/(Decrease) in Net Assets With Donor Restrictions	<u>(519,488)</u>	<u>95,789</u>
INCREASE/(DECREASE) IN NET ASSETS	73,850	(29,967)
NET ASSETS, beginning of year	3,507,966	3,537,933
NET ASSETS, end of year	<u>\$ 3,581,816</u>	<u>\$ 3,507,966</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, 2023 AND 2022

	Program Services - Firefighting	Support Services - Management and General	2023 Total Expenses
Advertising	\$ -	\$ 286	\$ 286
Building and Grounds Maintenance	747	39	786
Dues and Publication	3,186	-	3,186
Equipment Repairs and Maintenance	21,934	1,154	23,088
Firefighter Benefits	118,644	-	118,644
Food and Provisions	9,172		9,172
Firefighters' Relief Fund	15,300		15,300
Insurance	34,750	1,829	36,579
Interest Expense	(36,856)	-	(36,856)
Professional Fees	-	39,884	39,884
Medical Supplies	4,011		4,011
Miscellaneous	3,493	1,165	4,658
Office Supplies	3,198	3,198	6,396
Other Supplies and Materials	4,705	1,568	6,273
Wake County Personnel	125,343	-	125,343
Salaries	789,088	259,573	1,048,661
Postage	286	286	572
Property Taxes		6,232	6,232
Rental Expenses		3,435	3,435
Safety Gear and Uniforms	53,565		53,565
Service Awards and Reception	6,285		6,285
Telephone	5,981	1,994	7,975
Training Expenses	5,436		5,436
Truck Repairs and Maintenance	79,245		79,245
Turnout Gear	4,004		4,004
Utilities	18,123	954	19,077
Depreciation	244,213	18,382	262,595
Total	\$ 1,513,853	\$ 339,979	\$ 1,853,832

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

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services - Firefighting	Support Services - Management and General	2022 Total Expenses
Advertising	\$ -	\$ 48	\$ 48
Building and Grounds Maintenance	7,232	381	7,613
Contributions	-	-	-
Dues and Publication	2,293	-	2,293
Equipment Repairs and Maintenance	22,273	1,172	23,445
Firefighter Benefits	110,876	-	110,876
Firefighters' Pension Fund	-	-	-
Food and Provisions	8,529	-	8,529
Firefighters' Relief Fund	14,400	-	14,400
Insurance	37,417	1,969	39,386
Interest Expense	81,124	-	81,124
Professional Fees	-	15,207	15,207
Medical Supplies	7,261	-	7,261
Miscellaneous	5,640	1,880	7,520
Office Supplies	3,670	3,669	7,339
Other Supplies and Materials	2,341	780	3,121
Wake County Personnel	99,393	-	99,393
Salaries	779,251	490,604	1,269,855
Postage	429	430	859
Property Taxes	-	2,913	2,913
Rental Expenses	-	3,012	3,012
Safety Gear and Uniforms	52,329	-	52,329
Service Awards and Reception	3,579	-	3,579
Telephone	8,322	2,774	11,096
Training Expenses	22,969	-	22,969
Truck Repairs and Maintenance	80,689	-	80,689
Turnout Gear	-	-	-
Utilities	15,682	826	16,508
Depreciation	204,666	15,405	220,071
Total	\$ 1,570,365	\$ 541,070	\$ 2,111,435

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

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
INCREASE (DECREASE) IN NET ASSETS	\$ 73,850	\$ (29,967)
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Flow Provided by Operating Activities:		
Depreciation Expense	262,595	220,071
Gain on Disposal of Equipment	55,306	-
(Increase) Decrease in:		
Accounts Receivable	(32,689)	12,320
Prepaid Insurance	5,050	13,757
Increase (Decrease) in:		
Accounts Payable	-	12,591
Accrued Expenses	13,797	202
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES:	377,909	228,974
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Property and Equipment	-	(410,050)
NET CASH FLOW USED BY INVESTING ACTIVITIES:	-	(410,050)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments on Long-Term Debt	(584,843)	(134,693)
Proceeds From Long-Term Debt	738,114	-
Purchases of Certificates of Deposit	(366)	206
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	152,905	(134,487)
NET INCREASE (DECREASE) IN CASH	530,814	(315,563)
CASH - BEGINNING OF YEAR	1,443,540	1,759,103
CASH - END OF YEAR	\$ 1,974,354	\$ 1,443,540
CASH SUMMARY		
Cash, including Interest-Bearing Accounts	\$ 579,064	\$ 432,524
Restricted Cash - Ladder Truck/Building/Land Fund	60,056	577,846
Restricted Cash - Firefighters' Relief Fund	72,104	73,491
Cash held for Long Term Purposes - Capital Improvements	69,924	91,377
Cash held for Long Term Purposes - Ladder Truck Building Land	1,193,206	268,302
CASH - END OF YEAR	\$ 1,974,354	\$ 1,443,540
SUPPLEMENTAL DISCLOSURES:		
Cash Paid For		
Interest	\$ 18,590	\$ 81,124

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

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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 stimulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when the stipulated purpose for which the resource was restricted has been fulfilled.

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.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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:

<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

Advertising

The Organization expenses advertising cost as incurred. Advertising costs promote the Organization's services. Advertising expense was \$286 and \$48 for the years ended June 30, 2023 and 2022, respectively.

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, 2023 or 2022.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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>Asset Type</u>	<u>Estimated Useful Lives</u>
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 \$262,595 and \$220,071 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022. 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, 2023 and June 30, 2022 for interest bearing accounts and non-interest-bearing accounts per institution. The Organization held balances in accounts in excess of the FDIC limit by \$585,730 and \$686,678 at June 30, 2023 and June 30, 2022, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Town of Rolesville	\$ 11,294	\$ 11,293
Wake County	23,435	9,063
Sales Tax Refund	26,111	7,896
Gas Tax Refund	638	537
	<u>\$ 61,478</u>	<u>\$ 28,789</u>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

NOTE 5 – PROPERTY AND EQUIPMENT

Balances of the different classes of property and equipment and accumulated depreciation at June 30-2023 and 2022 are as follows:

	2023	2022
Property and Equipment		
Land - Fire Station	\$ 115,024	\$ 115,024
Land - EMS Lot	50,000	50,000
Land - Rental House	9,000	9,000
Land - Pearce Property	154,624	155,474
Land - Clontz Property	274,532	275,532
Land - Fowler Property	174,987	175,847
Fire Station Buildings & Improvements	520,274	520,274
New Storage Building	65,608	65,608
New Dormitory Building	325,123	325,123
Land Improvements	45,621	45,621
Fire Fighting Equipment	3,299,998	3,696,194
Communication Equipment	97,522	97,522
Furniture & Fixtures	105,962	132,656
Rental House & Improvements	98,697	98,697
Total Property and Equipment, at cost	5,336,972	5,762,572
Accumulated Depreciation		
Fire Station Buildings & improvements	360,473	344,455
New Storage Building	31,789	30,363
New Dormitory Building	131,042	125,706
Land Improvements	44,743	42,609
Fire Fighting Equipment	2,137,558	2,290,643
Communication Equipment	92,371	75,623
Furniture & Fixtures	110,322	106,926
Rental House & Improvements	89,956	89,628
	2,998,254	3,105,953
Total Property and Equipment, net	<u>\$2,338,718</u>	<u>\$ 2,656,619</u>

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, 2023 and 2022

NOTE 7 – ACCRUED EXPENSES

Accrued expenses at June 30, 2023 and 2022 consist of the following:

	2023	2022
Accrued Payroll	\$ 23,794	\$ 18,607
Accrued Interest	11,858	11,858
Accrued Vacation	43,577	34,967
	<u>\$ 79,229</u>	<u>\$ 65,432</u>

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	\$ 603,433
Distributions from Relief Fund	<u>15,300</u>
	<u>\$ 618,733</u>

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, 2023 and 2022, this revenue amounted to 86% and 86% of total revenue, respectively.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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.*)

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, 2023 and 2022 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, 2023 and 2022 were \$12,539 and \$2,400, 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, 2023 and 2022, full-time employees contribute \$132,934 and \$122,893, 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 \$27,805 in 2023 and \$31,398 in 2022.

The Organization purchases maintenance and repair services from an individual on the Board of Director. The amounts of these services were \$210 in 2023 and \$0 in 2022.

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.

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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

	2023	2022
Rental House & Improvements	\$ 98,697	\$ 98,697
Rental House - Land	9,000	9,000
Storage Building	65,608	65,608
Total Cost	<u>173,305</u>	<u>173,305</u>
Accumulated Depreciation - Rental House	89,956	89,628
Accumulated Depreciation - Storage Building	31,789	30,363
Total Accumulated Depreciation	<u>121,745</u>	<u>119,991</u>
Net Book Value	<u>\$ 51,560</u>	<u>\$ 53,314</u>

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, 2023 and 2022, the balance of accrued vacation pay was \$43,577 and \$34,967, 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 16 – LONG-TERM DEBT

Long-term debt consists of the following:

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

	<u>2023</u>	<u>2022</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.	\$ -	\$ 80,460
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.	68,946	85,046
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.	-	418,045
A note payable dated June 14, 2022 to a financial institution with annual installments of \$38,812, including interest at 2.60%, beginning June 5, 2023. The note will mature on June 5, 2032. The note is secured by Enforcer Heavy Duty Rescue Truck.	307,876	-
A note payable dated July 13, 2022 to a financial institution with annual installments of \$40,000, with no interest, beginning July 1, 2023. The note will mature on June 5, 2032. The note is secured by Wake Electric Membership Corporation.	<u>360,000</u>	<u>-</u>
Total Debt at June 30,	736,822	583,551
Less: Current Maturities	<u>(87,779)</u>	<u>(138,389)</u>
Total Long-Term Debt	<u>\$ 649,043</u>	<u>\$ 445,162</u>

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

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

Year ending June 30,	
2024	87,779
2025	89,072
2026	90,374
2027	73,273
2028	74,125
There after	322,199
Total Maturities of Long Term Debt	<u>736,822</u>

Interest expense was \$18,590 and \$19,816 for the years ended June 30, 2023 and 2022, respectively.

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:

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

Cash, including Interest-Bearing Accounts	\$ 579,064
Certificates of Deposit	13,275
Accounts Receivable	61,478
	<u>\$ 653,817</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.

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

	2023	2022
Cash, including Interest-Bearing Accounts	\$ 579,064	\$ 432,524
Certificates of Deposit	13,275	12,909
Accounts Receivable	61,478	28,789
Less: Cash Designated for Firefighters' Day	(142,248)	(22,474)
Financial Assets to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 511,569</u>	<u>\$ 451,748</u>

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 – 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, 2023, 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, 2023 AND 2022

	2023		
	BUDGET (UNAUDITED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Support & Revenues:			
Wake County - Special District Taxes	\$ 676,887	\$ 794,160	\$ 117,273
Wake County ARPA	-	23,913	23,913
Wake County Debt Reimbursement	-	18,439	18,439
Town of Rolesville - Special District Taxes	740,000	945,213	205,213
Town of Rolesville - Capital Improvement	108,000	1,129	(106,871)
Town of Rolesville - Ladder Truck	220,000	85,632	(134,368)
Interest Income	1,000	1,951	951
Rental Income	7,800	7,150	(650)
Sales and Gas Tax Refunds	7,507	33,855	26,348
Donations	-	737	737
Homeowners' Premium Allocations	-	13,470	13,470
Miscellaneous Income	-	2,033	2,033
Total Revenue and Support	1,761,194	1,927,682	166,488
Expenses			
Salaries	85,000	1,048,661	(963,661)
Wake County Personnel	-	125,343	(125,343)
Firemen Expenses	60,532	118,644	(58,112)
Firemen's Relief Fund	-	15,300	(15,300)
Equipment Repair & Maintenance	16,164	23,088	(6,924)
Insurance	23,000	36,579	(13,579)
Safety Gear & Uniforms	24,500	53,565	(29,065)
Utilities	22,345	19,077	3,268
Truck Repairs & Maintenance	81,000	79,245	1,755
Interest Expense	-	(36,856)	36,856
Building & Grounds Maintenance	15,000	786	14,214
Medical Supplies	5,000	4,011	989
Training Expenses	10,000	5,436	4,564
Miscellaneous	17,484	4,658	12,826
Professional Services	8,700	39,884	(31,184)
Office Supplies	7,000	6,396	604
Telephone	9,000	7,975	1,025
Dues & Publications	4,800	3,186	1,614
Other Supplies & Materials	2,258	6,273	(4,015)
Service Awards & Receptions	6,000	6,285	(285)
Turnout Gear	7,500	4,004	3,496
Food & Provisions	8,000	9,172	(1,172)
Advertising	500	286	214
Postage	675	572	103
Property Taxes	-	6,232	(6,232)
Rental Expenses	-	3,435	(3,435)
Depreciation	-	262,595	(262,595)
Total Expenses	414,458	1,853,832	(1,439,374)
Net Increase/(Decrease) in Net Assets	\$ 1,346,736	\$ 73,850	\$ (1,272,886)

ROLESVILLE RURAL FIRE DEPARTMENT, INC.
ACTUAL VS BUDGET VARIANCE REPORTS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	2022		
	BUDGET (UNAUDITED)	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Support & Revenues:			
Wake County - Special District Taxes	\$ 676,887	\$ 682,966	\$ 6,079
Wake County CARES Act	-	2,984	2,984
Town of Rolesville - Special District Taxes	740,000	898,375	158,375
Town of Rolesville - Capital Improvement	108,000	208,339	100,339
Town of Rolesville - Ladder Truck	220,000	254,420	34,420
Interest Income	1,000	833	(167)
Rental Income	7,800	7,800	-
Sales and Gas Tax Refunds	7,507	14,365	6,858
Donations	-	1,200	1,200
Homeowners' Premium Allocations	-	10,136	10,136
Miscellaneous Income	-	50	50
Total Revenue and Support	1,761,194	2,081,468	320,274
Expenses			
Salaries	839,540	1,269,855	(430,315)
Wake County Personnel	80,103	99,393	(19,290)
Firemen Expenses	60,532	110,876	(50,344)
Firemen's Relief Fund	-	14,400	(14,400)
Equipment Repair & Maintenance	16,164	23,445	(7,281)
Insurance	23,000	39,386	(16,386)
Safety Gear & Uniforms	24,500	52,329	(27,829)
Utilities	19,345	16,508	2,837
Truck Repairs & Maintenance	81,000	80,689	311
Interest Expense	-	81,124	(81,124)
Building & Grounds Maintenance	12,000	7,613	4,387
Medical Supplies	5,000	7,261	(2,261)
Training Expenses	10,000	22,969	(12,969)
Miscellaneous	17,484	7,520	9,964
Professional Services	7,557	15,207	(7,650)
Office Supplies	4,000	7,339	(3,339)
Telephone	9,000	11,096	(2,096)
Dues & Publications	4,800	2,293	2,507
Other Supplies & Materials	2,258	3,121	(863)
Service Awards & Receptions	6,500	3,579	2,921
Turnout Gear	23,000	-	23,000
Food & Provisions	8,000	8,529	(529)
Advertising	500	48	452
Postage	675	859	(184)
Property Taxes	-	2,913	(2,913)
Rental Expenses	-	3,012	(3,012)
Depreciation	-	220,071	(220,071)
Total Expenses	1,254,958	2,111,435	(856,477)
Net Increase/(Decrease) in Net Assets	\$ 506,236	\$ (29,967)	\$ (536,203)