

AU SABLE FORKS FIRE DISTRICT
ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
and
INDEPENDENT AUDITOR'S REPORT
For the Fiscal Year Ended December 31, 2018

Richard H. Dinolfo
Certified Public Accountant
Queensbury, New York

AU SABLE FORKS FIRE DISTRICT
ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
and
INDEPENDENT AUDITOR'S REPORT
For the Fiscal Year Ended December 31, 2018

C O N T E N T S

	Page
REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION AS REPORTED IN THE ANNUAL FINANCIAL REPORT UPDATE DOCUMENT	1-4
ANNUAL FINANCIAL REPORT UPDATE DOCUMENT	
Cover Sheet and Table of Contents	5-6
Financial Section – Annual Update Document Financial Statements	7-11
Supplemental Section	12-17
Notes to Annual Update Document Financial Statements	18-23
OTHER INFORMATION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25

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REPORT ON THE REGULATORY BASIS FINANCIAL STATEMENTS

Independent Auditor's Report

Chairman and Members of the Board of Fire Commissioners
Au Sable Forks Fire District
Au Sable Forks, New York

Report on the Financial Statements

I have audited the accompanying regulatory basis financial statements as reported in the Annual Financial Report Update Document of the Au Sable Forks Fire District (Fire District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Fire District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Board of Fire Commissioners and other management of the Fire District are responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the regulatory basis of accounting and reporting prescribed by the Office of the State Comptroller of the State of New York; this includes determining that the regulatory basis of accounting and reporting prescribed by the Office of the State Comptroller of the State of New York is an acceptable basis for the preparation of the financial statements in the circumstances. The Board of Fire Commissioners and other management of the Fire District are responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Prior Year Financial Information

The prior year financial information shown in the Annual Financial Report Update Document, and included in the financial statements shown in this report, was provided by the Office of the State Comptroller of the State of New York generally as a guide to the Fire District in preparing the current year information and not for comparative purposes. The prior year financial information was not subject to this audit.

Basis of Accounting

As more fully described in Note A to the Annual Update Document Financial Statements, the Fire District prepared these financial statements using the regulatory basis of accounting and

reporting prescribed by the Office of the State Comptroller of the State of New York for submitting annual financial reports to that office. This regulatory basis of accounting and reporting is a special purpose framework other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and reporting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements reported in the Annual Financial Report Update Document are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fire District'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 Fire District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Auditor's Opinion

In my opinion, the accompanying regulatory basis financial statements as reported in the Annual Financial Report Update Document referred to above present fairly, in all material respects, the financial position of the Au Sable Forks Fire District as of December 31, 2018, and the results of its operations for the year then ended, in conformity with the regulatory basis of accounting and reporting described in Note A.

Report on Supplemental Information

My audit was conducted for the purpose of forming my opinion on the financial statements as a whole as reported in the Annual Financial Report Update Document. The accompanying supplemental information, which includes financial information about various accounts and certain questionnaires as identified in the contents section, are included in the Annual Financial Report Update Document for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used by the Treasurer to prepare the financial statements.

This supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, such as reconciling such

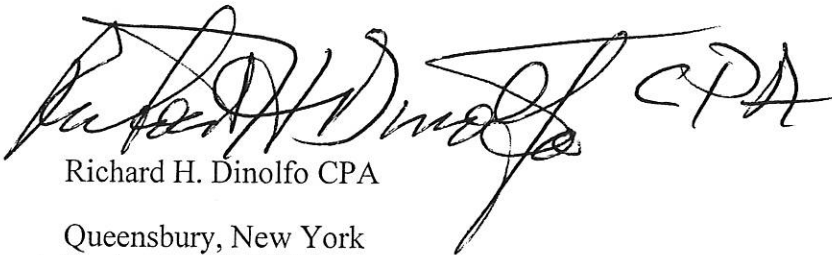
information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole, on the regulatory basis of accounting and reporting described in Note A.

Report on Government Auditing Standards

In accordance with *Government Auditing Standards* issued by the Comptroller General, I have also issued my report dated September 30, 2019 on my consideration of the Fire District's internal control over financial reporting and on my 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 my 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 Fire District's internal control over financial reporting and compliance.

Intended Use of This Report

As there are differences between financial statements prepared in accordance with accounting principles generally accepted in the United States of America and financial statements prepared in accordance with the regulatory basis of accounting and reporting prescribed by the Office of the State Comptroller of the State of New York, this report is not intended to be used by anyone not understanding those differences. Accordingly, this report is intended solely for the information and use of the Board of Fire Commissioners, Secretary/Treasurer and other management of the Au Sable Forks Fire District, and for filing with the Town of Jay, New York, the Town of Black Brook, New York and the Office of the State Comptroller of the State of New York, and is not intended for any other purpose.

A handwritten signature in black ink, appearing to read "Richard H. Dinolfo CPA". The signature is stylized and includes the letters "CPA" written in a larger, more prominent font at the end of the signature.

Richard H. Dinolfo CPA

Queensbury, New York
September 30, 2019

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All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
FIRE DISTRICT of Ausable Forks
County of Clinton
For the Fiscal Year Ended 12/31/2018

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

FIRE DISTRICT OF Ausable Forks

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2017 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2018:

- (A) GENERAL
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (R) RESERVE

All amounts included in this update document for 2017 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- ~~1) Statement of Indebtedness~~
 - 2) Schedule of Time Deposits and Investments
 - 3) Bank Reconciliation
 - 4) Local Government Questionnaire
 - 5) Schedule of Employee and Retiree Benefits
 - 6) Schedule of Energy Costs and Consumption
- All numbers in this report will be rounded to the nearest dollar.

NOTE: Lined out sections were not reported in the AUD and are not included in this report.

AU SABLE FORKS FIRE DISTRICT
ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
 For the Fiscal Year Ending December 31, 2018

(A) General
Balance Sheet

Code Description	2017	EDP Code	2018
Assets:			
Cash	\$ 179	A200	\$ 5,960
Cash in Time Deposits	19,173	A200	27,942
Due From Other Funds	217	A391	-
Total Assets	<u>19,569</u>		<u>33,902</u>
Fund Balance:			
Unassigned Fund Balance	<u>19,569</u>	A917	<u>33,902</u>
Fund Balance	<u>\$ 19,569</u>		<u>\$ 33,902</u>

AU SABLE FORKS FIRE DISTRICT
ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

(A) General

Results of Operation

Code Description	2017	EDP Code	2018
Detail Revenues and Other Sources:			
Real Property Taxes	\$ 220,969	A1001	\$ 225,800
Interest and Earnings	5	A2401	7
Sales of Equipment	250	A2665	122,000
Insurance Recoveries	9,251	A2680	-
Refunds of Prior Year's Expenditures	584	A2701	1,266
Unclassified	494	A2770	-
Total Revenues	<u>231,553</u>		<u>349,073</u>
Interfund Transfers	-	A5031	-
Total Revenues and Other Sources	<u>\$ 231,553</u>		<u>\$ 349,073</u>
Detail Expenditures and Other Uses			
Fire, Personal Services	\$ 6,360	A34101	\$ 6,487
Fire, Equipment and Capital Outlay	29,819	A34102	35,439
Fire, Contractual Expenditures	109,540	A34104	98,772
Social Security, Employee Benefits	1,328	A90308	508
Worker's Compensation, Employee Benefits	20,181	A90408	16,279
Debt Principal, Bond Anticipation Notes	50,000	A97306	-
Debt Interest, Bond Anticipation Notes	5,789	A97307	-
Total Expenditures	<u>223,017</u>		<u>157,485</u>
Transfers, Other Funds	16,038	A99019	177,038
Transfers, Capital Projects Fund	-	A99509	217
Total Expenditures and Other Uses	<u>\$ 239,055</u>		<u>\$ 334,740</u>
Analysis of Changes in Fund Balance:			
Fund Balance - Beginning of Year	\$ 27,071	A8021	\$ 19,569
Add - Revenues and Other Sources	231,553		349,073
Deduct - Expenditures and Other Uses	<u>(239,055)</u>		<u>(334,740)</u>
Fund Balance - End of Year	<u>\$ 19,569</u>	A8029	<u>\$ 33,902</u>

AU SABLE FORKS FIRE DISTRICT
 ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
 For the Fiscal Year Ending December 31, 2018

(A) General

Budget Summary Next Fiscal Year

Code Description	2018	EDP Code	2019
Estimated Revenues and Other Sources:			
Est Rev - Real Property Taxes	\$ 225,800	A1049N	\$ 287,066
Total Estimated Revenues and Other Sources	<u>\$ 225,800</u>		<u>\$ 287,066</u>
Appropriations and Other Uses:			
App - Public Safety	\$ 161,589	A3999N	\$ 182,480
App - Employee Benefits	973	A9199N	21,154
App - Debt Service	<u>-</u>	A9899N	<u>21,030</u>
Total Appropriations	162,562		224,664
App - Interfund Transfer	<u>63,238</u>	A9999N	<u>62,402</u>
Total Appropriations and Other Uses	<u>\$ 225,800</u>		<u>\$ 287,066</u>

AU SABLE FORKS FIRE DISTRICT
ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

(H) Capital Projects

Balance Sheet

Code Description	2017	EDP Code	2018
Assets:			
Cash	\$ -	H200	\$ -
Total Assets	<u>\$ -</u>		<u>\$ -</u>
Liabilities and Fund Balance:			
Bond Anticipation Notes Payable	-	H626	-
Due to Other Funds	217	H630	-
Assigned Unappropriated Fund Balance	-	H915	-
Unassigned Fund Balance	(217)	H915	-
Total Liabilities and Fund Balance	<u>\$ -</u>		<u>\$ -</u>

(H) Capital Projects

Results of Operation

Detail Revenues and Other Sources:

Interfund Transfer	-	H5031	217
BANs Redeemed from Appropriations	50,000	H5731	-
Total Revenues and Other Sources	<u>\$ 50,000</u>		<u>\$ 217</u>

Detail Expenditures and Other Uses

Fire, Equipment and Capital Outlay	9,134	H34102	-
Total Expenditures and Other Uses	<u>\$ 9,134</u>		<u>\$ -</u>

Analysis of Changes in Fund Balance:

Fund Balance - Beginning of Year	\$ (41,083)	H8021	\$ (217)
Add - Revenues and Other Sources	50,000		217
Deduct - Expenditures and Other Uses	(9,134)		-
Fund Balance - End of Year	<u>\$ (217)</u>	H8029	<u>\$ -</u>

AU SABLE FORKS FIRE DISTRICT
ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

(K) General Fixed Assets

Balance Sheet

Code Description	2017	EDP Code	2018
Assets:			
Buildings	\$ 386,000	K102	\$ 386,000
Improvements Other Than Buildings	10,000	K103	10,000
Machinery and Equipment	<u>1,952,044</u>	K104	<u>1,565,517</u>
Total Fixed Assets	<u>\$ 2,348,044</u>		<u>\$ 1,961,517</u>
Total Non-Current Governmental Assets	<u>\$ 2,348,044</u>	K159	<u>\$ 1,961,517</u>

(R) Reserve

Balance Sheet

Code Description	2017	EDP Code	2018
Assets:			
Cash in Time Deposits, Special Reserves	<u>\$ 113,633</u>	R231	<u>\$ 113,633</u>
Total Cash Assets	<u>113,633</u>		<u>113,633</u>
Fund Balance:			
Capital Reserve	93,814	R878	269,944
Reserve for Repairs	<u>19,819</u>	R882	<u>20,839</u>
Total Fund Balance	<u>\$ 113,633</u>		<u>\$ 290,783</u>

(R) Reserve

Results of Operation

Detail Revenues and Other Sources:

Interest and Earnings	<u>\$ 123</u>	R2401	<u>\$ 112</u>
Total Revenues	123		112
Interfund Transfers	<u>16,038</u>	R5031	<u>177,038</u>
Total Revenues and Other Sources	<u>16,161</u>		<u>177,150</u>

Detail Expenditures and Other Uses

Fire, Equipment Outlay	<u>43,835</u>	R34102	<u>-</u>
Total Expenditures and Other Uses	<u>43,835</u>		<u>-</u>

Analysis of Changes in Fund Balance:

Fund Balance - Beginning of Year	141,307	R8021	113,633
Add - Revenues and Other Sources	16,161		177,150
Deduct - Expenditures and Other Uses	<u>(43,835)</u>		<u>-</u>
Fund Balance - End of Year	<u>\$ 113,633</u>	R8029	<u>\$ 290,783</u>

Ausable Forks FIRE DISTRICT
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2018

	EDP Code	Amount
CASH:		
On Hand	9Z2001	
Demand Deposits	9Z2011	\$11,559.33
Time Deposits	9Z2021	\$318,724.78
Total		\$330,284.11
 COLLATERAL:		
- FDIC Insurance	9Z2014	\$261,559.33
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$81,890.71
Total		\$343,450.04
 INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
 - Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

Ausable Forks FIRE DISTRICT
Bank Reconciliation
For the Fiscal Year Ending 2018

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-0075	\$20,839	\$0	\$0	\$20,839
****-0086	\$263,047	\$0	\$0	\$263,047
****-0088	\$1,897	\$0	\$0	\$1,897
****-0089	\$5,000	\$0	\$0	\$5,000
****-3199	\$27,942	\$0	\$0	\$27,942
****-0133	\$11,559	\$0	\$5,599	\$5,960
Total Adjusted Bank Balance				\$324,685
Petty Cash				\$.00
Adjustments				\$.00
Total Cash				9ZCASH * \$324,685
Total Cash Balance All Funds				9ZCASHB * \$324,685
* Must be equal				

Ausable Forks FIRE DISTRICT
 Fire District Questionnaire
 For the Fiscal Year Ending 2018

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements? If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	Y
3) Does your district have a written travel policy and is it complied with?	Y
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal	\$86,151
6) Does your district have a Length of Service Award Program (LOSAP) for volunteer firefighters? If so, how are the LOSAP funds invested?	
Marketable Securities	
Annuities	
Life Insurance	
Other (describe)	
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	Y

Ausable Forks FIRE DISTRICT
Employee and Retiree Benefits
For the Fiscal Year Ending 2018

Total Full Time Employees:					
Total Part Time Employees:		1			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System				
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$507.50			1
90408	Worker's Compensation Insurance	\$16,279.00			1
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance				
90608	Hospital and Medical (Dental) Insurance				
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$16,786.50			
Computed Total From Financial Section (comparative purposes only)		\$16,786.50			

Ausable Forks FIRE DISTRICT
 Energy Costs and Consumption
 For the Fiscal Year Ending 2018

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$59		gallons	
Diesel Fuel	\$2,938	495	gallons	
Fuel Oil			gallons	
Natural Gas			cubic feet	
Electricity	\$3,124		kilowatt-hours	
Coal			tons	
Propane	\$4,767	4,106	gallons	

FIRE DISTRICT DEMOGRAPHICS

Postal or Mailing Address:

PO Box 785	Au Sable Forks	NY	12912	
Street Address or PO Box	City	State	Zip	
(518) 647-5582	(518) 647-5201			
Fire District Telephone Number	Fire District Fax Number			
garso@affdcomm11.net				
Official Email Address	Website			
Physical Address: (If Different From Postal Address)				
29 School Lane	Au Sable Forks	NY	12912	
Street Address	City	State	Zip	

BOARD DEMOGRAPHICS CHIEF FISCAL OFFICER

Charlene Garso	Treasurer			
Name	Title			
PO Box 785	Au Sable Forks	NY	12912	
Street Address or PO Box	City	State	Zip	
(518) 647-5582	(518) 647-5201			
Telephone Number	Fax Number			
	12/31/2019			
Email Address	Term End Date			

CHAIRMAN OF THE BOARD

Louis Garso	Chairman			
Name	Title			
PO Box 785	Au Sable Forks	NY	12912	
Street Address or PO Box	City	State	Zip	
(518)647-5582	(518)647-5201			
Telephone Number	Fax Number			
	12/31/2019			
Email Address	Term End Date			

I, Charlene Garso hereby certify that I am the Chief Fiscal Officer of the Au Sable Forks Fire District, and that the information provided in the annual financial report of the Au Sable Forks Fire District, for the fiscal year ended 12/31/2018, is true and correct to the best of my knowledge and belief. By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the Au Sable Forks Fire District, and adopted by me as my signature for use in conjunction with the filing of the Au Sable Forks Fire District's annual financial report, I am evidencing my express intent to authenticate my certification of the Au Sable Forks Fire District's annual financial report report for the fiscal year ended 12/31/2018 and filed by means of electronic data transmission.

	*****	09/26/2019
Name of Report Preparer if different than Chief Fiscal Officer	Personal Identification Number of Chief Fiscal Officer	Date

AU SABLE FORKS FIRE DISTRICT
NOTES TO ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Au Sable Forks Fire District (Fire District) is a district corporation established in 1925 under Article 11 of the Town Law of the State of New York to provide fire protection and other emergency services to residents and organizations located within the district. The Fire District is governed by various provisions of the Town Law, other general laws of the State of New York, and various other locally adopted rules and regulations. The Board of Fire Commissioners, which is the legislative body responsible for the overall operation of the Fire District, consists of five elected members. The Chairman, who serves as the chief executive officer, is elected by members of the Board. The Treasurer serves as the chief fiscal officer.

The Office of the State Comptroller of the State of New York (OSC) has the basic responsibility to provide oversight to local governments and other applicable governmental agencies in accordance with provisions of the State Constitution and Article 3 of the General Municipal Law of the State of New York. OSC has established the *Accounting and Reporting Manual for Fire Districts* pursuant to Section 36 of the General Municipal Law of the State of New York. OSC has also developed the format of the Annual Financial Report Update Document for reporting by all local governments in the State of New York. Accordingly, the Fire District has elected to utilize the financial statements reported in the Annual Financial Report Update Document prepared in accordance with the regulatory basis of accounting and reporting prescribed by OSC as the Fire District's annual financial statements.

The Annual Financial Report Update Document includes a financial section and a supplemental section. The financial section includes the Annual Update Document (AUD) financial statements for the various funds and schedules. The financial statements for the governmental funds generally require a balance sheet, results of operations with separate statements of revenues and expenditures, and a statement of changes in fund balance for each fund. A budget summary for the next fiscal year is also required for the general fund. Balance sheets are required to report non-current governmental assets, non-current governmental liabilities and agency funds. Prior year data is included in the report format provided by OSC generally as a guide in preparing the current year data, and not for comparative financial statement purposes. The supplemental section requires reporting information about indebtedness, deposits, bank reconciliations and other statistical and narrative information.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles that are generally accepted in the United States of America. The regulatory basis of accounting and reporting referred to above varies from accounting principles generally accepted in the United States of America primarily because it does not require implementation of GASB Statement No. 34 and other applicable statements, and does not require reporting the government-wide statements of net position and activities in the AUD. The regulatory basis of accounting and reporting is the same method used by the Fire District for fiscal years ending prior to December 31, 2018.

In preparing the Annual Financial Report Update Document in conformity with accounting principles described above, management may be required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Annual Financial Report Update Document, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

AU SABLE FORKS FIRE DISTRICT
NOTES TO ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

A summary of the significant accounting policies consistently applied in the preparation of the accompanying Annual Financial Report Update Document follows.

1. Financial Reporting Entity

In evaluating how to define the Fire 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 in the regulatory basis of accounting and reporting prescribed by OSC. This criteria generally includes determinations about the Board of Fire Commissioner's ability to exercise oversight responsibility, the scope of public service provided by the entity, and the existence of special financing relationships. Based upon the application of these criteria, the Fire District is not considered a component unit of either the Town of Black Brook, New York, or the Town of Jay, New York.

The following potential component unit has been excluded from the Fire District's reporting entity:

Au Sable Forks Fire Department, Inc.

The Au Sable Forks Fire Department, Inc. (Fire Department) was organized in 1878 and incorporated in 1987 as a not-for-profit organization with its own governing board, management and officials. The members of the Fire Department generally include the chief and the volunteer fire fighters who provide volunteer fire protection services to the Fire District. The Fire Department maintains their financial records and reports, and the Fire Department management is responsible for the applicable financial activity.

2. Basis of Presentation, Fund Accounting

In accordance with the regulatory basis of accounting and reporting prescribed by OSC, the Fire District uses fund accounting to demonstrate legal compliance with budgetary and other requirements, and to aid financial management by segregating transactions relating to certain activities or functions.

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The regulatory basis of accounting and reporting prescribed by OSC prescribes the use of governmental and fiduciary fund types. Proprietary funds are not currently prescribed for fire districts in the State of New York.

A schedule, on the other hand, is a financial reporting device designed to provide accountability for non-current governmental assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources.

The Fire District maintains the following funds and schedules:

General fund – a governmental fund, which is the Fire District's main operating fund used to account for real property taxes and other revenues generated to finance fire protection costs and other activities not required to be accounted for in any other fund.

AU SABLE FORKS FIRE DISTRICT
NOTES TO ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

Reserve fund – a governmental fund used to segregate resources to finance future repairs and improvements to equipment and other major capital outlays.

Capital projects fund – a governmental fund used to account for capital expenditures for the purchase of equipment and the acquisition, construction, reconstruction and/or improvements of capital assets financed from the proceeds of debt, transfers from other funds, capital grants and contributions, and/or other applicable capital financing sources.

Agency fund – a fiduciary fund used to account for assets held by the Fire District in a fiduciary capacity pending distribution to other parties. The Fire District had no assets that were required to be reported in the Agency fund for the year ended December 31, 2018.

Schedule of non-current governmental assets – used to report capital assets for governmental activities.

Schedule of non-current governmental liabilities – used to report long-term debt issued for governmental activities. No schedule was needed for the year ended December 31, 2018.

3. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Under the regulatory basis of accounting and reporting prescribed by OSC, governmental funds are accounted for using the cash resources measurement focus and the cash basis of accounting. With this measurement focus, only cash assets and liabilities arising from cash transactions are reported on the balance sheet. The statements of revenues, expenditures and changes in fund balances of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net cash assets.

Under the cash basis of accounting, governmental fund revenues are recognized when received in cash.

Governmental fund expenditures are recorded when paid. The following is additional information regarding certain expenditures:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when paid. This method is generally referred to as the “purchase” method, as opposed to the “consumption” method.
- Principal and interest on indebtedness, if any, are recorded as expenditures when the debt is paid.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are paid.

For fiduciary funds, most agency fund transactions are recorded on a cash basis.

4. *Assets, liabilities, reserves and fund balances*

- a. Cash and cash equivalents consist of unrestricted cash in demand deposits and time deposits at the Fire District’s designated depository.

AU SABLE FORKS FIRE DISTRICT
NOTES TO ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

- b. Restricted cash consists of cash in time deposits at the Fire District's designated depository segregated from other operating cash and set aside in reserves for future repairs and capital improvements.
- c. Revenues from real property taxes are recognized when amounts are distributed to the Fire District from the applicable tax collection entities, which is during the period for which the taxes were levied. The Fire District receives the total amount of taxes levied each year, so no receivables are recorded at year end. Real property taxes are the Fire District's main revenue source. Other miscellaneous revenues are recorded when received in cash.
- d. Capital assets consist of buildings, improvements other than buildings, and machinery and equipment. The land on which the fire station is located is leased for \$1 from the Town of Jay, New York for 99 years. Capital assets are recorded at historical cost if purchased and/or constructed. Capital assets donated to the Fire District are recorded at fair market value as of the date of donation. Machinery and equipment assets include fire trucks, other vehicles and a wide range of firefighting equipment having a useful life of one year or more. No depreciation is recorded in the capital asset accounts.
- e. Bonds payable represent the unmatured principal face value of any outstanding bonds issued by the Fire District. No liabilities would be recorded for interest payable at year end.
- f. Fund balance represents the difference between the cash balances of each fund less any liabilities arising from cash transactions. Portions of fund balance are restricted for the amount of cash set aside in reserves for future repairs and capital improvements. Generally, fund balances may be reported in the following classifications: non-spendable, committed, restricted, assigned and unassigned fund balances. The Board of Fire Commissioners is the level of authority that can authorize fund balances to be segregated and reported in these various classifications.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary information and real property tax levies

Annual budgets for the general fund are adopted by the Board of Fire Commissioners on a basis consistent with the regulatory basis of accounting and reporting prescribed by OSC. In accordance with statutory requirements, the maximum amount the Fire District may spend during a fiscal year must be calculated to determine the statutory spending limitation. Consequently, appropriations included in the annual budget must be within the statutory spending limitation.

The Fire District is required to follow applicable provisions of the Town Law of the State of New York to prepare the annual budget and submit it to the applicable tax collection entities. In general, a public hearing on the budget must be held and the budget amounts for the ensuing fiscal year must be adopted by the Board of Fire Commissioners and submitted to the Town of Jay, New York in Essex County, and the Town of Black Brook, New York in Clinton County, by November 7 each year. The amount of real property taxes needed for the ensuing year is assessed against the properties in the district located in the each of the towns. Each Town includes the Fire District's budget estimates and amount of taxes needed for fire

AU SABLE FORKS FIRE DISTRICT
 NOTES TO ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
 For the Fiscal Year Ending December 31, 2018

district purposes in their annual town budget, which is then submitted to the County of Essex, New York (for the Town of Jay) and the County of Clinton, New York (for the Town of Black Brook) for the levy of taxes by the applicable County Governing Board. The Fire District tax levy is included with the applicable Town and County annual tax levies in a single tax billing to taxpayers, which becomes a tax lien on January 1 of each year. As tax collections are received by the applicable town tax collecting officers, the Towns pay the Fire District the total amount of the tax levy. Any uncollected taxes for the combined town, fire district and county taxes are returned to the applicable County for subsequent enforcement.

2. Reserve funds

The use of reserve funds to finance capital improvements and other applicable uses generally is authorized by the Board of Fire Commissioners on an as needed basis after the appropriate approvals have been obtained. In certain instances, use of reserve funds may be subject to referendum requirements and may need to be approved by the qualified voters of the district before being appropriated by the Board of Fire Commissioners.

During the year ended December 31, 2018, \$177,038 was transferred into the reserves and no expenditures were made from the reserves.

NOTE C – DETAILED NOTES ON ALL FUNDS

1. Cash and investments

At December 31, 2018 the Fire District’s cash balances consisted of the following:

Cash in checking accounts	\$ 10,960
Cash in savings and time deposit accounts	<u>313,725</u>
Total cash and cash equivalents	<u>\$ 324,685</u>

Provisions of the General Municipal Law of the State of New York require the Fire District to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC) current maximum limit of \$250,000 per depositor, per bank for demand deposits and \$250,000 for savings and time deposits. This collateral generally can be in the form of federal, state, and local government securities held by the Fire District’s third-party custodial bank or trust Company on behalf of the Fire District’s depository and pledged to secure the Fire District’s deposits.

Cash in checking accounts and time deposit accounts totaling \$330,284 were fully insured by FDIC insurance and/or collateralized as of December 31, 2018. The Fire District had no investments at December 31, 2018.

AU SABLE FORKS FIRE DISTRICT
NOTES TO ANNUAL UPDATE DOCUMENT FINANCIAL STATEMENTS
For the Fiscal Year Ending December 31, 2018

2. Capital Assets

For the year ended December 31, 2018, the following is a summary of the changes in the Fire District's capital assets:

	Balance			Balance
<u>Capital Assets:</u>	<u>12/31/2017</u>	<u>Added</u>	<u>Removed</u>	<u>12/31/2018</u>
Buildings	\$ 386,000	\$ -	\$ -	\$ 386,000
Improvements Other Than Buildings	10,000	-	-	10,000
Machinery and Equipment:				
Vehicles	1,398,053	-	358,281	1,039,772
Other Equipment	501,807	23,938	-	525,745
Total Machinery and Equipment	<u>1,899,860</u>	<u>23,938</u>	<u>358,281</u>	<u>1,565,517</u>
Total Capital Assets	<u>\$ 2,295,860</u>	<u>\$ 23,938</u>	<u>\$ 358,281</u>	<u>\$ 1,961,517</u>

3. Bonds payable

The Fire District paid off its existing bond issue for the purchase of a pumper truck in 2016 and had no bonds payable as of December 31, 2018.

4. Bond anticipation notes payable

The Fire District paid off its existing bond anticipation note payable for the building renovation project in 2017 and had no bond anticipation note payable as of the year ended December 31, 2018.

NOTE D – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

In the normal course of operations, the Fire District may become involved in certain claims arising from a variety of sources. The Fire District carries various forms of insurance to cover potential losses from such claims. For insured programs, there has been no significant reduction in insurance coverage.

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**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 Auditor's Report

Chairman and Members of the Board of Fire Commissioners
Au Sable Forks Fire District
Au Sable Forks, New York

I have audited, 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, the financial statements as reported in the Annual Financial Report Update Document of the Au Sable Forks Fire District as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the Fire District's regulatory basis financial statements, and have issued my report thereon dated September 30, 2019.

Internal Control over Financial Reporting

The Board of Fire Commissioners and other management of the Fire District are responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit of the financial statements, I considered the 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 my opinion on the financial statements as reported in the Annual Financial Report Update Document, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fire 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by the Board of Fire Commissioners who are charged with governance. I consider the deficiency described below as item 2018-001 to be a significant deficiency.

2018-0001 Accounting for Interest Earned on Certificates of Deposits (CDs)

The Treasurer periodically invests monies in CDs. I found four CDs with maturity dates identified as December 6, 2018 for which no interest was added at the maturity dates, and the amounts were merely rolled over into another CD. I advised the Treasurer about the lack of interest being added. She contacted the bank during 2019 and, subsequently, the bank added interest amounts in 2019. The Treasurer should communicate with bank personnel and develop a process to ensure that interest earned on CDs is accurately and promptly recorded and added to CD balances.

My consideration of the 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 my audit I did not identify any other deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses and other significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements as reported in the Annual Financial Report Update Document are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed that the deficiency identified as 2018-001 above is also an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. Certain adjustments were needed to correct the original AUD. As a result, the AUD was not submitted to OSC until September 26, 2019. Consequently, this audit report was not completed until September 30, 2019, after the AUD was submitted to OSC. The results of my tests disclosed no other 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District'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 Fire District's internal control and compliance. This report is intended for the information and use of the Chairman and Members of the Board of Fire Commissioners, Secretary/Treasurer, others within the Fire District, and for filing with the Town of Jay, New York, the Town of Black Brook, New York and the Office of the State Comptroller of the State of New York. Accordingly, this report is not intended for any other purpose.



Richard H. Dinolfo CPA
Queensbury, New York
September 30, 2019

