

WESTERN COVENTRY FIRE DISTRICT

BASIC FINANCIAL STATEMENTS

Fiscal Year Ended February 29, 2024

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Fiscal Year Ended February 29, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Coventry Fire District
Greene, Rhode Island

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western Coventry Fire District, as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise Western Coventry Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Western Coventry Fire District as of February 29, 2024 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Western Coventry Fire District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Coventry Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Western Coventry Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Coventry Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and budgetary comparison information on page 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Coventry Fire District's basic financial statements. The schedule of property taxes on page 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates

directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of property taxes 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 August 19, 2024, on our consideration of Western Coventry Fire 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 Western Coventry Fire District's internal control over financial reporting and compliance.

WADOVICK + COMPANY

West Warwick, Rhode Island
August 19, 2024

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024
(Unaudited)

Management of Western Coventry Fire District offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended February 29, 2024.

Governmental Accounting Standards Board's (GASB) requires a "Management's Discussion and Analysis" (MD&A) to be presented in the financial reports which include the basic financial statements. The MD&A provides an overview of the financial activities of the District based upon currently known facts, decisions, and conditions. Our MD&A follows; please read in conjunction with the financial statements which begin on Page 12.

FINANCIAL HIGHLIGHTS

Management continues close monitoring of the District's finances and continues to maintain, and fund, a Apparatus Capital Reserve Fund in order to meet the future capital needs of the District. The Board of Directors are very active and meet on a regular basis with the Fire Chief to ensure the financial stability of the District. As of February 29, 2024, the Apparatus Capital Reserve Fund had a fund balance of \$657,907 for the future capital needs of the District.

In April 2023, the District taxpayers approved an annual operating budget of \$1,095,583, for the fiscal year ended February 29, 2024. This approved budget represented an increase of approximately \$42,000 (4.02%) from the fiscal 2023 operating budget. The net assessed value of property in the District as of December 31, 2022 (used for the fiscal 2024 tax assessment) was \$570,582,637 as compared to the net assessed value as of December 31, 2021 (used for the fiscal 2023 tax assessment) of \$431,099,490. The tax rate for fiscal 2024 was set at \$1.58 per \$1,000 of assessed value as compared to \$1.94 for fiscal 2023. The total tax levy for fiscal 2024 was \$902,134 as compared to \$836,981 for fiscal 2023. This represents an increase of 7.78% in the tax levy.

Western Coventry Fire District had strong financial results for fiscal 2024 and continues to maintain positive net position and fund balance. This is evident by the following:

- Net Position at February 29, 2024 (Page 12) totals \$1,773,232 of which \$176,405 is unrestricted.
- Total Unassigned Fund Balance of the Governmental basis General Fund (Page 14) at February 29, 2024 is \$7,800. This represents approximately 0.07% of the fiscal 2024 budget.
- Total combined Governmental basis Fund Balance at February 29, 2024 was \$691,101, which includes \$657,907 which is committed for future apparatus and capital acquisitions.
- Excess of expenditures over revenues before other financing sources and uses in the General Fund for fiscal 2024 (Page 16) was \$98,679 or 9.00% of the fiscal 2024 operating budget before transfers. Overall increase in the District's combined governmental Fund Balance was \$58,741.
- On a budgetary basis of accounting (Page 31) the District had a deficit of \$118,679. The most significant variances in revenue (\$47,897) and expenditures (\$28,012) were the result of decreased property tax collections and increases in salaries and wages.

Other financial highlights as of and for the fiscal year ended February 29, 2024 were as follows:

- ❖ At February 29, 2024, the District's assets totaled \$2,709,700 as compared to \$2,727,368 at February 28, 2023. Total liabilities at February 29, 2024, totaled \$932,000 as compared to \$971,889 at February 28, 2023. The details can be found on the Government-Wide Statement of Net Position (Page 12).

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

- ❖ At February 29, 2024, the District's net position totals \$1,773,232. The net position available at February 29, 2024, to meet the District's ongoing obligations was \$842,311. This represents an increase of \$102,339 from the February 28, 2023, balance of \$739,972.
- ❖ As of February 29, 2024, the District's governmental funds reported combined ending fund balances of \$691,101. This is an increase of \$58,741 from the combined governmental fund balances at February 28, 2023 of \$632,360.
- ❖ At February 29, 2024, the fund balance of the General Fund was composed of non-spendable \$25,394; and unassigned \$7,800. Details of fund balance can be found in Note 9 to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplemental information.

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.

The *Statement of Net Position* (Page 12) is similar to a bottom line snap shot of the financial condition of the District at February 29, 2024. This statement reports all of the governmental activities current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Page 13) reports how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

The governmental activities reflect the District's basic services, fire and EMS/rescue services. Property taxes and rescue service recoveries finance the majority of these services. The Fire District does not have any legally separate component units for which the District is financially accountable.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds financial statements (pages 14-17) focus on near term inflows and outflows of spendable resources, as well as on the balances left at year end that are available for spending. Consequently, the governmental

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental funds financial statements to the government-wide statements explaining the relationship (or differences) between them.

The District maintains three individual governmental funds; information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Apparatus Capital Reserve Fund and Fire Prevention Fund.

The District adopts an annual appropriated budget for the General Fund at its annual financial taxpayers meeting. A budgetary comparison schedule has been provided to demonstrate compliance with the budget on Page 31.

Notes to Financial Statements – The notes to the basic financial statements (pages 18-30) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information of the budgetary comparison schedule and other supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the assets exceeded its liabilities at the close of the fiscal year by \$1,777,700. A portion of the District's net position (\$176,405) is unrestricted and may be used to meet the District's ongoing financial obligations. This is the net position that is not restricted by external requirements nor invested in capital assets.

Of the District's \$1,777,700, in net position, \$930,921 reflects net investment in capital assets (e.g. fire equipment, vehicles, furniture and equipment, building and building improvements). The District uses these capital assets to provide fire protection and EMS services to the taxpayers. As a result, these assets are not available for future spending and thus are excluded from the unrestricted classification. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to pay the obligations.

The following tables reflect the District's net position and changes in net position as of and for the fiscal years ended February 29, 2024 and February 28, 2023. The fiscal 2023 amounts have been restated to properly reflect an accrued cost sharing reimbursement liability associated with a FEMA grant received in a prior year. Since there are no business-type activities, both the Governmental Activities and Total Primary Government Columns would be the same if both were presented. Expanded details of the fiscal 2024, information can be found on Pages 12 and 13.

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

Table 1
STATEMENTS OF NET POSITION

	Governmental Activities	
		(As Restated)
	2024	2023
ASSETS		
Current assets	\$ 939,349	\$ 833,933
Capital assets, net	1,770,351	1,893,435
TOTAL ASSETS	<u>2,709,700</u>	<u>2,727,368</u>
LIABILITIES		
Current liabilities	109,940	107,848
Long-term debt obligations	826,528	864,041
TOTAL LIABILITIES	<u>936,468</u>	<u>971,889</u>
NET POSITION		
Net investment in capital assets	930,921	1,015,507
Restricted - Fire Prevention	7,999	6,439
Restricted - Apparatus Capital Reserve	657,907	482,047
Unrestricted	176,405	251,486
TOTAL NET POSITION	<u>\$ 1,773,232</u>	<u>\$ 1,755,479</u>

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

Table 2
STATEMENT OF ACTIVITIES

	Governmental Activities	
		(As Restated)
	2024	2023
PROGRAM REVENUES		
Charges for services	\$ 115,705	\$ 129,196
American Rescue Plan Act	130,860	-
Capital grants and contributions	4,661	4,706
Total Program Revenues	251,226	133,902
GENERAL REVENUES		
Fire taxes	905,699	834,307
Interest on delinquent taxes	15,054	19,153
Unrestricted investment earnings	20,224	5,840
Miscellaneous income	25,086	166
Total General Revenues	966,063	859,466
TOTAL REVENUES	1,217,289	993,368
EXPENSES		
Salaries and wages	691,013	640,716
Employment taxes and fringes	91,248	82,744
Telephone/Internet/Cable TV	5,170	2,445
Training and administration	17,970	14,844
Gear and equipment	29,980	10,248
Fire alarm capital fund	5,000	5,000
Occupancy	45,625	54,283
Insurance	68,473	62,126
Fuel	16,949	19,597
Truck and equipment maintenance	31,361	19,285
Professional fees	17,570	13,045
Payroll service fees	2,744	2,607
Office expenses	4,072	6,303
Tax collector expenses	6,259	3,295
Rescue supplies	9,830	10,317
Rescue equipment maintenance contracts	40	9,089
Fire prevention	220	2,063
Interest expense	32,722	34,089
Depreciation	120,712	127,802
Loss on disposal of apparatus, net	2,372	-
Miscellaneous	206	1,151
TOTAL EXPENSES	1,199,536	1,121,049
CHANGE IN NET POSITION	17,753	(127,681)
Net Position - Beginning of year	1,755,479	1,883,160
Net Position - End of year	<u>\$ 1,773,232</u>	<u>\$ 1,755,479</u>

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

As noted above, governmental activities increased net position by \$17,753, in fiscal 2024 as compared to a decrease of \$127,681 in fiscal 2023. The increase in net position in fiscal 2024, was due in large part to receipt of \$130,860 in American Rescue Plan Act (ARPA) public safety grant funds through the Town of Coventry.

FINANCIAL ANALYSIS OF THE WESTERN COVENTRY FIRE DISTRICT'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 Western Coventry Fire District's governmental funds is to provide information on the current year revenue, expenditures, and balances of spendable resources. Such information is a useful measure of a government's net resources available for spending at the end of the fiscal year.

BUDGETARY HIGHLIGHTS

Comparison of the actual results versus the amounts budgeted for the District's General Fund can be found on Page 31.

For the fiscal year ended February 29, 2024, total budgetary basis revenues of the District's General Fund was less than the amount budgeted by \$91,927 or 8.39%. The negative revenue variance was attributable primarily to a decrease in property tax collections and rescue recovery receipts.

General Fund budgetary basis expenditures for fiscal 2024, totaled \$1,122,335 compared to budgeted expenditures of \$1,095,583 for an unfavorable variance of \$26,752 or 2.44%. The most significant line items which contributed to the budget variance in expenditures were as follows:

- Salaries and wages \$28,012
- Truck and equipment repairs \$5,033

In the District's General Fund, the unfavorable variance in budgetary basis expenditures combined with the unfavorable variance in budgetary basis revenue resulted in a budgetary deficit of \$118,679 for fiscal 2024.

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The District's capital assets for its governmental type activities as of February 29, 2024, totaled \$1,770,351 (net of accumulated depreciation). The details of the capital assets can be found in Note 5, on Page 26.

A summary of the District's capital assets at February 29, 2024 and February 28, 2023 is as follows:

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 134,400	\$ 134,400
Buildings and improvements	2,245,032	2,245,032
Fire equipment	335,411	335,411
Vehicles	1,036,788	1,225,162
Furniture and equipment	49,975	49,975
Less: accumulated depreciation	<u>(2,031,255)</u>	<u>(2,096,545)</u>
NET CAPITAL ASSETS	<u>\$ 1,770,351</u>	<u>\$ 1,893,435</u>

Long-term Debt – At February 29, 2024, the District had total long-term debt obligations outstanding totaling \$886,433 compared to \$912,547 at February 28, 2023.

Additional information on the long-term debt obligation, including future maturities and interest rate, can be found in Note 6 on Pages 27-28 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's Board of Directors attempts to maintain core basic fire prevention, firefighting, and rescue services, and to provide a sufficient fund balance to provide necessary resources for paying operating expenditures, payment of future capital purchases and building improvements without significant fluctuations in the annual tax rates. The COVID-19 pandemic has brought along new challenges that the District has learned to adapt to continue bringing services to the residents of the District.

At the annual District taxpayer meeting in April 2024, the taxpayers approved the fiscal 2025, General Fund budget in the amount of \$1,183,463. This approved budget represents an increase of \$87,880 or 8.02% from the fiscal 2024, budget. This includes a \$20,000 contribution to the Apparatus Capital Reserve Fund as well as increases to salaries, wages and related payroll expenses.

As seen in other areas of the economy, labor shortages and inflation remain key areas which the District is struggling to overcome. The District is still seeking additional qualified full-time staff to minimize overtime costs. Additionally, the District is in critical need to begin the process of replacing critical fire apparatus. Supply chain constraints and inflation have created challenges for the District to provide critical services while maintaining a budget with minimal impact to the taxpayers.

WESTERN COVENTRY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Fiscal Year Ended February 29, 2024
(Unaudited)

REQUEST FOR INFORMATION

The MD&A and the accompanying financial statements are designed to provide the citizens and taxpayers with a general overview of the finances of Western Coventry Fire District and to show accountability for the money that it receives. If you have any questions about this report or need additional financial information please contact Western Coventry Fire District, 1110 Victory Highway, Greene, RI 02827. For more information, please call the District administrative office at 401-397-7520 or visit the website at www.wcfd.net.

WESTERN COVENTRY FIRE DISTRICT
STATEMENT OF NET POSITION
February 29, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 594,359
Taxes receivable, net \$5,000 allowance	323,432
Other receivables	4,163
Prepaid expense	17,395
TOTAL CURRENT ASSETS	<u>939,349</u>

NON-CURRENT ASSETS

Capital assets, net of accumulated depreciation	<u>1,770,351</u>
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TOTAL ASSETS	<u>2,709,700</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	19,121
Accrued payroll and taxes	27,243
Firemen's Fund	1,922
Accrued interest	1,749
Compensated absences	20,000
Current portion of long-term debt	39,905
TOTAL CURRENT LIABILITIES	<u>109,940</u>

NON-CURRENT LIABILITIES

Compensated absences	27,003
Long-term debt obligations, net	799,525
TOTAL NON-CURRENT LIABILITIES	<u>826,528</u>

TOTAL LIABILITIES	<u>936,468</u>
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NET POSITION

Net investment in capital assets	930,921
Restricted - Fire Prevention	7,999
Restricted - Apparatus Capital Reserve	657,907
Unrestricted	176,405
TOTAL NET POSITION	<u>\$ 1,773,232</u>

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

WESTERN COVENTRY FIRE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended February 29, 2024

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services, Fees & Licenses	Operating Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS:</u>				
GOVERNMENTAL ACTIVITIES				
Public safety	\$ 1,164,442	\$ 115,705	\$ 135,521	\$ (913,216)
Interest on long-term debt	32,722	-	-	(32,722)
Loss on sale of apparatus	2,372	-	-	(2,372)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,199,536</u>	<u>\$ 115,705</u>	<u>\$ 135,521</u>	<u>(948,310)</u>
GENERAL REVENUES				
Property taxes				905,699
Interest and penalties on delinquent taxes				15,054
Unrestricted investment earnings				20,224
Miscellaneous				86
Gain on sale of apparatus				25,000
TOTAL GENERAL REVENUES				<u>966,063</u>
CHANGE IN NET POSITION				17,753
NET POSITION - March 1, 2023 - As restated				<u>1,755,479</u>
NET POSITION - February 29, 2024				<u>\$ 1,773,232</u>

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

WESTERN FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
February 29, 2024

	GENERAL FUND	APPARATUS CAPITAL RESERVE FUND	NONMAJOR FIRE PREVENTION FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 594,359	\$ -	\$ -	\$ 594,359
Taxes receivable, net \$5,000 allowance	323,432	-	-	323,432
Other receivables	4,163	-	-	4,163
Prepaid expense	17,395	-	-	17,395
Due from other funds	-	657,907	7,999	665,906
	<u>-</u>	<u>657,907</u>	<u>7,999</u>	<u>665,906</u>
TOTAL ASSETS	<u>\$ 939,349</u>	<u>\$ 657,907</u>	<u>\$ 7,999</u>	<u>\$ 1,605,255</u>
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 19,121	\$ -	\$ -	\$ 19,121
Accrued payroll and taxes	27,243	-	-	27,243
Firemen's Fund	1,922	-	-	1,922
Due to other funds	665,906	-	-	665,906
	<u>714,192</u>	<u>-</u>	<u>-</u>	<u>714,192</u>
TOTAL LIABILITIES	<u>714,192</u>	<u>-</u>	<u>-</u>	<u>714,192</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenue	199,962	-	-	199,962
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>199,962</u>	<u>-</u>	<u>-</u>	<u>199,962</u>
<u>FUND BALANCE</u>				
Non-spendable	17,395	-	-	17,395
Restricted	-	-	7,999	7,999
Committed	-	657,907	-	657,907
Unassigned	7,800	-	-	7,800
	<u>25,195</u>	<u>657,907</u>	<u>7,999</u>	<u>691,101</u>
TOTAL FUND BALANCE	<u>25,195</u>	<u>657,907</u>	<u>7,999</u>	<u>691,101</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 939,349</u>	<u>\$ 657,907</u>	<u>\$ 7,999</u>	<u>\$ 1,605,255</u>

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

WESTERN COVENTRY FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
February 29, 2024

Total Fund Balance of Governmental Funds	\$ 691,101
Capital assets used in governmental activities which are not financial resources and, therefore, are not reported in the Governmental Fund balance sheet.	1,770,351
Long-term liabilities not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position.	(886,433)
Unavailable tax revenues (net of an allowance for uncollectible) recorded in the funds, but not reported under the measurement focus in the Statement of Net Position.	199,962
Accrued interest expense on long-term obligations not due and payable in the current period which therefore is not reported in the funds. This liability is reported in the Statement of Net Position.	<u>(1,749)</u>
Net Position of Governmental Activities	<u>\$ 1,773,232</u>

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

WESTERN COVENTRY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended February 29, 2024

	GENERAL FUND	APPARATUS CAPITAL RESERVE FUND	NONMAJOR FIRE PREVENTION FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Property tax collections	\$ 849,706	\$ -	\$ -	\$ 849,706
Interest and penalties on delinquent taxes	15,054	-	-	15,054
Rescue recovery, net of service fees	113,925	-	-	113,925
American Rescue Plan Act	-	130,860	-	130,860
State and local grants	4,661	-	-	4,661
Inspection fees	-	-	1,780	1,780
Investment income	20,224	-	-	20,224
Miscellaneous	86	-	-	86
Sale of apparatus	-	25,000	-	25,000
TOTAL REVENUES	1,003,656	155,860	1,780	1,161,296
<u>EXPENDITURES</u>				
Current:				
Salaries and wages	678,629	-	-	678,629
Employment taxes and fringes	91,248	-	-	91,248
Telephone/Internet/Cable TV	5,170	-	-	5,170
Training and administration	17,970	-	-	17,970
Gear and equipment	29,980	-	-	29,980
Fire alarm capital fund	5,000	-	-	5,000
Occupancy	45,625	-	-	45,625
Insurance	68,473	-	-	68,473
Fuel	16,949	-	-	16,949
Truck and equipment repairs	31,361	-	-	31,361
Professional fees	17,570	-	-	17,570
Payroll service fees	2,744	-	-	2,744
Office expenses	4,072	-	-	4,072
Tax collector expenses	6,259	-	-	6,259
Rescue supplies	9,830	-	-	9,830
Rescue equipment maintenance contracts	40	-	-	40
Fire prevention	-	-	220	220
Miscellaneous	206	-	-	206
Debt Service:				
Principal	38,498	-	-	38,498
Interest	32,711	-	-	32,711
Capital:				
Tax collector software	-	-	-	-
TOTAL EXPENDITURES	1,102,335	-	220	1,102,555
Excess of Expenditures (Over) Under Revenues Before Other Financial Sources (Uses)	(98,679)	155,860	1,560	58,741
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	20,000	-	20,000
Transfers out	(20,000)	-	-	(20,000)
NET OTHER FINANCING SOURCES (USES)	(20,000)	20,000	-	-
CHANGE IN FUND BALANCE	(118,679)	175,860	1,560	58,741
FUND BALANCE - March 1, 2023 - As restated	143,874	482,047	6,439	632,360
FUND BALANCE - February 29, 2024	\$ 25,195	\$ 657,907	\$ 7,999	\$ 691,101

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

WESTERN COVENTRY FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended February 29, 2024

Change in Fund Balance - Governmental Funds	\$ 58,741
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 exceeded capital outlays expense for the fiscal year ended February 29, 2024.	(120,712)
Loss on disposition of apparatus reported as an expense in the Government-Wide Statement of Activities. However, this loss has no effect on the Fund level statements.	(2,372)
Governmental fund report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect in changes on net position.	38,498
Governmental funds do not report estimated accrued interest on long-term debt as a liability in the Fund Financial Statements if they are not going to be paid with current available resources. This liability is reported in the Government-Wide Financial Statements. This adjustment reflects the decrease in accrued interest on long-term obligations from February 28, 2023 to February 29, 2024.	(11)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Unavailable tax revenue increased from fiscal 2023.	55,993
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position.	<u>(12,384)</u>
Change in Net Position - Governmental Activities in the Statement of Activities	<u>\$ 17,753</u>

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

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2024

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE FINANCIAL REPORTING ENTITY

Western Coventry Fire District (the District) was organized by the Rhode Island General Assembly and approved by the electorate in 1943 to meet the fire needs of Western Coventry, Rhode Island. The District provides fire protection and rescue services throughout the District.

The District complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

PRIMARY GOVERNMENT

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 reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated in some manner for the debt of the organization.

There are no entities which met the criteria noted above.

BASIS OF PRESENTATION

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Currently, the District has no business-type activities. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables, and payables.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

Fund Financial Statements – Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of that individual, government fund, or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and;
- b. Total assets and deferred outflow of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of that individual, governmental fund or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below.

GOVERNMENTAL FUNDS

General Funds – The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are committed or restricted to expenditures for specific purposes other than that debt service or capital projects.

MAJOR AND NON-MAJOR FUNDS

The funds are further classified as major or non-major as follows:

<i>Major Funds:</i>	<u>General:</u>	General Fund
	<u>Capital Project Fund:</u>	Apparatus Capital Reserve Fund
<i>Non-Major Funds:</i>	<u>Special Revenue Funds:</u>	Fire Prevention Fund

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

MEASUREMENT FOCUS

On the Government-Wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of the income and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds are using fund balance as their measure of available spendable financial resources at the end of the period. The District considers property taxes as available if they are collected within 60 days after year end.

BASIS OF ACCOUNTING

In the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Due to the uncertain collection of rescue recoveries, they are recorded as income on a cash basis when received.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reportable when due.

Amounts reported as program revenues include charges to tax payers for services or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CASH & CASH EQUIVALENTS

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

ACCOUNTS RECEIVABLE

Government-Wide Statements – In the Government-Wide Statements, receivables consist of all revenues earned at year-end and not yet received. Receivable balances for the governmental activities include property taxes and intergovernmental grant receivables.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

Fund Financial Statements – In the fund financial statements, receivables in governmental funds include revenue accruals such as property taxes. Non-exchange transactions collectible but not available are considered unearned in the fund financial statements in accordance with the modified accrual basis of accounting. Allowances for uncollectible accounts receivable are based upon historical trend and the periodic aging of accounts receivable. At February 29, 2024 the District's estimated allowance was \$5,000. The estimated allowance is net against property tax collections.

SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

PROPERTY, PLANT AND EQUIPMENT

Government-Wide Statements – In the Government-Wide Financial Statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The capitalization threshold of the District is any individual item with a total cost greater than \$3,000 and a useful life in excess of one year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	Years
Building and improvements	10 - 30
Vehicles	7 - 20
Fire equipment	5 - 20
Furniture and equipment	5 - 20

Fund Financial Statements – In the fund financial statements, long-lived assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

COMPENSATED ABSENCES

Under the terms of various contracts and polices, District employees are granted vacation and sick leave based on length of service. For governmental activities, the general fund is used to satisfy this liability as it becomes due. Compensated absences in excess of amounts due within one year are recorded as a long-term liability in the Government-Wide financial statements as they are not due and payable in the current period. Accordingly, these liabilities are not included in the fund financial statements.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

EQUITY CLASSIFICATIONS

Government-Wide Statements – Equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable by the acquisition, construction or improvement of those assets.

Restricted net position – consists of net position with constraints placed on them either by (1) external groups such as creditors, grantors, contributions, laws, or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements – Governmental fund equity is classified as fund balance. With the implementation of GASB Statement No. 54, fund balance is classified as one of the following five categories: nonspendable, restricted, committed, assigned, or unassigned. These categories are defined below:

Nonspendable Fund Balance – includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash.

Restricted Fund Balance – includes amount that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amount cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previous commit those amounts. The highest level of decision-making authority for Western Coventry Fire District is the taxpayers that assemble annually to vote on the District’s budget and resolutions proposed by the Chief and Board of Directors.

Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

APPLICATIONS OF FUND BALANCE

Western Coventry Fire District does not currently have a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for the expenditures incurred. Accordingly, by default the District is following the policy prescribed by GASB Statement No. 54 which specifies that fund balance is reduced first by committed, then by assigned, then by unassigned when expenditures are incurred for purposes for which any unrestricted fund balance could be used. In all situations, the District considers restricted fund balance to be used first when available and when expenditures are incurred that meet the requirements of the restricted fund balance.

RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$886,433 are as follows:

Compensated absences	\$ 47,003
Note payable	<u>839,430</u>
TOTAL	<u><u>\$ 886,433</u></u>

RECENTLY ISSUED ACCOUNTING STANDARDS

The following are recently issued governmental accounting standards which may be applicable in future years:

GASB Statement No. 101 – Compensated Absences, effective for fiscal year ending February 28, 2025

GASB Statement No. 102 – Certain Risk Disclosures, effective for fiscal year ending February 28, 2025

GASB Statement No. 103 – Financial Reporting Model Improvements, effective for fiscal year ending February 28, 2026

The impact of these pronouncements, if any, on the District’s financial statements has not been determined.

USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

SUBSEQUENT EVENTS

The District has evaluated subsequent events through August 19, 2024, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

NOTE 2 – BUDGETARY PROCESS

Budgets are adopted in accordance with District charter requirements. It is the responsibility of the Board of Directors to submit a proposed budget to the members of the District in April. A public hearing is conducted on the recommended budget and the final recommended budget is legally enacted through a vote of the District residents at the Annual District Meeting. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year-end.

NOTE 3 – CASH AND CASH EQUIVALENTS

The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35- 10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

A. Deposits – The carrying amount of the District's cash and cash equivalents at February 29, 2024 was \$594,359 while the bank balance was \$610,675.

B. Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District did not maintain any investments at February 29, 2024 or during the year then ended.

C. Concentration of Credit Risk – At February 29, 2024, the District's deposits were held at one financial institutions. The District's deposits are maintained in a highly rated financial institution whose rating is reviewed on a periodic basis. At February 29, 2024, \$250,000 of the District's bank balance was covered by the financial institution under federal deposit insurance and \$360,675 was covered by a collateralization agreement. The District attempts to minimize its concentration of credit risk by utilizing an Insured Cash Sweep (ICS) service which maintains cash balances among various FDIC insured institutions.

D. Custodial Credit Risk – Custodial credit risk is the risk that in the event of financial institution failure, the District's deposits and/or investments may not be returned. The District does not have a deposit or investment policy for custodial credit risk. At February 29, 2024, the District did not have any investments which were subject to custodial credit risk.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

NOTE 4 – RECEIVABLES

Receivables at February 29, 2024, including the applicable allowance for uncollectible accounts, are as follows:

	General Fund
Receivables:	
Fire taxes	\$ 328,432
Tax sale costs	1,008
Other accounts receivable	<u>3,155</u>
 GROSS RECEIVABLES	 332,595
 Less: Allowance for uncollectible accounts	 <u>5,000</u>
 NET RECEIVABLES	 <u><u>\$ 327,595</u></u>

Property taxes were the principal source of revenue for the District. All real estate in the District is taxed to the owners according to the last valuation made by the Tax Assessor of the Town of Coventry. The tax rate established for the year ended February 29, 2024 was \$1.58 per \$1,000 of assessed valuation. The District does assess a \$10 minimum tax. The taxable value of property with an assessment date of December 31, 2022 was approximately \$570,582,637.

Taxes are levied each September 1st and are payable and due by January 31st. All unpaid taxes levied become delinquent on February 1st of the current year and are subject to interest at an annual rate of 18%. Tax payers may elect to pay taxes quarterly (10/31, 1/31, 4/30, 7/31). Total assessments for the year ended February 29, 2024 was approximately \$902,000 (including split properties).

The District is responsible for collecting and distributing property taxes in accordance with enabling State legislation. The District recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Government Accounting and Financial Reporting Standards. Unpaid property taxes as of February 29, 2024 are recorded as a receivable. Those net property taxes receivable which were not collected within 60 days immediately following February 29, 2024 are reported as deferred inflow of resources and amounted to \$199,962. Property taxes recognized as revenue for the fiscal year ended February 29, 2024 due to their collection in the 60 days following February 29, 2024 totaled \$123,471.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended February 29, 2024 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements & Disposals</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 134,400	\$ -	\$ -	\$ 134,400
Total capital assets not being depreciated	<u>134,400</u>	<u>-</u>	<u>-</u>	<u>134,400</u>
Capital assets being depreciated:				
Building and improvements	2,245,032	-	-	2,245,032
Fire equipment	335,411	-	-	335,411
Vehicles	1,225,162	-	188,374	1,036,788
Furniture and equipment	<u>49,975</u>	<u>-</u>	<u>-</u>	<u>49,975</u>
Total capital assets being depreciated	<u>3,855,580</u>	<u>-</u>	<u>188,374</u>	<u>3,667,206</u>
Less accumulated depreciation:				
Building and improvements	(783,213)	(58,348)	-	(841,561)
Fire equipment	(209,282)	(22,976)	-	(232,258)
Vehicles	(1,071,327)	(36,471)	(186,002)	(921,796)
Furniture and equipment	<u>(32,723)</u>	<u>(2,917)</u>	<u>-</u>	<u>(35,640)</u>
Total accumulated depreciation	<u>(2,096,545)</u>	<u>(120,712)</u>	<u>(186,002)</u>	<u>(2,031,255)</u>
Total capital assets being depreciated, net	<u>1,759,035</u>	<u>(120,712)</u>	<u>2,372</u>	<u>1,635,951</u>
Net capital assets	<u>\$ 1,893,435</u>	<u>\$ (120,712)</u>	<u>\$ 2,372</u>	<u>\$ 1,770,351</u>

Depreciation expense charged to public safety was \$120,712 for the year ended February 29, 2024.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

NOTE 6 – LONG-TERM LIABILITIES

Long-Term Liability Activity

Long-term liability activity for the year ended February 29, 2024 was as follows:

	Balance March 1, 2023	Net Additions	Retirements	Balance February 29, 2024	Amounts Due Within One Year
Governmental Activities:					
Long-term debt:					
Note payable	\$ 877,928	\$ -	\$ (38,498)	\$ 839,430	\$ 39,905
Compensated absences	34,619	12,384	-	47,003	20,000
	<u>\$ 912,547</u>	<u>\$ 12,384</u>	<u>\$ (38,498)</u>	<u>\$ 886,433</u>	<u>\$ 59,905</u>

Note Obligation

Note obligation payable at February 29, 2024 are comprised of the following:

	Interest Rate	Issued/Maturity Date	Original Issue	Balance February 29, 2024
Governmental Activities:				
Note payable	3.75%	1/9/2009 - 10/9/2039	<u>\$ 1,640,000</u>	<u>\$ 839,430</u>

Debt Service Requirements

Presented below is a summary of debt service requirements for the note obligation, including interest, to maturity by years:

Fiscal Year Ending February 28/29,	Governmental Activities Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2025	\$ 39,905	\$ 31,304	\$ 71,209
2026	41,540	29,669	71,209
2027	43,147	28,062	71,209
2028	44,816	26,393	71,209
2029	46,478	24,731	71,209
2030 - 2034	261,133	94,910	356,043
2035 - 2039	315,737	40,306	356,043
2040	46,674	657	47,331
	<u>\$ 839,430</u>	<u>\$ 276,032</u>	<u>\$ 1,115,462</u>

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

Interest expense paid on long-term debt obligations and reported in the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances was \$32,711 for the year ended February 29, 2024.

On January 1, 2009, the District entered into a promissory note in the amount of \$1,640,000 bearing interest at 4.75%. The proceeds from this promissory note were used to construct the station on Route 102. The terms of the note obligation require monthly interest and principal payments of \$7,939. In January 2021, the District requested and received a rate modification to 3.75% effective January 9, 2021. The modified note obligation calls for monthly interest and principal payments of \$5,934 thru October 9, 2039. According to the modification agreement, the note calls for a market interest rate adjustment beginning November 2024. The debt is secured by the District station on Route 102.

Payments on all long-term debt and other long-term liabilities that pertain to the District's governmental activities are made by the General Fund.

NOTE 7 – SERVICE AGREEMENT

On February 22, 2010, the District entered into a service agreement with an unrelated third party to collect rescue recovery revenues on their behalf. The agreement runs for three years and automatically renews for additional three year terms. A 6% service fee is charged on revenues collected. Rescue recovery revenues of \$113,925 are shown net of service fee expense on the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances for the fiscal year ended February 29, 2024.

NOTE 8 – INTERFUND BALANCES

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund. The composition of the interfund balances at February 29, 2024 is as follows:

	Interfund Receivables	Interfund Payables
Government Activities:		
Major Fund:		
General Fund	\$ -	\$ 665,906
Apparatus Capital Reserve Fund	657,907	-
Non-Major Fund:		
Fire Prevention Fund	7,999	-
TOTAL	<u>\$ 665,906</u>	<u>\$ 665,906</u>

NOTE 9 – FUND BALANCE

As stated in Note 1, Fund Balance may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned. Committed Fund Balance represents that amount of fund balance

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

which can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Western Coventry Fire District's taxpayers are considered to be the highest level of decision making authority. In accordance with the District Charter, the taxpayers vote on the annual budget and on any resolutions proposed by the Board of Directors. The passage of the District's annual budget and proposed resolutions may result in the commitment of fund balance. The Committed Fund Balance at February 29, 2024 consisted of \$657,907 committed for apparatus acquisitions.

Assigned Fund Balance represents the amount of fund balance which has been constrained by the District's intent to be used for specific purposes. The assignment of fund balance is determined by actions of the Board of Directors rather than the actions of the District taxpayers. The ability to assign fund balance is granted to the Board of Directors by the District taxpayers. The District did not have any fund balance assignments as of February 29, 2024.

Restricted Fund Balance at February 29, 2024 totaled \$7,999 and represented amounts which are legally restricted by Rhode Island Law for fire education and prevention.

Non-spendable Fund Balance at February 29, 2024 totaled \$17,395 which represents prepayments on insurance policies for future fiscal years.

NOTE 10 – RESTATEMENT

In fiscal year 2020, the District received grant funds from the Federal Emergency Management Agency (FEMA). Under terms of the award, the District was required to provide a portion of the grant proceeds for cost sharing reimbursement back to FEMA. The period of grant performance was September 8, 2019 to March 7, 2022. The District did not record this liability in the Government-Wide or Governmental Fund financial statements in fiscal 2023. As a result, the District accrued \$4,468 for the cost share reimbursement and restated its net position and fund balance. At March 1, 2023, net position was restated from \$1,759,947 to \$1,755,479 and General Fund Balance was restated from \$148,342 to \$143,874.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The District is in pending and inactive litigation case against the District claiming civil rights/job discrimination regarding a former employee. The District's insurer has engaged a Rhode Island law firm to handle the case. As of February 29, 2024, the District has estimated the reserve for any potential losses to be immaterial and therefore has not recorded any liability in the financial statements.

WESTERN COVENTRY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
February 29, 2024

NOTE 12 – SIMPLE IRA RETIREMENT PLAN

The District sponsors a SIMPLE IRA retirement plan covering qualified employees, as defined by the plan documents. Employees who receive salary of at least \$5,000 are eligible to participate in the plan. The District matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. The District contributed approximately \$9,512 in matching SIMPLE IRA contributions for the fiscal year ended February 29, 2024.

NOTE 13 – AMERICAN RESCUE PLAN ACT

Western Coventry Fire District operates as one of four fire districts chartered within the Town of Coventry. During the year ended February 29, 2024, the Town of Coventry received an allocation of American Rescue Plan Act funds as part of COVID-19 relief designated for public safety use. The Town allocated \$130,896 to the District. The Board of Directors have designated the funds to be appropriated to the Apparatus Capital Reserve Fund.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The District has committed to purchasing a new emergency rescue vehicle for \$378,287. The District is expected to take delivery in Fall 2024. The District expects to fund the purchase with committed reserves from the Apparatus Capital Reserve Fund.

During the past fiscal year, the fire districts across Rhode Island have been under considerable financial stress with inflation taking hold of budgets, while continuing to provide services to residents. As one of the four districts within the Town of Coventry, a change in the financial status of Central Coventry has put pressure on the other Districts by the Town of Coventry and the State to consider consolidation of administration and district services. As of the date of the financial statements were available for issue, the District is unable to measure the impact of any potential consolidation plan.

The District has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grants. District officials are of the opinion that such disallowances, if any, would be immaterial.

WESTERN COVENTRY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
(Unaudited)
Year Ended February 29, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property tax collections	\$ 897,603	\$ 849,706	\$ (47,897)
Interest and penalties on delinquent taxes	20,000	15,054	(4,946)
Rescue recovery, net of service fees	140,000	113,925	(26,075)
Grants	2,500	4,661	2,161
911 Sign program	30	-	(30)
Investment income	5,000	20,224	15,224
Miscellaneous	450	86	(364)
Use of Unassigned Fund Balance	30,000	-	(30,000)
TOTAL REVENUES	1,095,583	1,003,656	(91,927)
<u>EXPENDITURES</u>			
Current:			
Salaries and wages	650,617	678,629	(28,012)
Employment taxes and fringes	105,850	91,248	14,602
Telephone/Internet/Cable TV	2,750	5,170	(2,420)
Training and administration	12,923	17,970	(5,047)
Gear and equipment	29,728	29,980	(252)
Fire alarm capital fund	5,000	5,000	-
Occupancy	43,436	45,625	(2,189)
Insurance	65,800	68,473	(2,673)
Fuel	19,016	16,949	2,067
Truck and equipment repairs	26,328	31,361	(5,033)
Professional fees	23,840	17,570	6,270
Payroll service fees	-	2,744	(2,744)
Office expenses	4,400	4,072	328
Tax collector expenses	-	6,259	(6,259)
Rescue supplies	10,000	9,830	170
Rescue equipment maintenance contracts	4,086	40	4,046
Miscellaneous	600	206	394
Debt Service:			
Principal and interest - contractual obligations	71,209	71,209	-
Capital:			
Apparatus Capital Equipment Fund	20,000	20,000	-
Total Expenditures	1,095,583	1,122,335	(26,752)
Excess of Expenditures over Revenues	\$ -	\$ (118,679)	\$ (118,679)

WESTERN COVENTRY FIRE DISTRICT
OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF PROPERTY TAXES RECEIVABLE
Year Ended February 29, 2024

FISCAL YEAR ENDED	BALANCE March 1, 2023	CURRENT YEAR ASSESSMENT	REFUNDS	ADDITIONS AND ADJUSTMENTS	ABATEMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE February 29, 2024	FY 2024 CASH COLLECTIONS SUMMARY			MARCH - APRIL (FY25) CASH COLLECTIONS SUBJECT TO 60-DAY FY24 ACCRUAL
									MARCH - APRIL 2023 COLLECTIONS SUBJECT TO 60-DAY	MAY 2023 - FEBRUARY 2024 NOT SUBJECT TO 60-DAY RULE	TOTAL FY 2024 CASH COLLECTIONS	
2024	\$ -	\$ 902,134	\$ 345	\$ (841)	\$ (156)	\$ 901,482	\$ 584,790	\$ 316,692	\$ -	\$ 584,790	\$ 584,790	\$ 121,959
2023	272,173	-	2,870	1,266	-	276,309	265,967	10,342	134,445	131,522	265,967	1,512
2022	14,857	-	80	446	-	15,383	15,217	166	6,965	8,252	15,217	-
2021	3,525	-	-	(1)	-	3,524	3,336	188	1,932	1,404	3,336	-
2020	301	-	-	-	(12)	289	147	142	-	147	147	-
2019	360	-	-	-	(93)	267	120	147	-	120	120	-
2018	231	-	-	-	(89)	142	-	142	-	-	-	-
2017	220	-	-	-	(81)	139	-	139	-	-	-	-
2016	215	-	-	-	(80)	135	-	135	-	-	-	-
2015	127	-	-	-	(70)	57	-	57	-	-	-	-
2014	90	-	-	-	(10)	80	-	80	-	-	-	-
2013	89	-	-	-	(10)	79	-	79	-	-	-	-
2012	68	-	-	-	-	68	-	68	-	-	-	-
2011	55	-	-	-	-	55	-	55	-	-	-	-
	292,311	\$ 902,134	\$ 3,295	\$ 870	\$ (601)	\$ 1,198,009	\$ 869,577	328,432	\$ 143,342	\$ 726,235	\$ 869,577	\$ 123,471

Less: Allowance
for Uncollectible Taxes 5,000

\$ 287,311

5,000
\$ 323,432

SCHEDULE OF NET ASSESSED PROPERTY VALUE BY CATEGORY
ASSESSED DECEMBER 31, 2022

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property	\$ 567,307,920	
Exemptions	(3,976,000)	
NET REAL PROPERTY	563,331,920	\$ 890,345
Tangible personal property	7,250,717	11,789
NET ASSESSED VALUE	\$ 570,582,637	\$ 902,134

RECONCILIATION OF CURRENT YEAR
PROPERTY TAX REVENUE

Current year collections	\$ 869,577
Revenue collected within 60 days subsequent fiscal year ending February 29, 2024	123,471
Less prior year 60 day revenue rule collections	(143,342)
CURRENT YEAR PROPERTY TAX REVENUE	\$ 849,706

INDEPENDENT AUDITOR'S 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

To the Board of Wardens
Western Coventry Fire District
Western Coventry, Rhode Island

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 the Western Coventry Fire District, as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise Western Coventry Fire District's basic financial statements, and have issued our report thereon dated August 19, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Coventry Fire 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Coventry Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 Western Coventry Fire 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*.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WADOVICK + COMPANY

West Warwick, Rhode Island
August 19, 2024