

Greenville Fire District, New York

Financial Statements
With Independent Auditors' Report

December 31, 2009

Greenville Fire District, New York

Financial Statements With Independent Auditors' Report

December 31, 2009

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Independent Auditors' Report

Board of Fire Commissioners Greenville Fire District, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greenville Fire District, New York (the "District") as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greenville Fire District, New York as of December 31, 2009 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedule of Funding Progress – Other Postemployment Benefits are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Fire Commissioners
Greenville Fire District, New York
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As described in Note 4, to the basic financial statement, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" as of and for the year ended December 31, 2009.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Greenville Fire District, New York, basic financial statements. The accompanying financial information listed as individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Greenville Fire District, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

O'Connor Davilio Munno & Dobbins, LLP

White Plains, New York
June 15, 2010

**Greenville Fire District, New York
Management's Discussion and Analysis
December 31, 2009**

Introduction

This discussion and analysis of Greenville Fire District, New York's (the "District") financial statements provides an overview of the financial activities of Greenville Fire District, New York, for the year ended December 31, 2009. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

Financial Highlights for Fiscal Year 2009

- On the government-wide financial statements, the assets of the District exceeded its liabilities at the close of fiscal year 2009 by \$3,764,647. Of this amount, the unrestricted net assets are \$557,025.
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$2,487,555, an increase of \$643,971 from fiscal year 2008. Of this amount, the unreserved and undesignated fund balance is \$1,206,881.
- During the 2009 fiscal year, the District made the final payment of \$150,000 of general obligation debt. There is no longer any outstanding general obligation debt. A tax anticipation note in the amount of \$1,200,000 was issued and retired in fiscal 2009.

Overview of the Financial Statements

The District's financial statements are composed of this Management Discussion and Analysis ("MD&A") and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the District's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes other supplementary information as listed in the table of contents.

Government-Wide Financial Statements

The *government-wide financial statements* are presented in a manner similar to private-sector business financial statements. The statements are prepared using the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Assets and Statement of Activities.

The *Statement of Net Assets* presents the District's total assets and liabilities with the difference reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing the change in the District's net assets during the current fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as earned but unused vacation leave. The focus of this statement is on the net cost of providing various services to the citizens of the District.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include general government support, public safety and interest.

Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in an individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements.

Governmental Funds: The services provided by the District are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the District's financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. From this comparison, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District has one governmental fund: The General Fund, which is reported as a major fund on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance.

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the respective budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the basic financial statements section of this report.

Other Information

The schedules of budget to actual comparisons can be found immediately following the notes to the financial statements.

Government-Wide Financial Analysis

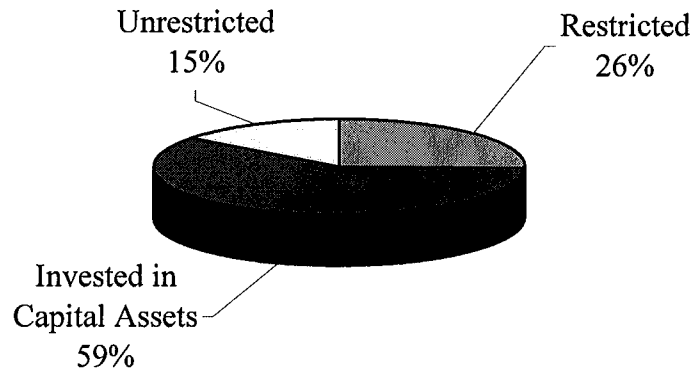
The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$3,764,647 for fiscal year 2009, a net increase of \$81,099 from 2008. This increase consists of a prior period adjustment in the amount of \$55,730, which represents repairs that were erroneously added to Capital Assets as well as incorrect depreciation on certain assets being recorded in the financial statements. The remaining change of \$25,369 was from current from operations.

The following table reflects the condensed Statement of Net Assets as of December 31,:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 2,675,850	\$ 1,933,448
Capital assets, net	<u>2,249,652</u>	<u>2,299,694</u>
Total Assets	<u>4,925,502</u>	<u>4,233,142</u>
Current liabilities	188,295	272,322
Long-term liabilities	<u>972,560</u>	<u>277,272</u>
Total Liabilities	<u>1,160,855</u>	<u>549,594</u>
Net assets		
Invested in capital assets	2,249,652	2,149,694
Restricted	957,970	747,020
Unrestricted	<u>557,025</u>	<u>786,834</u>
Total Net Assets	<u>\$ 3,764,647</u>	<u>\$ 3,683,548</u>

Net Asset Distribution



The largest component of the District's net assets is invested in capital assets of \$2,249,652, which reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. The District currently has no debt outstanding.

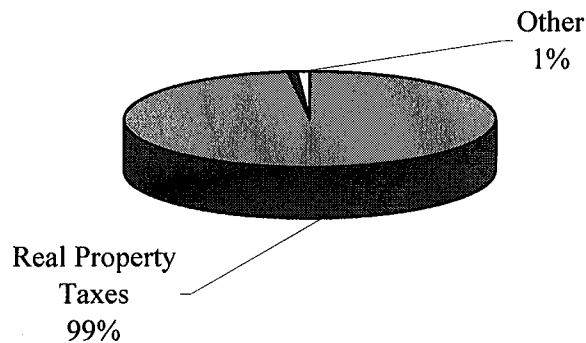
The restricted net assets of \$957,970, or 25%, represent resources that are subject to external restrictions on their use. The restrictions are for apparatus, repairs and future contributions to the State Retirement Systems.

The remaining balance is \$557,025. At the end of the current fiscal year, the District is able to report positive net asset balances for the government as a whole as well as for its governmental activities, representing an increase of \$81,099 over 2008.

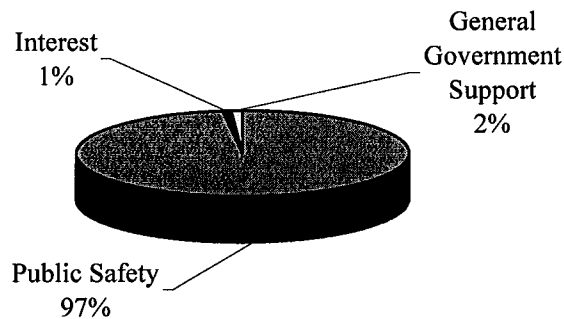
**Changes in Net Assets
Years Ended December 31,**

	2009	2008
Program revenues		
Operating grants and contributions	\$ 3,324	\$ -
General revenues		
Real property taxes	7,067,640	6,886,454
Use of money and property	19,259	60,804
Miscellaneous	994	2,410
Total Revenues	7,091,217	6,949,668
Program expenses		
General government support	179,933	206,914
Public safety	6,871,608	6,283,613
Interest	14,307	24,675
Total Expenses	7,065,848	6,515,202
Change in Net Assets	25,369	434,466
Net Assets		
Beginning of year, as previously reported	3,683,548	3,541,714
Prior period adjustment	55,730	(292,632)
Beginning of year, as restated	3,739,278	3,249,082
End of year	\$ 3,764,647	\$ 3,683,548

**Sources of General Revenues for Fiscal Year 2009
Governmental Activities**



**Sources of Expenses for Fiscal Year 2009
Governmental Activities**



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,487,555, an increase of \$643,971 from 2008. Of the total combined fund balance, \$1,206,881 constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenditures (\$142,678), apparatus (\$558,762), repairs (\$61,060) and future retirement contributions (\$338,148).

The General Fund is the primary operating fund of the District. The fund balance of the General Fund was \$2,487,555 of which \$1,206,881 was unreserved and undesignated.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2009, amounted to approximately \$2.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and machinery and equipment.

Capital Assets
(Net of Accumulated Depreciation)

	<u>2009</u>	<u>2008</u>
Land	\$ 100,000	\$ 100,000
Buildings and improvements	1,874,733	1,904,940
Machinery and equipment	<u>274,919</u>	<u>294,754</u>
Total	<u>\$2,249,652</u>	<u>\$2,299,694</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lisa Geoghegan, Secretary/Treasurer, Greenville Fire District, 711 Central Avenue, Scarsdale, New York 10583.

Greenville Fire District, New York

Statement of Net Assets

December 31, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,533,172
Prepaid expenses	142,678
Capital assets (net of accumulated depreciation):	
Land	100,000
Buildings and improvements	1,874,733
Machinery and equipment	<u>274,919</u>
Total Assets	<u>4,925,502</u>
LIABILITIES	
Accounts payable and accrued liabilities	188,295
Compensated absences - due within one year	29,736
Compensated absences - due in more than one year	267,621
Other postemployment benefit obligations payable	<u>675,203</u>
Total Liabilities	<u>1,160,855</u>
NET ASSETS	
Invested in capital assets	2,249,652
Restricted for apparatus	558,762
Restricted for repairs	61,060
Restricted for retirement	338,148
Unrestricted	<u>557,025</u>
Total Net Assets	<u>\$ 3,764,647</u>

See notes to financial statements

Greenville Fire District, New York

Statement of Activities

Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenue Charges for Services	Net (Expenses) Revenue and Changes in Net Assets Governmental Activities
Governmental activities:			
General government support	\$ 179,933	\$ -	\$ (179,933)
Public safety	6,871,608	3,324	(6,868,284)
Interest	<u>14,307</u>	<u>-</u>	<u>(14,307)</u>
Total Governmental Activities	<u>\$ 7,065,848</u>	<u>\$ 3,324</u>	<u>(7,062,524)</u>
General Revenues			
Real property taxes			7,067,640
Use of money and property			19,259
Miscellaneous			<u>994</u>
Total General Revenues			<u>7,087,893</u>
Change in Net Assets			<u>25,369</u>
Net Assets			
Beginning of year, as previously reported			3,683,548
Prior period adjustment			<u>55,730</u>
Beginning of year, restated			<u>3,739,278</u>
End of year			<u>\$ 3,764,647</u>

Greenville Fire District, New York

Balance Sheet
General Fund

December 31, 2009

ASSETS

Cash and cash equivalents	\$ 2,533,172
Prepaid expenditures	<u>142,678</u>
	<u>\$ 2,675,850</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable and accrued liabilities	\$ <u>188,295</u>
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Fund Balance

Reserved for prepaid expenditures	142,678
Reserved for apparatus	558,762
Reserved for repairs	61,060
Reserved for retirement	338,148
Unreserved:	
Designated for tax stabilization	180,026
Unreserved and undesignated	<u>1,206,881</u>

Total Fund Balance	2,487,555
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,249,652
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Long-term and other liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	(297,357)
Other post employment benefit obligations payable	<u>(675,203)</u>

Net Assets of Governmental Activities	<u>\$ 3,764,647</u>
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See notes to financial statements

Greenville Fire District, New York
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Year Ended December 31, 2009

REVENUES	
Real property taxes	\$ 7,067,640
Use of money and property	19,259
Sale of property and compensation for loss	3,324
Miscellaneous	<u>994</u>
 Total Revenues	 <u>7,091,217</u>
 EXPENDITURES	
General government support	179,933
Public safety	4,465,898
Employee benefits	1,635,458
Debt Service	
Principal	150,000
Interest	<u>15,957</u>
 Total Expenditures	 <u>6,447,246</u>
 Excess of Revenues Over Expenditures and Change in Fund Balance	 643,971
 FUND BALANCE	
Beginning of Year	<u>1,843,584</u>
 End of Year	 <u>\$ 2,487,555</u>

See notes to financial statements

Greenville Fire District, New York

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of General Fund
to the Statement of Activities**

Year Ended December 31, 2009

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds \$ 643,971

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceed capital outlays in the current period.

Capital outlay	34,707
Depreciation expense	<u>(140,479)</u>
	<u>(105,772)</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	<u>150,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	1,650
Compensated absences	10,723
Other post employment benefit obligations	<u>(675,203)</u>
	<u>(662,830)</u>

Change in Net Assets of Governmental Activities \$ 25,369

Greenville Fire District, New York

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund

Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 7,067,640	\$ 7,067,640	\$ 7,067,640	\$ -
Use of money and property	45,100	45,100	19,259	(25,841)
Sale of property and compensation for loss	-	-	3,324	3,324
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>994</u>	<u>(9,006)</u>
Total Revenues	<u>7,122,740</u>	<u>7,122,740</u>	<u>7,091,217</u>	<u>(31,523)</u>
EXPENDITURES				
General government support	202,400	202,400	179,933	22,467
Public safety	4,613,485	4,699,042	4,465,898	233,144
Employee benefits	2,054,955	2,049,955	1,635,458	414,497
Debt service				
Principal	150,000	150,000	150,000	-
Interest	<u>26,900</u>	<u>16,900</u>	<u>15,957</u>	<u>943</u>
Total Expenditures	<u>7,047,740</u>	<u>7,118,297</u>	<u>6,447,246</u>	<u>671,051</u>
Excess of Revenues Over Expenditures	75,000	4,443	643,971	639,528
FUND BALANCE				
Beginning of year	<u>(75,000)</u>	<u>(4,443)</u>	<u>1,843,584</u>	<u>1,848,027</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,487,555</u>	<u>\$ 2,487,555</u>

See notes to financial statements

Greenville Fire District, New York
Statement of Assets and Liabilities
Fiduciary Fund
Pension Trust Fund - Service Awards Program
December 31, 2009

ASSETS

Contributions receivable	\$ 5,065
Investments	<u>272,310</u>
	<u>\$ 277,375</u>

NET ASSETS

Held in trust for pension benefits	<u>\$ 277,375</u>
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Greenville Fire District, New York
Statement of Changes in Net Assets
Fiduciary Fund
Pension Trust Fund - Service Awards Program
Year Ended December 31, 2009

ADDITIONS

Pension contributions	\$ 10,216
Interest and dividend income	11,766
Insurance premium refund	<u>7,230</u>
Total Additions	<u>29,212</u>

DEDUCTIONS

Administrative fees	861
Insurance premiums	<u>4,289</u>
Total Deductions	<u>5,150</u>

Change in Net Assets	24,062
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NET ASSETS

Beginning of Year	<u>253,313</u>
End of Year	<u>\$ 277,375</u>

Greenville Fire District, New York

Notes to Financial Statements

1. **Organization**

Greenville Fire District, New York (the "District") operates in accordance various applicable laws of the State of New York. The Board of Fire Commissioners is the body responsible for the overall operation of the District. The members of the Board are elected by the taxpayers of the District. The primary function of the District is to provide fire protection, emergency medical and rescue services to residents of the District.

2. **Summary of Significant Accounting Policies**

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant accounting policies:

Financial Reporting Entity

The financial reporting entity consists of the primary government which is the District, organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the District as a whole. The effect of interfund activity has been removed from these statements.

Greenville Fire District, New York

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Government-Wide Financial Statements (continued)

The Statement of Net Assets presents the financial position of the District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the statements or the page following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The District's resources are reflected in the fund financial statements in two generic fund types within one broad fund category, in accordance with generally accepted accounting principles as follows:

Fund Categories

Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following is the District's governmental fund:

Greenville Fire District, New York

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Fund Categories (continued)

General Fund - The General Fund is the primary operating fund of the District and includes all revenues and expenditures not required by law to be accounted for in other funds.

Fiduciary Fund - The Fiduciary Fund is used to account for assets held by a third party, in an agency capacity on behalf of others. The Pension Trust Fund is provided to account for the District's Length of Service Awards Program, and is not included in the Government-Wide Financial Statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues, are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Greenville Fire District, New York

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Net Assets or Fund Balances

Cash and Cash Equivalents - Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The District's investment policies are governed by State statutes. The District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2009.

The District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk or credit risk.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town of Greenburgh collects the District's taxes which are due April 1st and payable without penalty by April 30th. The Town remits the entire levy to the District in accordance with a mutually agreed upon payment schedule.

Greenville Fire District, New York

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Assets, Liabilities and Net Assets or Fund Balance (continued)

Inventory - There are no inventory values presented in the balance sheet of the District. Purchases of inventorable items are recorded as expenditures at the time of purchase and year-end balances are not material.

Prepaid Expenditures - Prepaid expenditures consist of employee retirement, workers' compensation insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least five years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land is not depreciated. Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	39
Machinery and equipment	5-10

The costs associated with the acquisition or construction of capital assets are shown as expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Greenville Fire District, New York

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Assets, Liabilities and Net Assets or Fund Balance (continued)

Compensated Absences - Vested or accumulated vacation leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the respective fund that will pay it. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, restricted for apparatus, restricted for repairs and restricted for future retirement costs. The balance is classified as unrestricted.

Fund Balances - Reserves and Designations - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for prepaid expenditures, apparatus purchases, repairs and future retirement contributions represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balance in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use.

Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Greenville Fire District, New York

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 15, 2010.

3. Stewardship, Compliance and Accountability

Budgetary Data

The District follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- The District budget shall be in the form described in Section 107 of the Town Law and shall be adopted in the manner provided in Section 181 of the Town Law.
- On or before the 21st day prior to the budget hearing, the Board of Fire Commissioners must adopt the proposed budget, file a copy with the District's secretary and post the budget on the District's website, if they maintain one.
- No sooner than the 20th day prior to the budget hearing, the District must post a notice of the budget hearing for 15 days on the District's website and sign board, provide a copy of the notice of the budget hearing to the town clerk of the town in which the District is located and in which the District contracts, a copy of the proposed budget.
- On or before 5 days prior to the budget hearing, the District must publish a notice of the budget hearing in its official newspaper, post a published notice on the District's website, if they maintain one, and provide a copy of the proposed budget for public inspection to the town clerk of the town in which the District is located.
- On the 3rd Tuesday in October, the Board of Fire Commissioners shall hold a public hearing to discuss the contents of the proposed budget. The hearing shall be conducted and scheduled in a manner that maximizes participation. At such hearing, any person may be heard in favor of or against the proposed budget as compiled, or for or against any item or items therein contained.
- After the public hearing, the Board of Fire Commissioners may adopt changes, alterations and revisions to the proposed budget, except that the Board of Fire Commissioners shall not add or increase an appropriation to a capital reserve fund not contained in the proposed budget.
- On or before November 4th, the board shall adopt the District's annual budget.

Greenville Fire District, New York

Notes to Financial Statements

3. Stewardship, Compliance and Accountability *(continued)*

Budgetary Data (continued)

- On or before November 7th, the District's secretary shall deliver two certified copies of the District's annual budget to the town clerk of the town in which the District is located.
- Formal budgetary integration is employed during the year as a management control device for the General Fund.
- The District's General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles.
- The Board of Fire Commissioners has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Fire Commissioners. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board
- General Fund appropriations lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year.

Budgeted amounts are as originally adopted, or as amended by the Board of Fire Commissioners. Individual amendments for the current year were not material in relation to the original appropriations, which were amended.

Expenditure Limitation

The District, pursuant to Section 176(18) of Town Law, is subject to an expenditure limitation. The limitation is calculated on a formula which includes the full value of taxable real estate and certain statutory exclusions. The 2009 computation indicates that the District has not exceeded the statutory limitation.

Prior Period Adjustment

The District included \$95,363 of repairs to the Firehouse within Capital Assets in prior years as well as the related depreciation. The District also incorrectly computed depreciation on certain assets in prior years. The net effect of these adjustments totaled \$55,730.

Greenville Fire District, New York

Notes to Financial Statements

4. Detailed Notes on All Funds

Capital Assets

Changes in the District's capital assets for the year ended December 31, 2009 are as follows:

Class	Balance January 1, 2009	Prior Period Adjustment	Restated Balance January 1, 2009	Additions	Balance December 31, 2009
Capital assets not being depreciated - land	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000
Capital assets being depreciated					
Buildings and improvements	\$ 3,110,363	\$ (95,363)	\$ 3,015,000	\$ -	\$ 3,015,000
Machinery and equipment	1,152,159	-	1,152,159	34,707	1,186,866
Total capital assets, being depreciated	<u>4,262,522</u>	<u>(95,363)</u>	<u>4,167,159</u>	<u>34,707</u>	<u>4,201,866</u>
Less accumulated depreciation for					
Buildings and improvements	1,205,423	(136,054)	1,069,369	70,898	1,140,267
Machinery and equipment	857,405	(15,039)	842,366	69,581	911,947
Total accumulated depreciation	<u>2,062,828</u>	<u>(151,093)</u>	<u>1,911,735</u>	<u>140,479</u>	<u>2,052,214</u>
Total capital assets, being depreciated, net	<u>\$ 2,199,694</u>	<u>\$ 55,730</u>	<u>\$ 2,255,424</u>	<u>\$ (105,772)</u>	<u>\$ 2,149,652</u>
Capital assets, net	<u>\$ 2,299,694</u>	<u>\$ 55,730</u>	<u>\$ 2,355,424</u>	<u>\$ (105,772)</u>	<u>\$ 2,249,652</u>

Depreciation expense of \$140,479 was charged to the District's function of public safety.

Pension Plans

The Greenville Fire District, New York participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing, multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Greenville Fire District, New York

Notes to Financial Statements

4. Detailed Notes on All Funds (continued)

Pension Plans (continued)

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ending March 31, 2010 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	4/A15	6.9%
PFRS	1/384E5	24.4
	2/384E5	15.3

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2009	\$8,292	\$526,761
2008	8,987	551,123
2007	9,372	558,656

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year and were charged to the General Fund.

Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings.

	<u>Balance December 31, 2008</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance December 31, 2009</u>
Tax Anticipation Note	<u>\$ -</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ -</u>

The \$1,200,000 tax anticipation note was issued on March 3, 2009 and matured on May 20, 2009 with interest at 2.36%. Interest expenditures of \$6,057 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Greenville Fire District, New York

Notes to Financial Statements

4. Detailed Notes on All Funds (continued)

Long-Term Liabilities

The following table summarizes changes in the District's long-term indebtedness for the year ended December 31, 2009:

	Balance January 1, 2009	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2009	Due Within One Year
Bonds payable	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
Compensated absences	308,080	20,085	30,808	297,357	29,736
	<u>\$ 458,080</u>	<u>\$ 20,085</u>	<u>\$ 180,808</u>	<u>\$ 297,357</u>	<u>\$ 29,736</u>

Each governmental fund liability for compensated absences is liquidated by the respective fund.

Interest expenditures of \$9,900 were recorded in the fund financial statements in the General Fund. Interest expense of \$8,250 was recorded in the district-wide financial statements.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the District may vary according to length of service. The cost of providing post employment health care benefits is shared between the District and the retired employee. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements.

The District's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost is determined, which is used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is

Greenville Fire District, New York

Notes to Financial Statements

4. Detailed Notes on All Funds (continued)

Other Post Employment Benefit Obligations (continued)

projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The District is required to accrue on the government-wide financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Medical and</u> <u>Prescription drug</u>	<u>Dental</u>	<u>Vision</u>
2010	9.0 %	4.0 %	3.0 %
2011	8.0	3.5	3.0
2012	7.0	3.0	3.0
2013	6.0	3.0	3.0
2014	5.8	3.0	3.0
2015	5.6	3.0	3.0
2016	5.5	3.0	3.0
2017	5.5	3.0	3.0
2018+	4.7	3.0	3.0

The amortization basis is the level percent of payroll amortization method with an open amortization approach with 29 years remaining in the amortization period. The actuarial assumptions included a 3.0% investment rate of return, a 3.0% inflation rate and a 3.0% annual payroll growth rate. The District currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the entry age normal method.

Greenville Fire District, New York

Notes to Financial Statements

4. Detailed Notes on All Funds (continued)

Other Post Employment Benefit Obligations (continued)

The number of participants as of December 31, 2009 was as follows:

Active Employees	30
Retired Employees	<u>25</u>
Total	<u><u>55</u></u>

Amortization Component:

Actuarial Accrued Liability as of December 31, 2009	\$ 14,292,170
Assets at Market Value	<u>-</u>

Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 14,292,170</u></u>
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Funded Ratio	<u>0.00%</u>
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Covered Payroll (Active plan members)	<u>\$ 3,938,119</u>
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UAAL as a Percentage of Covered Payroll	<u>362.92%</u>
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Annual Required Contribution/Annual OPEB Cost	\$ 939,975
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Contributions Made	<u>(264,772)</u>
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Increase in Net OPEB Obligation	675,203
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Net OPEB Obligation - Beginning of Year	<u>-</u>
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Net OPEB Obligation - End of Year	<u><u>\$ 675,203</u></u>
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The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	<u>\$ 939,975</u>	72%	<u><u>\$ 675,203</u></u>

The District first implemented the provisions of GASB Statement No. 45 for the fiscal year ended December 31, 2009.

Greenville Fire District, New York

Notes to Financial Statements

4. Detailed Notes on All Funds (*continued*)

Net Assets

The components of net assets are detailed below:

Invested in Capital Assets - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Apparatus - the component of net assets that reports the amounts restricted for the financing of all or part of the cost of acquisition of a type of capital equipment, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Repairs - the component of net assets that reports the amounts restricted for the financing of all or part of the cost of repairs to District property.

Restricted for Retirement - the component of net assets that reports the amounts restricted for the payment of future retirement contributions.

Unrestricted - all other net assets that do not meet the definition of "restricted" or "invested in capital assets".

Fund Balances

Certain elements of reserved fund balance are described above. These additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below:

Unreserved - Designated

Designated for tax stabilization- the component of fund balance that reports the amounts restricted to offset future tax increases.

5. Summary Disclosure of Significant Contingencies

Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year in which the payment is made.

The District is currently in litigation over the right of a firefighter to wages under New York General Municipal Law Section 207-a. Management has indicated, and counsel has concurred, that there is a reasonable possibility that this could result in a liability to the District. The liability to the District would be limited to a portion of the firefighter's salary payable yearly.

Greenville Fire District, New York

Notes to Financial Statements

5. Summary Disclosure of Significant Contingencies (*continued*)

Risk Management

The District purchases various conventional insurance policies to reduce its exposure to loss. The general liability policy provides for coverage up to \$1 million per occurrence and \$3 million in the aggregate. In addition, the District maintains an umbrella policy with policy limits of \$30 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The District purchases conventional workers' compensation insurance with coverage at statutory levels. The District also purchases conventional health insurance coverage.

6. Subsequent Event

In March 2010, the District issued a tax anticipation note in the amount of \$800,000. The note carries interest at .76% and was due and paid on May 15, 2010.

7. Defined Benefit

The Greenville Fire District financial statements are for the year ended December 31, 2009. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on February 28, 2010, which is the most recent plan year for which complete information is available.

Length of Service Awards Program - LOSAP

The District established a defined benefit Service Awards Program (referred to as a "LOSAP" – length of service awards program – qualifying under Section 457(e)(11) of the Internal Revenue Code) effective March 1, 1991 for the active volunteer firefighter members of the District. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program.

Program Description

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Greenville Fire District, New York

Notes to Financial Statements

7. **Defined Benefit (continued)**

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 65 with one year of Plan participation. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the District.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. The fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated VFIS to assist in the administration of the program. The designated program administrator's functions include installation assistance in the following areas: specimen adoption agreement, specimen master plan, insurance applications, participant enrollment forms, explanation of benefits and benefit certificates provided at enrollment and every three years thereafter. In addition, VFIS provides the following administrative assistance: reminder letter to the District with census for current anniversary date, participant's benefit calculation at the time of termination or retirement for verification by the District, schedule of benefits and costs, valuation and recommended deposit, summary of required contribution and actuarial review and recommended benefit enhancement. Disbursements of program assets for the payment of benefits or administrative expenses must be approved.

Greenville Fire District, New York

Notes to Financial Statements

7. **Defined Benefit (continued)**

Fiduciary Investment and Control (continued)

The following is an explanation of process for approving disbursements:

Payment of Benefits:

1. Entitlement Benefits - VFIS prepares and submits to the Plan Administrator (Sponsor) a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon termination from the Plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to VFIS authorizing VFIS to disburse entitlement benefits.
2. Death Benefits - Upon notification from the Plan Administrator (Sponsor) of a participant death, VFIS prepares a Verification of Benefits statement and a Lump Sum Death Benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork accompanied by a death certificate to VFIS authorizing VFIS to disburse a death benefit.
3. Disability Benefits – Upon notification from the Plan Administrator (Sponsor) of a participant total and permanent disability, VFIS prepares a Verification of Benefits Statement, a Physician Statement form, and a Lump Sum Disability. Benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork authorizing VFIS to disburse a disability benefit.

Payment of Administrative Expenses:

Per the executed Service Fee Agreement, the Plan Administrator (Sponsor) agrees to payment as contracted.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the District Secretary. The Board of Fire Commissioners is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the investment policy statement adopted by the Board of Fire Commissioners.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is JF Actuarial Services, Inc. Portions of the following information are derived from a report prepared by the actuary dated May 26, 2010.

Greenville Fire District, New York

Notes to Financial Statements

7. Defined Benefit *(continued)*

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Projected Benefits at March 1, 2009			\$325,768
Less: Assets Available for Benefits			
	<u>% of Total</u>		
Insurance Contracts	100%	<u>\$ 251,162</u>	
Total Net Assets Available for Benefits			<u>251,162</u>
Total Unfunded Benefits			74,606
Less: Unfunded Liability for Prior Service			-
Less: Unfunded Liability for Separately Amortized Costs			-
Unfunded Normal Benefits			<u>\$ 74,606</u>

Prior Service Costs

Prior service costs have been amortized.

Receipts and Disbursements

Plan Net Assets, beginning of year	\$238,537
Changes during the year:	
Plan contributions	10,472
Investment income earned	11,304
Administrative and Other Fees/Charges	<u>(5,151)</u>
Plan Net Assets, end of year	<u>\$255,162</u>

Contributions

Amount of sponsor's contribution recommended by actuary:	\$ 9,355
Amount of sponsor's actual contributions:	\$ 10,472

Disbursements

Fees paid to designated program administrator	\$ 861
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Greenville Fire District, New York

Notes to Financial Statements

7. Defined Benefit (continued)

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the entry age normal frozen initial liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 5.0%

Mortality Tables used for

Pre - Retirement	G71M0
Post - Retirement	G71M0

Greenville Fire District, New York

Supplementary Information

December 31, 2009

Greenville Fire District, New York

Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years

Fiscal Year Ended December 31,	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
2009	<u>\$ -</u>	<u>\$ 14,292,170</u>	<u>\$ 14,292,170</u>	<u>- %</u>	<u>\$ 3,938,119</u>	<u>362.92 %</u>

The District first implemented the provisions of GASB Statement No. 45 for the fiscal year ended December 31, 2009

Greenville Fire District, New York

**General Fund
Balance Sheets**

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 2,533,172	\$ 1,738,355
Prepaid expenditures	<u>142,678</u>	<u>195,093</u>
Total Assets	<u>\$ 2,675,850</u>	<u>\$ 1,933,448</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 188,295</u>	<u>\$ 89,864</u>
 Fund Balance		
Reserved for prepaid expenses	142,678	195,093
Reserved for apparatus	558,762	371,855
Reserved for repairs	61,060	100,237
Reserved for State retirement	338,148	129,177
Unreserved:		
Designated for tax stabilization	180,026	145,751
Unreserved and undesignated	<u>1,206,881</u>	<u>901,471</u>
Total Fund Balance	<u>2,487,555</u>	<u>1,843,584</u>
 Total Liabilities and Fund Balance	<u>\$ 2,675,850</u>	<u>\$ 1,933,448</u>

See independent auditors' report

Greenville Fire District, New York

General Fund

Schedules of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Years Ended December 31, 2009 and 2008

	2009				2008			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Real property taxes	\$ 7,067,640	\$ 7,067,640	\$ 7,067,640	\$ -	\$ 6,886,454	\$ 6,886,454	\$ 6,886,454	\$ -
Use of money and property	45,100	45,100	19,259	(25,841)	95,100	95,100	60,804	(34,296)
Sale of property and compensation for loss	-	-	3,324	3,324	-	-	-	-
Miscellaneous	10,000	10,000	994	(9,006)	10,000	10,000	2,410	(7,590)
Total Revenues	<u>7,122,740</u>	<u>7,122,740</u>	<u>7,091,217</u>	<u>(31,523)</u>	<u>6,991,554</u>	<u>6,991,554</u>	<u>6,949,668</u>	<u>(41,886)</u>
EXPENDITURES								
General government support	202,400	202,400	179,933	22,467	202,400	202,400	206,914	(4,514)
Public safety	4,613,485	4,699,042	4,465,898	233,144	4,457,079	4,815,561	4,688,606	126,955
Employee benefits	2,054,955	2,049,955	1,635,458	414,497	2,015,275	2,015,275	1,672,550	342,725
Debt service								
Principal	150,000	150,000	150,000	-	150,000	150,000	150,000	-
Interest	26,900	16,900	15,957	943	46,800	26,800	26,325	475
Total Expenditures	<u>7,047,740</u>	<u>7,118,297</u>	<u>6,447,246</u>	<u>671,051</u>	<u>6,871,554</u>	<u>7,210,036</u>	<u>6,744,395</u>	<u>465,641</u>
Excess (Deficiency) of Revenues Over Expenditures	75,000	4,443	643,971	639,528	120,000	(218,482)	205,273	423,755
FUND BALANCE								
Beginning of Year	(75,000)	(4,443)	1,843,584	1,848,027	(120,000)	218,482	1,638,311	1,419,829
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,487,555</u>	<u>\$ 2,487,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,843,584</u>	<u>\$ 1,843,584</u>

Greenville Fire District, New York
 General Fund
 Schedule of Expenditures Compared to Budget
 Year Ended December 31, 2009
 (with comparative actuals for the year ended December 31, 2008)

	2009			Variance with Final Budget Positive (Negative)	2008
	Original Budget	Final Budget	Actual		Actual
GENERAL GOVERNMENT SUPPORT					
Refunds of real property taxes	\$ 202,400	\$ 202,400	\$ 168,872	\$ 33,528	\$ 206,914
Metropolitan commuter transportation mobility tax	-	-	11,061	(11,061)	-
Total General Government Support	<u>202,400</u>	<u>202,400</u>	<u>179,933</u>	<u>22,467</u>	<u>206,914</u>
PUBLIC SAFETY					
Personal services	4,062,500	4,062,500	3,938,119	124,381	3,859,486
Professional services	42,500	42,500	30,287	12,213	29,309
Equipment	61,800	93,207	89,278	3,929	320,490
Uniforms	18,000	18,000	16,524	1,476	15,324
Buildings and grounds	45,500	60,500	49,157	11,343	40,568
Utilities	65,155	65,155	43,791	21,364	51,917
Repairs and maintenance	61,800	100,950	67,910	33,040	131,529
Fire alarms	1,250	1,250	1,146	104	1,143
Inspections and fire prevention	38,475	38,475	32,193	6,282	43,242
Miscellaneous and administrative	25,800	25,800	25,368	432	23,362
Insurance	35,000	35,000	34,365	635	34,576
Hydrant rental	155,705	155,705	137,760	17,945	137,660
Total Public Safety	<u>4,613,485</u>	<u>4,699,042</u>	<u>4,465,898</u>	<u>233,144</u>	<u>4,688,606</u>
EMPLOYEE BENEFITS					
State retirement	690,950	690,950	535,053	155,897	560,110
Workers' compensation benefits	170,500	165,500	121,395	44,105	120,986
Social security	260,000	260,000	232,290	27,710	241,893
Medical, surgical and hospital care	894,680	894,680	722,750	171,930	722,320
Other employee benefits	38,825	38,825	23,970	14,855	27,241
Total Employee Benefits	<u>2,054,955</u>	<u>2,049,955</u>	<u>1,635,458</u>	<u>414,497</u>	<u>1,672,550</u>
DEBT SERVICE					
Principal - Serial bonds	150,000	150,000	150,000	-	150,000
Interest					
Serial bonds	9,900	9,900	9,900	-	19,800
Tax anticipation notes	17,000	7,000	6,057	943	6,525
	<u>26,900</u>	<u>16,900</u>	<u>15,957</u>	<u>943</u>	<u>26,325</u>
Total Debt Service	<u>176,900</u>	<u>166,900</u>	<u>165,957</u>	<u>943</u>	<u>176,325</u>
Total Expenditures	<u>\$ 7,047,740</u>	<u>\$ 7,118,297</u>	<u>\$ 6,447,246</u>	<u>\$ 671,051</u>	<u>\$ 6,744,395</u>



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

**Board of Fire Commissioners
Greenville Fire District, New York**

We have audited the financial statements of the Greenville Fire District, New York (the "District") as of and for the year ended December 31, 2009 and have issued our report thereon dated June 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Fire Commissioners, management, and the Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies Munno & Dobbins, LLP

White Plains, New York
June 15, 2010