

Greenville Fire District, New York

Financial Statements
With Independent Auditors' Report

December 31, 2012

Greenville Fire District, New York

**Financial Statements
With Independent Auditors' Report**

December 31, 2012

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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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013 on our consideration of the District's internal control over financial reporting and on 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

O'Connor Davies, LLP

Harrison, New York
June 20, 2013

**Greenville Fire District, New York
Management's Discussion and Analysis
December 31, 2012**

Introduction

This discussion and analysis of the 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, 2012. 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 2012

- On the government-wide financial statements, the assets of the District exceeded its liabilities at the close of fiscal year 2012 by \$1,779,904. Of this amount, the unrestricted net position is (\$1,635,018).
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$2,443,415, an increase of \$4,520 from fiscal year 2011. Of this amount, the unassigned fund balance is \$689,351.
- A tax anticipation note in the amount of \$1,200,000 was issued and retired in fiscal 2012.

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 Position and Statement of Activities.

The *Statement of Net Position* presents the District's total assets and liabilities with the difference reported as net position. Over time, increases or decreases in the net position 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 position 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, deferred outflow of resources, liabilities, deferred inflows of resources, 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 balance, 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

Additional statements and schedules can be found immediately following the notes to the financial statements. These include schedules of budget to actual comparisons.

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.

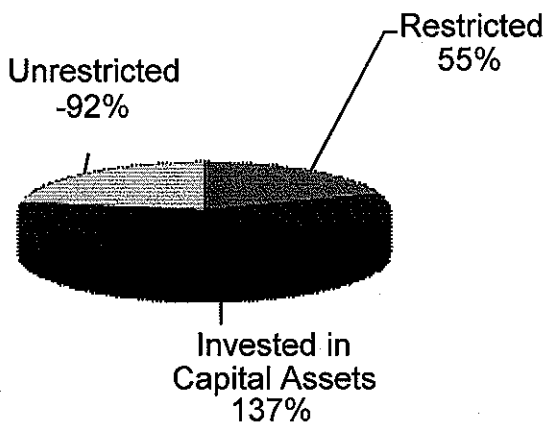
As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$1,779,904 for fiscal year 2012, a net decrease of \$691,923 from 2011.

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

Net Position

	2012	2011
Current assets	\$ 2,525,178	\$ 2,619,483
Capital assets, net	2,431,431	2,600,393
Total Assets	4,956,609	5,219,876
Current liabilities	81,763	323,120
Long-term liabilities	3,094,942	2,424,929
Total Liabilities	3,176,705	2,748,049
Net position		
Net investment in capital assets	2,431,431	2,600,393
Restricted	983,491	869,958
Unrestricted	(1,635,018)	(998,524)
Total Net Position	\$ 1,779,904	\$ 2,471,827

Net Position Distribution



The largest component of the District's net position is net investment in capital assets of \$2,431,431, 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 \$983,491, or 55%, 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.

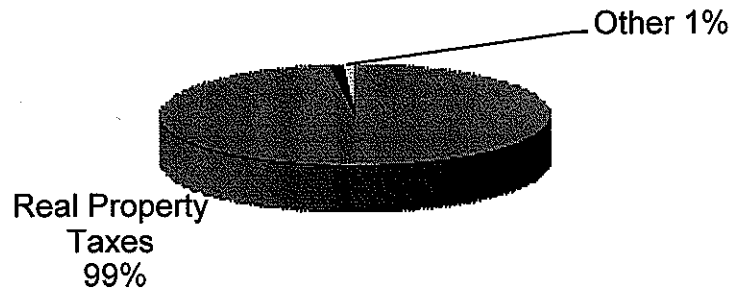
The remaining balance is (\$1,635,018).

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

	2012	2011
Program Revenues		
Charges for services	\$ 63,797	\$ 9,123
Operating grants and contributions	9,485	1,377
General Revenues		
Real Property Taxes	7,443,785	7,228,046
Use of money and property	5,753	6,923
Miscellaneous	101	1,180
Total Revenues	7,522,921	7,246,649
Program Expenses		
General Government Support	222,954	144,595
Public Safety	7,989,850	8,056,247
Interest	2,040	1,475
Total Expenses	8,214,844	8,202,317
Change in Net Position	(691,923)	(955,668)
Net Position - Beginning	2,471,827	3,427,495
Net Position - Ending	\$ 1,779,904	\$ 2,471,827

During 2012, there was an increase in revenues from Real Property Taxes over 2011. The increase in Program Expenses of \$12,527 can be attributed to increased salary costs, NYS retirement expense and increases in workers' compensation and health insurance premiums in 2012.

Sources of General Revenues for Fiscal Year 2012 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, *unassigned 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 \$2,443,415, an increase of \$4,520 from 2011. Of the total combined fund balance, \$689,351 constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed or assigned. Nonspendable fund balance represents prepaid expenditures. Restricted fund balance is for property, repairs and retirement contributions. Committed fund balance is for tax stabilization. Assigned fund balance represents amounts appropriated for use in the subsequent year's budget.

The General Fund is the primary operating fund of the District. The fund balance of the General Fund was \$2,443,415 of which \$689,351 was unassigned.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2012, amounted to approximately \$2.4 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>2012</u>	<u>2011</u>
Land	\$ 100,000	\$ 100,000
Building and improvements	1,662,042	1,732,939
Machinery and equipment	<u>669,389</u>	<u>767,454</u>
Total	<u>\$ 2,431,431</u>	<u>\$ 2,600,393</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 Dinon, Secretary/Treasurer, Greenville Fire District, 711 Central Park Avenue, Scarsdale, New York 10583.

Greenville Fire District, New York

Statement of Net Position
December 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 2,164,288
Account receivable	11,859
Prepaid expenses	349,031
Capital assets:	
Not being depreciated	100,000
Being depreciated, net	<u>2,331,431</u>
Total Assets	<u>4,956,609</u>
LIABILITIES	
Accounts payable and accrued liabilities	81,763
Non current liabilities:	
Due within one year	33,000
Due in more than one year	<u>3,061,942</u>
Total Liabilities	<u>3,176,705</u>
NET POSITION	
Net Investment in capital assets	2,431,431
Restricted for apparatus	348,749
Restricted for repairs	61,406
Restricted for retirement	573,336
Unrestricted	<u>(1,635,018)</u>
Total Net Position	<u>\$ 1,779,904</u>

See notes to financial statements

Greenville Fire District, New York

Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government support	\$ 222,954	\$ -	\$ -	\$ (222,954)
Public safety	7,989,850	63,797	9,485	(7,916,568)
Interest	<u>2,040</u>	<u>-</u>	<u>-</u>	<u>(2,040)</u>
Total Governmental Activities	<u>\$ 8,214,844</u>	<u>\$ 63,797</u>	<u>\$ 9,485</u>	<u>(8,141,562)</u>
General Revenues				
Real property taxes				7,443,785
Use of money and property				5,753
Miscellaneous				<u>101</u>
Total General Revenues				<u>7,449,639</u>
Change in Net Position				(691,923)
Net Position - Beginning				<u>2,471,827</u>
Net Position - Ending				<u>\$ 1,779,904</u>

See notes to financial statements

Greenville Fire District, New York

Balance Sheet
General Fund
December 31, 2012

ASSETS

Cash equivalents	\$ 2,164,288
Account receivables	11,859
Prepaid expenditures	<u>349,031</u>
	<u>\$ 2,525,178</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 81,763</u>
Fund Balance	
Nonspendable	349,031
Restricted	983,491
Committed	125,542
Assigned	296,000
Unassigned	<u>689,351</u>
Total Fund Balance	2,443,415

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,431,431
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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	(328,184)
Other post employment benefit obligations payable	<u>(2,766,758)</u>

Net Position of Governmental Activities	<u>\$ 1,779,904</u>
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Greenville Fire District, New York
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Year Ended December 31, 2012

REVENUES

Real property taxes	\$ 7,443,785
Use of money and property	5,753
Sale of property and compensation for loss	63,797
State aid	2,371
Federal aid	7,114
Miscellaneous	<u>101</u>
 Total Revenues	 <u>7,522,921</u>

EXPENDITURES

General government support	222,954
Public safety	4,987,289
Employee benefits	2,306,118
Debt service - interest	<u>2,040</u>
 Total Expenditures	 <u>7,518,401</u>

Excess of Revenues Over Expenditures 4,520

FUND BALANCE

Beginning of Year	<u>2,438,895</u>
 End of Year	 <u>\$ 2,443,415</u>

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, 2012

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

Net Change in Fund Balance - General Fund	<u>\$ 4,520</u>
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.	
Depreciation expense	<u>(168,962)</u>
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 liabilities	142,532
Compensated absences	11,178
Other post employment benefit obligations	<u>(681,191)</u>
	<u>(527,481)</u>
Change in Net Position of Governmental Activities	<u>\$ (691,923)</u>

Greenville Fire District, New York

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

Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 7,443,785	\$ 7,443,785	\$ 7,443,785	\$ -
Use of money and property	20,100	20,100	5,753	(14,347)
Sale of property and compensation for loss	-	-	63,797	63,797
State aid	-	-	2,371	2,371
Federal aid	-	-	7,114	7,114
Miscellaneous	15,000	15,000	101	(14,899)
Total Revenues	<u>7,478,885</u>	<u>7,478,885</u>	<u>7,522,921</u>	<u>44,036</u>
EXPENDITURES				
General government support	118,600	274,425	222,954	51,471
Public safety	5,184,060	5,171,560	4,987,289	184,271
Employee benefits	2,574,325	2,544,325	2,306,118	238,207
Debt service - interest	10,000	2,500	2,040	460
Total Expenditures	<u>7,886,985</u>	<u>7,992,810</u>	<u>7,518,401</u>	<u>474,409</u>
Excess (Deficiency) of Revenues Over Expenditures	(408,100)	(513,925)	4,520	518,445
FUND BALANCE				
Beginning of year	<u>408,100</u>	<u>513,925</u>	<u>2,438,895</u>	<u>1,924,970</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,443,415</u>	<u>\$ 2,443,415</u>

See notes to financial statements

Greenville Fire District, New York
Statement of Assets and Liabilities
Fiduciary Fund
Private Purpose Trust Fund - Service Awards Program
December 31, 2012

ASSETS

Investments

\$ 323,888

NET POSITION

Held in trust for pension benefits

\$ 323,888

Greenville Fire District, New York
Statement of Changes in Net Position
Fiduciary Fund
Private Purpose Trust Fund - Service Awards Program
Year Ended December 31, 2012

ADDITIONS

Pension contributions	\$ 14,074
Interest and dividend income	<u>11,742</u>
Total Additions	<u>25,816</u>

DEDUCTIONS

Administrative fees	952
Insurance premiums	<u>2,758</u>
Total Deductions	<u>3,710</u>

Net Increase in Plan Net Position	22,106
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NET POSITION

Beginning of Year	<u>301,782</u>
End of Year	<u>\$ 323,888</u>

Greenville Fire District, New York

Notes to Financial Statements December 31, 2012

1. Organization

Greenville Fire District, New York (the "District") operates in accordance with 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 Position 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
December 31, 2012

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

Government-Wide Financial Statements (continued)

The Statement of Net Position 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 (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) 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 and fiduciary funds, even though they are excluded from the government-wide financial statements. 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. 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
December 31, 2012

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 Private Purpose Trust Fund is provided to account for the District's Length of Service Awards Program.

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 statements.

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 and other post employment benefit obligations 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
December 31, 2012

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents - Cash and 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, 2012.

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

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.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

2. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances (continued)

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. 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 nonspendable 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.

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

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
December 31, 2012

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

Assets, Liabilities, Deferred outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of December 31, 2012, no amounts were required to be reported as deferred outflows/inflows of resources.

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 Position- Net Position represents the difference between assets and liabilities. Net Position is 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 Position on the Statement of Net Position include, net investment in capital assets, restricted for apparatus, restricted for repairs and restricted for retirement. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

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

Assets, Liabilities, Deferred outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Fund Balance (continued)

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is to be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The District's Board is the highest level of decision making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the District's board.

Assigned fund balance represents amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, and deferred inflows of resources together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets, and deferred outflows of resources.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: committed, assigned, and unassigned.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

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

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 assigned fund balance since they do not constitute expenditures or liabilities. The District has not implemented an encumbrance system.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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 20, 2013.

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.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

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

Budgetary Data (continued)

- On or before 15 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.

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.

Property Tax Limitation

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

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

Property Tax Limitation (continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a District in a particular year, beginning with the 2012 fiscal year. It expires on June 16, 2016.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places.

The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. The District Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the District first enacts, by a vote of at least sixty percent of the total voting power of the District, a local law to override such limit for such coming fiscal year.

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 2012 computation indicates that the District has not exceeded the statutory limitation.

Application of Accounting Standards

For the year ended December 31, 2012, the District implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" ("GASB Statement No. 63"). This statement provides financial reporting guidance for these elements first introduced in GASB Concept Statement No. 4, "Elements of Financial Statements". Previous financial reporting standards did not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

4. Detailed Notes on All Funds

Capital Assets

Changes in the District's capital assets for are as follows:

Class	Balance January 1, 2012	Additions	Balance December 31, 2012
Capital assets not being depreciated - land	\$ 100,000	\$ -	\$ 100,000
Capital assets being depreciated			
Buildings and improvements	\$3,015,000	\$ -	\$ 3,015,000
Machinery and equipment	1,649,864	-	1,649,864
Total capital assets, being depreciated	<u>4,664,864</u>	<u>-</u>	<u>4,664,864</u>
Less accumulated depreciation for			
Buildings and improvements	1,282,061	70,897	1,352,958
Machinery and equipment	882,410	98,065	980,475
Total accumulated depreciation	<u>2,164,471</u>	<u>168,962</u>	<u>2,333,433</u>
Total capital assets, being depreciated, net	<u>\$2,500,393</u>	<u>\$ (168,962)</u>	<u>\$ 2,331,431</u>
Capital assets, net	<u>\$2,600,393</u>	<u>\$ (168,962)</u>	<u>\$ 2,431,431</u>

Depreciation expense of \$168,962 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
December 31, 2012

4. Detailed Notes on All Funds

Capital Assets (continued)

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels also without regard to years of service. 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, 2013 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	4/A15	18.4%
PFRS	1/384E5	30.6
	2/384E5	25.4
	5/384E	24.4
	6/384E	22.0

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$21,851	\$901,620
2011	17,852	845,883
2010	11,996	694,319

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</u> <u>December 31,</u> <u>2011</u>	<u>New</u> <u>Issues</u>	<u>Redemptions</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
\$ -	\$ 1,200,000	\$ 1,200,000	\$ -

The \$1,200,000 tax anticipation note was issued on March 2, 2012 and matured on May 10, 2012 with interest at .90%. Interest expenditures of \$2,040 were recorded in the fund financial statements in the General Fund and in the government-wide financial statements for governmental activities.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

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, 2012:

	Balance January 1, 2012	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2012	Due Within One Year
Compensated absences	\$ 339,362	\$ 22,822	\$ 34,000	\$ 328,184	\$ 33,000
Other post employment benefit obligations payable	<u>2,085,567</u>	<u>996,274</u>	<u>315,083</u>	<u>2,766,758</u>	<u>-</u>
	<u>\$ 2,424,929</u>	<u>\$ 1,019,096</u>	<u>\$ 349,083</u>	<u>\$ 3,094,942</u>	<u>\$ 33,000</u>

Each governmental fund liability for compensated absences and other post employment benefit obligations are liquidated by the General fund.

Other Postemployment 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 an expenditure as claims are paid in the fund financial statements.

The District's annual other post employment 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 projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

4. Detailed Notes on All Funds (continued)

Other Postemployment Benefit Obligations (continued)

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>
2013	9.0 %
2014	8.0
2015	7.0
2016	6.0
2017	5.8
2018	5.6
2019	5.6
2020	5.5
2021	5.5
2022+	4.7

The amortization basis is the level percent of payroll amortization method with an open amortization approach with 26 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 post employment benefits. The actuarial cost method utilized was the entry age normal method.

The number of participants as of December 31, 2012 was as follows:

Active Employees	31
Retired Employees	<u>27</u>
Total	<u>58</u>

Greenville Fire District, New York

Notes to Financial Statements

December 31, 2012

4. Detailed Notes on All Funds (continued)

Other Postemployment Benefit Obligations (continued)

Amortization Component:

Actuarial Accrued Liability as of December 31, 2012	\$ 15,835,350
Assets at Market Value	<u> -</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 15,835,350</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 4,504,290</u>
UAAL as a Percentage of Covered Payroll	<u>351.56%</u>
Annual Required Contribution	\$ 1,003,224
Interest on Net OPEB Obligation	62,569
Adjustment to Annual Required Contribution	<u>(69,519)</u>
Annual OPEB Cost	996,274
Contributions Made	<u>(315,083)</u>
Increase in Net OPEB Obligation	681,191
Net OPEB Obligation - Beginning of Year	<u>2,085,567</u>
Net OPEB Obligation - End of Year	<u>\$ 2,766,758</u>

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 two preceding years is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2012	\$ 996,274	32%	\$ 2,766,758
2011	992,578	30%	2,085,567
2010	965,924	26%	1,392,770

Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position 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.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

4. Detailed Notes on All Funds (continued)

Net Position (continued)

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

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

Fund Balances

	<u>2012</u>	<u>2011</u>
Nonspendable:		
Prepaid expenditures	<u>\$ 349,031</u>	<u>\$ 278,805</u>
Restricted:		
Apparatus	348,749	218,520
Repairs	61,406	61,321
Retirement contributions	<u>573,336</u>	<u>590,117</u>
	<u>983,491</u>	<u>869,958</u>
Committed:		
Tax stabilization	<u>125,542</u>	<u>281,167</u>
Assigned		
For subsequent year's expenditures	<u>296,000</u>	<u>408,100</u>
Unassigned	<u>689,351</u>	<u>600,865</u>
Total Fund Balance	<u>\$ 2,443,415</u>	<u>\$ 2,438,895</u>

Certain elements of fund balance are described above. These additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below:

Prepaid Expenditures has been established to account for payments made in advance. The amount has been classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

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

Fund Balances (continued)

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

Subsequent year's expenditures represents amounts that at December 31, 2012 the District Board has assigned to be appropriated for the ensuing year's budget.

5. Summary Disclosure of Significant Contingencies

Litigation

The District is party to a General Municipal Law 207-a claim by a former Firefighter. The potential exposure to the District approximates \$150,000; however, counsel has indicated that the risk of loss cannot be determined at this time.

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.

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. Defined Benefit

The District's financial statements are for the year ended December 31, 2012. 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, 2013, 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.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

6. Defined Benefit *(continued)*

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.

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.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

6. Defined Benefit *(continued)*

Fiduciary Investment and Control (continued)

Disbursements of program assets for the payment of benefits or administrative expenses must be approved.

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 November 9, 2012.

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

6. Defined Benefit (continued)

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Projected Benefits at March 1, 2012		\$387,129
Less: Assets Available for Benefits		
	<u>% of Total</u>	
Insurance Contracts	100%	<u>\$ 303,685</u>
Total Net Assets Available for Benefits		<u>303,685</u>
Total Unfunded Benefits		83,443
Less: Unfunded Liability for Prior Service		-
Less: Unfunded Liability for Separately Amortized Costs		-
Unfunded Normal Benefits		<u>\$ 83,444</u>

Prior Service Costs

Prior service costs have been amortized.

Receipts and Disbursements

Plan Net Assets, beginning of year	\$ 298,692
Changes during the year:	
Plan contributions	13,210
Investment income earned	13,892
Distributions	(18,119)
Administrative and Other Fees/Charges	<u>(3,990)</u>
Plan Net Assets, end of year	<u>\$ 303,685</u>

Contributions

Amount of sponsor's contribution recommended by actuary:	\$ 7,988
Amount of sponsor's actual contributions:	\$ 13,210

Disbursements

Fees paid to designated program administrator	\$ 952
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Greenville Fire District, New York

Notes to Financial Statements
December 31, 2012

6. 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 4.75%

Mortality Tables used for

Pre - retirement	U8400
Post - retirement	U8400

7. Subsequent Event

The District, on March 1, 2013 issued a tax anticipation note in the amount of \$1,250,000, due May 10, 2013 and bearing interest at .89%.

Greenville Fire District, New York

Required Supplementary Information

December 31, 2012

Greenville Fire District, New York

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
December 31, 2012	\$ -	\$ 15,835,350	\$ 15,835,350	- %	\$ 4,504,290	351.56 %
December 31, 2011	-	14,292,170	14,292,170	-	4,333,083	329.84
December 31, 2010	-	14,292,170	14,292,170	-	4,150,961	344.31

Greenville Fire District, New York

Individual Fund Financial Statements and Schedules

December 31, 2012 and 2011

Greenville Fire District, New York

**General Fund
Balance Sheets**

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and equivalents	\$ 2,164,288	\$ 2,337,853
Account Receivables	11,859	2,825
Prepaid expenditures	<u>349,031</u>	<u>278,805</u>
Total Assets	<u>\$ 2,525,178</u>	<u>\$ 2,619,483</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 81,763</u>	<u>\$ 180,588</u>
Fund Balance		
Nonspendable	349,031	278,805
Restricted	983,491	869,958
Committed	125,542	281,167
Assigned	296,000	408,100
Unassigned	<u>689,351</u>	<u>600,865</u>
Total Fund Balance	<u>2,443,415</u>	<u>2,438,895</u>
Total Liabilities and Fund Balance	<u>\$ 2,525,178</u>	<u>\$ 2,619,483</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, 2012 and 2011**

	2012				2011			
	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	\$ 7,443,785	\$ 7,443,785	\$ 7,443,785	\$ -	\$ 7,228,046	\$ 7,228,046	\$ 7,228,046	\$ -
Use of money and property	20,100	20,100	5,753	(14,347)	25,000	25,000	8,300	(16,700)
Sale of property and compensation for loss	-	-	63,797	63,797	-	-	9,123	9,123
State aid	-	-	2,371	2,371	-	-	-	-
Federal aid	-	-	7,114	7,114	-	-	-	-
Miscellaneous	15,000	15,000	101	(14,899)	10,100	10,100	1,180	(8,920)
Total Revenues	7,478,885	7,478,885	7,522,921	44,036	7,263,146	7,263,146	7,246,649	(16,497)
EXPENDITURES								
General government support	118,600	274,425	222,954	51,471	152,400	167,400	144,595	22,805
Public safety	5,184,060	5,171,560	4,987,289	184,271	4,974,121	4,994,621	4,886,789	107,832
Employee benefits	2,574,325	2,544,325	2,306,118	238,207	2,351,625	2,324,650	2,167,706	156,944
Debt service	10,000	2,500	2,040	460	10,000	1,475	1,475	-
Interest								
Total Expenditures	7,886,985	7,992,810	7,518,401	474,409	7,488,146	7,488,146	7,200,565	287,581
Excess (Deficiency) of Revenues Over Expenditures	(408,100)	(513,925)	4,520	518,445	(225,000)	(225,000)	46,084	271,084
FUND BALANCE								
Beginning of Year	408,100	513,925	2,438,895	1,924,970	225,000	225,000	2,392,811	2,167,811
End of Year	\$ -	\$ -	\$ 2,443,415	\$ 2,443,415	\$ -	\$ -	\$ 2,438,895	\$ 2,438,895

Greenville Fire District, New York
General Fund
Schedule of Expenditures Compared to Budget
Year Ended December 31, 2012
(with comparative actuals for the year ended December 31, 2011)

	2012			Variance with Final Budget Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
GENERAL GOVERNMENT SUPPORT					
Refunds of real property taxes	\$ 103,000	\$ 258,825	\$ 208,208	\$ 50,617	\$ 130,298
Metropolitan commuter transportation mobility tax	15,600	15,600	14,746	854	14,297
Total General Government Support	<u>118,600</u>	<u>274,425</u>	<u>222,954</u>	<u>51,471</u>	<u>144,595</u>
PUBLIC SAFETY					
Personal services	4,610,300	4,610,300	4,504,290	106,010	4,333,083
Professional services	45,000	45,000	41,263	3,737	88,824
Equipment	61,800	36,800	21,994	14,806	65,743
Uniforms	20,400	20,400	10,936	9,464	15,298
Buildings and grounds	51,600	101,600	83,978	17,622	37,811
Utilities	65,155	45,155	38,452	6,703	42,194
Repairs and maintenance	62,500	62,500	61,622	878	72,470
Fire alarms	1,250	1,250	904	346	921
Inspections and fire prevention	57,850	57,850	42,188	15,662	44,882
Miscellaneous and administrative	21,500	21,500	14,605	6,895	19,818
Insurance	31,000	31,000	29,297	1,703	27,985
Hydrant rental	155,705	138,205	137,760	445	137,760
Total Public Safety	<u>5,184,060</u>	<u>5,171,560</u>	<u>4,987,289</u>	<u>184,271</u>	<u>4,886,789</u>
EMPLOYEE BENEFITS					
State retirement	908,500	958,500	923,471	35,029	863,735
Workers' compensation benefits	230,000	215,000	196,890	18,110	177,392
Social security	286,000	286,000	260,490	25,510	245,808
Medical, surgical and hospital care	1,107,000	1,042,000	891,546	150,454	861,136
Other employee benefits	42,825	42,825	33,721	9,104	19,635
Total Employee Benefits	<u>2,574,325</u>	<u>2,544,325</u>	<u>2,306,118</u>	<u>238,207</u>	<u>2,167,706</u>
DEBT SERVICE					
Interest - Tax anticipation note	10,000	2,500	2,040	460	1,475
Total Expenditures	<u>\$ 7,886,985</u>	<u>\$ 7,992,810</u>	<u>\$ 7,518,401</u>	<u>\$ 474,409</u>	<u>\$ 7,200,565</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***

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the 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, the 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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

We noted certain matters that we reported to the management of the District in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor Davies, LLP

Harrison, New York
June 20, 2013