WEST BARNSTABLE FIRE DISTRICT
BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING JUNE 30, 2012

WEST BARNSTABLE FIRE DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Prudential Committee
West Barnstable Fire District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Barnstable Fire District (District), West Barnstable, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Barnstable Fire District, West Barnstable, Massachusetts, as of June 30, 2012, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2013 certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

MLBCPA, LLP

February 1, 2013

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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*

To the Honorable Prudential Committee
West Barnstable Fire District

We were engaged to audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Barnstable Fire District (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the West Barnstable Fire District in a separate letter dated February 1, 2013.

This report is intended solely for the information and use of management, Prudential Committee members, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

MLBCPA, LLP

February 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST BARNSTABLE FIRE DISTRICT
Management's Discussion and Analysis
June 30, 2012

As management of the West Barnstable Fire District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012.

Financial Highlights:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2.8 million (net assets). Of this amount, \$0.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The total cost of all District services for fiscal year 2012 was \$1.5 million. Fire operations, prudential expenditures and debt service represented 73.1%, 26.5% and 0.4% of total costs, respectively.

- As of the end of the current fiscal year, unassigned fund balance for the general fund was about \$0.4 million, or approximately 25.7% of general fund expenditures.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include prudential operations, fire operations, and debt service. The District does not currently have any business-type activities.

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, like other state and local governments, 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains several 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 which is considered to be major a fund. The remaining funds are combined into aggregate funds in this presentation. Individual fund data for each of these non-major governmental funds is available from the District Treasurer's office.

The basic governmental fund financial statements can be found in the accompanying pages of this report.

Proprietary funds: The West Barnstable Fire District does not currently have any proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District does not currently have any enterprise funds.

Proprietary funds provide the same type of information as the government-wide financial statements.

Fiduciary funds: *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's programs. The District does not have any fiduciary funds.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements described above.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the West Barnstable Fire District, assets exceeded liabilities by $2.8 million for governmental activities at the close of the most recent fiscal year as demonstrated in the following table:

	FY 2012 Governmental Activities	FY 2011 Governmental Activities	Percent Change
Current assets	$ 1,560,616	$ 1,432,251	8.96%
Capital assets	1,919,115	1,870,324	2.61%
Total assets	3,479,731	3,302,575	5.36%
Current liabilities	243,350	264,407	-7.96%
Long-term liabilities	409,310	347,840	17.67%
Total liabilities	652,660	612,247	6.60%
Net assets:			
Invested in capital assets, net of related debt	1,813,133	1,683,342	7.71%
Restricted	91,829	97,854	-6.16%
Unrestricted	922,109	909,132	1.43%
Total net assets	$ 2,827,071	$ 2,690,328	5.08%

Governmental Activities

Governmental activity long term liabilities include $72,000 in general obligation bonds payable, the current portion due within fiscal year 2013 is $36,000. Long-term liabilities also include compensated absences and other post employment benefit liabilities.

The largest portion of the District's governmental net assets of $1.8 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District 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 used to liquidate these liabilities.

The next largest portion of the District's governmental net assets represents unrestricted net assets of approximately $0.9 million may be used to meet the District's ongoing obligations to citizens and creditors. The remaining balance of net assets, $0.1 million, represents resources that are subject to restrictions placed on how they may be used.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets.

Statement of Activities

Governmental activities increased the District's net assets by $136,743 or 5.1% during fiscal year 2012. A summary of revenues and major functional expenditures is presented below.

Key elements of governmental activity are as follows:

Revenues:

- Property taxes and charges for services represent about 72% and 21%, respectively of the District's governmental activity revenue.

Expenses:

- Fire operations, prudential expenditures and debt service costs represent 73.1%, 26.5% and 0.4% of governmental activities, respectively.

	Governmental Activities		
	June 30, 2012	June 30, 2011	% Change
Revenues:			
Program Revenues:			
Charges for services	$ 354,802	$ 316,797	12.00%
Operating grants and contributions	38,281		100.00%
General Revenues:			
Property taxes levied	1,197,304	1,217,243	-1.64%
Penalties and interest on taxes	11,140	11,835	-5.87%
Investment income	2,984	3,703	-19.42%
Miscellaneous	23,938	34,800	-31.21%
Contributed capital	38,576		100.00%
Total Revenues	**1,667,025**	**1,584,378**	**5.22%**
Expenses:			
Prudential operations	405,445	438,305	-7.50%
Fire operations	1,118,835	1,100,301	1.68%
Debt service	6,002	8,880	-32.41%
Total Expenses	**1,530,282**	**1,547,486**	**-1.11%**
Change in net assets	**136,743**	**36,892**	**270.66%**
Net assets – beginning of year	**2,690,328**	**2,653,436**	**1.39%**
Net assets – end of year	**$ 2,827,071**	**$ 2,690,328**	**5.08%**

Financial Analysis of the Government's Funds

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

The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. Fund balance for governmental funds is reported in a classification hierarchy which is based upon the extent to which the government is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. These classifications are non-spendable, restricted, committed, assigned and unassigned fund balance.

In particular, *unassigned fund balance* represents the residual fund balance which has not been restricted, committed, or assigned to a purpose within that fund. The general fund is the only fund which should report a positive unassigned fund balance amount. Any negative unassigned fund balance represents expenditures incurred for specific purposes which exceeded the amounts restricted, committed, or assigned for that purpose.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of $1.06 million, an increase of approximately $0.1 million from the prior year. The governmental funds' combined ending fund balances were reported in the following classifications: restricted fund balance of $0.17 million, committed fund balance was $0.55 million; assigned fund balance was $0.01 million and unassigned fund balance of approximately $0.33.

The general fund is the chief operating fund. At the end of the current fiscal year, the general fund reported aggregate fund balance of $0.93 million, an increase of $0.03 million from the previous year. Of this amount $0.55 million or 59% represents committed fund balance. Assigned fund balance of $0.01 million represents 2% of total general fund balance. Unassigned fund balance of $0.37 million represents 39% of total general fund balance. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents approximately 26% of total general fund expenditures and 24% of general fund revenues, while total general fund balance represents 65% and 61%, respectively, of the same amounts.

General Fund Budgetary Highlights

The original budget of $2.06 million is reduced by encumbrances and continuing appropriations of $505,297 to calculate the final amended budget of $1.56 million.

Capital Asset and Debt Administration

Capital assets - The District's investment in capital assets for governmental activities as of June 30, 2012 amounts to $1,919,115, which is net of accumulated depreciation of $1,251,286. The investment in capital assets includes land; buildings; improvements; machinery and equipment.

The table below represents a summary of the District's capital assets, net of accumulated depreciation by category (in thousands):

	Governmental Activities	
	2012	**2011**
Land	$ 350	$ 350
Construction in progress	105	25
Buildings and related improvements	589	586
Equipment, machinery, vehicles	875	909
	$ 1,919	$ 1,870

Long-term debt - At the end of the current fiscal year, the District had total bonded debt outstanding of $72,000 compared to $108,000, last year. All debt is a general obligation of the District.

Economic Factors and Next Year's Budgets and Rates

- The District's property tax levy increased 3.7% over FY 2012, which includes new growth.
- The District's operating budgets increased approximately $18,600 or 1% over the FY 2012 budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Barnstable Fire District, Attn: District Treasurer, 2160 Meetinghouse Way, West Barnstable, MA 02668.

BASIC FINANCIAL STATEMENTS

WEST BARNSTABLE FIRE DISTRICT
Statement of Net Assets
June 30, 2012

		Primary Government Governmental Activities/Totals
ASSETS		
Cash and equivalents	$	1,251,504
Receivables, net of allowance for uncollectibles		309,112
Capital assets, net of accumulated depreciation		1,919,115
Total assets	$	3,479,731
LIABILITIES		
Accounts payable and other current liabilities	$	58,070
Provision for refund of paid taxes		102,833
Accrued interest payable		1,447
Notes payable		45,000
Noncurrent liabilities		
Due within one year		36,000
Due in more than one year		409,310
Total liabilities		652,660
NET ASSETS		
Invested in capital assets, net of related debt		1,813,133
Restricted		91,829
Unrestricted		922,109
Total net assets		2,827,071
Total liabilities and net assets	$	3,479,731

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

WEST BARNSTABLE FIRE DISTRICT
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Primary Government: Governmental Activities/Totals
Primary government					
Governmental activities					
Prudential operations	$ 405,445	$	$	$	$ (405,445)
Fire operations	1,118,835	354,802	38,281		(725,752)
Debt service	6,002				(6,002)
Total governmental activities/primary government	1,530,282	354,802	38,281		(1,137,199)
General revenues:					
Property taxes and payments in lieu, net of allowance for uncollectibles					$ 1,197,304
Penalties and interest on taxes					11,140
Unrestricted investment earnings					2,984
Miscellaneous					23,938
Contributed capital					38,576
Total general revenues and transfers					1,273,942
Change in net assets					136,743
Net assets - beginning of year					2,690,328
Net assets - end of year					$ 2,827,071

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

WEST BARNSTABLE FIRE DISTRICT

Balance Sheet - Governmental Funds

June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,073,382	$ 178,122	$ 1,251,504
Property taxes receivable	107,720		107,720
Other receivables:			
Ambulance	184,370		184,370
Tax liens	50,074		50,074
Total assets	$ 1,415,546	$ 178,122	$ 1,593,668
LIABILITIES			
Warrants and withholding payables	$ 58,070	$	$ 58,070
Provisions for refund of paid taxes	102,833		102,833
Deferred revenue	322,501		322,501
Bond anticipation notes payable		45,000	45,000
Total liabilities	483,404	45,000	528,404
FUND BALANCES			
Restricted		167,104	167,104
Committed	551,665		551,665
Assigned	13,632		13,632
Unassigned	366,845	(33,982)	332,863
Total fund balances	932,142	133,122	1,065,264
Total liabilities and fund balances	$ 1,415,546	$ 178,122	$ 1,593,668

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

Total fund balances of governmental funds	1,065,264
Capital assets used in governmental activities are not financial resources and not reported in funds.	1,919,115
Certain receivables are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	322,501
Reporting of assets on a full accrual basis requires an estimate for uncollectible accounts.	(33,052)
Long-term liabilities are not due and payable in the current period and are not included in funds.	(445,310)
Reporting of liabilities on full accrual basis requires associated interest be acc	(1,447)
Net assets of governmental activities	$ 2,827,071

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

WEST BARNSTABLE FIRE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	$ 1,314,671	$	$ 1,314,671
Investment income	2,576	409	2,985
Licenses, permits, and fees	1,550		1,550
Penalties and interest on taxes	11,140		11,140
Ambulance	179,470		179,470
Intergovernmental		38,281	38,281
Departmental and other	8,385	14,002	22,387
Total revenues	1,517,792	52,692	1,570,484
Expenditures:			
Current:			
Prudential operations	312,804		312,804
Fire operations	1,073,501	50,720	1,124,221
Debt service	42,730		42,730
Total Expenditures	1,429,035	50,720	1,479,755
Revenues over (under) expenditures	88,757	1,972	90,729
OTHER FINANCING SOURCES (USES)			
Transfers in	27,801	70,000	97,801
Transfers out	(90,000)	(7,801)	(97,801)
Total other financing sources and uses	(62,199)	62,199	
Revenues and other financing sources over expenditures and other financing uses	26,558	64,171	90,729
Fund balance, beginning of year	905,584	68,951	974,535
Fund balance, end of year	$ 932,142	$ 133,122	$ 1,065,264

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

WEST BARNSTABLE FIRE DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds:	$	90,729
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital outlays during the fiscal year		191,218
Depreciation expense recorded for the fiscal year		(142,427)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
Net change in deferred revenue		67,372
Net change in allowance for uncollectible accounts		(9,407)
The issuance and repayment of long-term debt are recorded as other financing sources or uses in the fund financial statements, but have no effect on net assets in the government-wide financial statements. Also, governmental funds report issuance costs, premiums, discounts and similar items as expenditures when paid, whereas these amounts are deferred and amortized on a government-wide basis.		
Principal payments on long-term debt		36,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Net change in accrued interest		728
Certain liabilities are not funded through the use of current financial resources and, therefore, are not reported in the fund financial statements, however, these liabilities are reported in the government-wide financial statements. The net change in these liabilities is reflected as an expense in the Statement of Activities. Changes in liabilities are as follows:		
Other post-employement benefits		(92,641)
Compensated absences		(4,829)
Change in net assets of governmental activities	$	136,743

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

Note 1. District History and Reporting Entity

The West Barnstable Fire District (District), West Barnstable, Massachusetts was organized by special acts of the Massachusetts General Court to provide fire-prevention services, extinguishment of fires, and emergency medical care, rescue, ambulance services, and street lighting to the residents of the Town of Barnstable, Massachusetts. The District is governed by an elected three member Prudential Committee and a Board of Water Commissioners.

Reporting Entity

Primary Government

The accompanying financial statements present the District and its component units.

Component Units

Component units are included in the District's reporting entity if their operational and financial relationships with the District are significant. Pursuant to these criteria no component units are identified for inclusion in the accompanying financial statements.

Joint Venture

The District has entered into a joint venture with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. The following is the District's joint venture, its purpose, and the annual assessment paid by the District. Financial statements may be obtained from the joint venture by contacting them directly. The District does not have an equity interest in the joint venture.

Joint venture and address	Purpose	FY 2012 Assessment
Cape Cod Municipal Health Group c/o Group Benefit Strategies 15 Midstate Drive, Suite 110 Auburn, MA 01501	To provide employee health benefits	$ 133,332

The 2012 assessment consists of the total amounts billed to the District for all plans and is paid 80% and 20% by the District and employees, respectively.

The Cape Cod Municipal Health Group (Group) is governed by a representative steering committee. The District is indirectly liable for debt and other expenditures of the Group and is assessed monthly for its subscribing employees, based on rates determined prior to the start of the fiscal year for each type of policy. Financial statements of the Group may be obtained by contacting the Group at the above address. The District has no equity interest in the joint venture. At June 30, 2012, the group had net assets of $20,941,595 (unaudited).

Note 2. Summary of Significant Accounting Policies

A. Basis of Presentation

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District is discussed below.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire protection and general administrative services are classified as governmental activities.

Government-wide Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts—invested in capital assets (net of related debt); restricted net assets, and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. Gross expenses (including depreciation) are reduced on the Statement of Activities by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue.

Certain costs, such as pension benefits, property, liability and health insurance, among others are not allocated among the District's governmental functions and are included in prudential operations in the Statement of Activities.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

The accompanying financial statements present the financial position of the District at June 30, 2012, and the results of its operations for the year then ended.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

- General fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.
- Debt service funds are used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Currently, the District does not utilize a debt service fund.
- Capital projects funds are used to account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.
- Permanent funds are used to account for resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs – that is for the benefit of the government or its citizens.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District does not have any proprietary funds.

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds. The District does not have any fiduciary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/ expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

B. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurement and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and property tax revenues are considered available if they are collected within 60 days after fiscal year end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

C. Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" include all demand, savings accounts, and certificates of deposits of the District. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in these Notes.

D. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

E. Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The District classifies outstanding personal property taxes three or more years old as uncollectible for financial reporting purposes. The District estimates 17% of outstanding ambulance billings to be uncollectible. Outstanding real estate taxes are secured by tax liens, and therefore considered to be fully collectable.

F. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

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. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

Prior to July 1, 2002, governmental funds infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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:

➢ Buildings and Improvements	20 - 40 years
➢ Equipment	5 - 10 years
➢ Vehicles	5 - 15 years
➢ Infrastructure	15 - 50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term obligations consist primarily of notes and bonds payable, accrued compensated absences and other post employment benefits.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

H. Compensated Absences

The District's policies and provisions of bargaining unit contracts regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

I. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt—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 to the acquisition, construction, or improvement of those assets.

- Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance can be classified in the following components:

- Nonspendable fund balance – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- Restricted fund balance – consists of amounts upon which constraints have been placed on their use either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance – consist of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of District Meeting.

- Assigned fund balance – consist of amounts that are constrained by the District's intent to be used for a specific purpose. Intent is expressed by either the governing body, or the officials directly responsible for departmental appropriations

- Unassigned fund balance – represents the residual classification for the general fund. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

The District's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds were designated for one purpose at the time of their creation. Therefore, any expenditure made from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

J. Use of Estimates

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

K. Total Columns

The total column presented on the government-wide financial statements represents consolidated financial information.

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

Note 3. Stewardship, Compliance and Accountability

A. Property Tax Calendar and Limitations

Real and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1 and May 1. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to lien, interest and penalties. The District has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

B. Budgetary Basis of Accounting

The District must establish its property tax rate each year so that the resulting property tax levy will comply with the provisions Massachusetts General Laws and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenue and transfers projected to be received by the District, including available surplus funds.

The budgets for all departments and operations of the District are prepared under the direction of the Prudential Committee. Original and supplemental appropriations are acted upon by vote of District Meeting. All general fund functions are budgeted. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). A comparison of the budget to actual amounts on a "budgetary basis" is provided as required supplementary information to provide a meaningful comparison with the budget.

C. Fund Equities

Operations of the various District funds for the fiscal year were funded in accordance with the General Laws of Massachusetts. The District classifies fund equity in the fund financial statements as either nonspendable, restricted, committed, or assigned for specific purposes. The residual is reported as unassigned fund balance. As of June 30, 2012, the classification of the District's fund balances can be detailed as follows:

		General Fund	Other Governmental Funds	Total
Restricted:				
Prudential operations		$	$ 1,038	$ 1,038
Fire operations			166,066	166,066
	subtotal		167,104	167,104
Committed:				
Prudential operations		8,000		8,000
Fire operations		543,665		543,665
	subtotal	551,665		551,665
Assigned:				
Prudential operations		3,215		3,215
Fire operations		10,417		10,417
	subtotal	13,632		13,632
Unassigned		366,845	(33,982)	332,863
Total		$ 932,142	$ 133,122	$ 1,065,264

Pursuant to MGL, the District maintains a stabilization fund, which maintains funds set aside by District Meeting vote for further appropriation, or in accordance with MGL for the Board of Selectmen to perform interfund borrowings during the year. Since this fund is not supported by specific revenue sources, it is included with the general fund unassigned fund balance. As of June 30, 2012, the District maintained a balance of $178,946 in its stabilization fund.

In addition, the general fund unassigned fund balance included a $43 overlay deficit.

D. Restricted Net Assets

Certain net assets reported as special revenue funds in the District's fund basis Balance Sheet including the District's Stabilization Funds and insurance reimbursements are classified as unrestricted net assets because they are available for appropriation to fund the general operations of the District.

Restricted net assets on the government-wide statement of net assets consist of the following:

Capital Project Fund Balances	$ 1,038
Special Revenue Fund Balances	90,791
Total restricted net assets	$ 91,829

Note 4. Cash Deposits and Investments

Massachusetts General Laws, Chapter 44, Sections 54 and 55, place certain limitations on cash deposits and investments available to the District. Authorized deposits include demand deposits; term deposits; and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The District may also invest in securities issued by or unconditionally guaranteed by the U.S. Government or an agency thereof and having a maturity from date of purchase of one year or less. The District may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The District may also invest in units of the Massachusetts Municipal Depository Trust.

The District maintains deposits in authorized financial institutions. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a formal deposit policy for custodial risk. At year-end, deposits totaled $1,247,886 and had a carrying amount of $1,251,504. Of the deposit amounts, $643,335 was covered by depository insurance and $604,551 was uninsured and uncollateralized as allowed under the general laws of Massachusetts. The difference between bank deposits and carrying amount consists primarily of outstanding checks and deposits in transit.

Note 5. Receivables

The District reports the aggregate amount of receivables in the accompanying Statement of Net Assets and Balance Sheet. In addition, governmental funds report, on the Balance Sheet, deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues may also reported on the Statement of Net Assets.

The District includes the following receivables for individual major and non-major governmental funds in the aggregate, including applicable allowances for uncollectible amounts and amounts deferred and unearned:

Receivable type	Gross Amount	Allowance for Uncollectible	Net Amount	Deferred Revenue
Real estate and personal property taxes	$ 107,720	$ 1,709	$ 106,011	$ 88,057
Tax liens	50,074		50,074	50,074
Ambulance billing	184,370	31,343	153,027	184,370
Totals	$ 342,164	$ 33,052	$ 309,112	$ 322,501

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 350,202	$	$	$ 350,202
Construction in progress	25,000	79,769		104,769
Sub-total	375,202	79,769		454,971
Capital assets being depreciated:				
Buildings and related improvements	1,128,665	38,344		1,167,009
Equipment, vehicles and other	1,475,316	73,105		1,548,421
Sub-total	2,603,981	111,449		2,715,430
Less accumulated depreciation:				
Buildings and related improvements	542,476	35,772		578,248
Equipment, vehicles and other	566,383	106,655		673,038
Sub-total	1,108,859	142,427		1,251,286
Governmental capital assets, net	$ 1,870,324	$ 48,791	$	$ 1,919,115

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Fire operations / Total	$ 142,427

Note 7. Interfund Balances and Activity

There are no amounts due to or from governmental funds. Interfund transfers, for the fiscal year ended June 30, 2012, consisted of the following:

	General Fund	Stabilization Fund	Other Governmental Funds
Stabilization fund transferred from general fund	$ (20,000)	$ 20,000	$
Ambulance stabilization fund transferred from general fund	(25,000)		25,000
Special revenue fund closed out to the general fund	7,801		(7,801)
Totals on budgetary basis	(37,199)	20,000	17,199
Stabilization Fund reported with General Fund for modified accrual basis	20,000	(20,000)	
Capital projects BAN paydown reclassified for modified accrual basis	(45,000)		45,000
Totals on governmental fund basis	$ (62,199)	$	$ 62,199

Note 8. Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2012:

Purpose	Balance July 1, 2011	Additions	(Reductions)	Balance June 30, 2012	Current Portion
Fire Station Building Bond, 5.4%, dtd. 2/14/1989, due 2/14/2014	$ 108,000	$	$ (36,000)	$ 72,000	$ 36,000
Subtotal long-term bonds	108,000		(36,000)	72,000	36,000
Other post employment benefits	249,225	99,884	(7,243)	341,866	
Compensated absences	26,615	4,829		31,444	
Total governmental noncurrent liabilities	$ 383,840	$ 104,713	$ (43,243)	$ 445,310	$ 36,000

Long-term debt

The annual requirements to amortize all general obligation bonds and loans outstanding as of June 30, 2012, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	$ 36,000	$ 3,924	$ 39,924
2014	36,000	1,980	37,980
Totals	$ 72,000	$ 5,904	$ 77,904

The District is subject to a dual level general debt limit—the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively of the valuation of taxable property in the District as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth. Additionally, there are many categories of general obligation debt that are exempt from the debt limit but are subject to other limitations.

At June 30, 2012 there were no amounts authorized or unissued for the issuance of debt.

Lease obligations

A. Operating leases

The District has entered into a number of operating leases to support governmental and business-type activities, some of which are non-cancelable but otherwise are subject to annual appropriation. The annual minimum required lease payment for non-cancelable operating leases are immaterial as of June 30, 2012.

B. Capital leases

In accordance with Massachusetts General Laws, the District may enter into lease agreements for a period not to exceed five years and subject to annual appropriation. The District did not have any material lease obligations outstanding during the year.

Note 9. Temporary Borrowings

Under state law and by authorization of the Prudential Committee, the District is authorized to borrow on a temporary (short-term) basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of tax anticipation notes (TANs),
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs),
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANs and SANs).

Temporary loans are general obligations of the District and carry maturity dates that are limited by statute. Interest expenditures for temporary borrowings are accounted for in the General Fund.

Temporary borrowings are recorded as liabilities in the Capital Project Funds or Special Revenue Funds as applicable. The following is a summary of changes in temporary borrowings for the year ended June 30, 2012:

Purpose/Dated	Interest Rate	Maturity Date	Balance July 1, 2011	Issued	Retirements	Balance June 30, 2012
BAN Ambulance, 6/24/2011	1.00%	6/22/2012	$ 90,000	$	$ (90,000)	$
BAN Ambulance, 6/22/12	0.65%	6/21/2013		45,000		45,000
Total Governmental Activities			$ 90,000	$ 45,000	$ (90,000)	$ 45,000

Since proceeds from bond anticipation notes are not considered permanent funding sources, deficit fund balances in Capital Projects Funds and Special Revenue Funds will occur. These deficits, if any, will be funded through long-term borrowing.

Note 10. Employee Benefits

A. Retirement Benefits

Plan Description

Substantially, all District employees are members of the Barnstable County Retirement Association (Association), a multiple-employer, defined benefit pension plan, public employee retirement system governed by provisions of Chapter 32 of the Massachusetts General Laws. The Association issues an annual report which is available to the public and may be obtained by contacting the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (PERAC), One Ashburton Place, Boston, MA 02108.

Funding Policy

Under the provisions of this retirement plan, employees must contribute certain percentages of their pay: 5% if hired prior to 1975; 7% if hired in 1975 through 1983; 8% if hired in 1984 to July 1, 1996; and 9% if hired after July 1, 1996. Employees are eligible for retirement benefits after meeting the required age-in-service criteria. Annual retirement benefits generally range up to 2.5% times average pay, as defined, times years of creditable service. For employees hired after January 1, 1979, pay in excess of $30,000 a year was not included in arriving at average pay used in determining the amount of the employee's pension but was included in determining the employee's required contribution to the plan. In December 1990, the $30,000 salary cap was removed and an additional 2% employee contribution was added on regular pay over $30,000 to employees hired after January 1, 1979.

The District has contributed to the Association an annual amount as directed by PERAC. The District is required to pay into the Association its share of the remaining Association-wide, actuarially-determined contribution plus administration costs which are apportioned among the employers based on active, covered payroll. In addition, the District may provide supplemental funding under Chapter 559 of the Acts of 1977. The contributions of Association members and the District are governed by Chapter 32 of the MGL.

The District's contributions which were equal to its required contributions were as follows for each of the three years ended June 30, 2012, 2011, and 2010 were $73,864, $69,886, and $62,713, respectively.

B. Compensated Absences

Employees earn vacation and sick leave as they provide services. The cost of vacation and sick leave benefits is recorded as an expenditure of the applicable fund when incurred. Vacation and sick pay accumulates for various groups of employees based upon employment contracts and their respective collective bargaining agreements. Accumulated unused vacation and sick leave is due to certain employees upon termination of employment.

C. Other Post-Employment Benefits

In addition to the pension benefits, the District provides health and life insurance benefits to retirees, their dependents, and beneficiaries in accordance with Chapter 32B of MGL under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state law, and District ordinance. Currently, 2 retirees are eligible to receive such benefits. All benefits are provided through a third-party insurance carrier that administers, assumes, and pays all claims. The District contributes 75% of the insurance premiums with the remainder funded through pension benefit deductions. During fiscal year 2012, those costs totaled approximately $7,200.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution	$	96,042
Interest on net OPEB obligation		3,842
Adjustment to annual required contribution		
Annual OPEB cost (expenses)		99,884
Contributions made		(7,243)
Increase in net OPEB obligation		92,641
Net OPEB obligation, beginning year		249,225
Net OPEB obligation, end of year	$	341,866

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 99,884	7.25%	$ 92,641
6/30/2011	$ 136,463	7.53%	$ 126,190
6/30/2010	$ 136,463	9.84%	$ 123,035

Funding Status and Schedule of Funding Progress

The unfunded actuarial liability was determined using the level dollar thirty year open amortization basis.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/c]
6/30/2012	$	$ 657,996	$ 657,996	0.0%	$ 717,709	91.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method: Projected Unit Credit

Investment Rate of Return: 4.0% per annum

Medical Inflation Assumption: 4.5-7.0% per annum

Annual Compensation Increases: 3.0% per annum

Actuarial Value of Assets: Market Value

Amortization of UAAL: Amortized as level dollar amount over 30 years at transition

Remaining Amortization Period: 27 years at June 30, 2012

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, injuries to employees and natural disasters. The District carries commercial insurance for all risk except health insurance.

Note 12. Implementation of New GASB Pronouncements

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which the District believes are applicable to its financial statements.

Current pronouncements

The GASB issued Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which is required to be implemented in fiscal year 2012. The standards in this statement currently do not apply to the District and therefore did not impact the basic financial statements.

The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No.53.*, which is required to be implemented in fiscal year 2012. This pronouncement addresses financial reporting issues involving hedge accounting surrounding derivative instruments. The standards in this statement currently do not apply to the District and therefore did not impact the basic financial statements.

Future pronouncements

The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013. This pronouncement's objective is to improve financial reporting by addressing issues related to service concession arrangements (SCA), which are types of public-private or public-public partnerships through the use of infrastructure or another public asset in exchange for significant consideration. The District doesn't believe this pronouncement will impact the District's financial statements.

The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, which is required to be implemented in fiscal year 2013. This pronouncement modifies requirements for the inclusion of component units in the financial reporting entity. The District doesn't believe this pronouncement will impact the District's financial statements.

The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented in fiscal year 2013. This pronouncement will continue the codification of all generally accepted accounting principles for state and local governments into a single source.

The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. This pronouncement will standardize the financial reporting relating to the elements of a government's consumption of net assets, and an acquisition of net assets that is applicable to a future reporting period. The District doesn't believe this pronouncement will impact the District's financial statements.

The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2013. This pronouncement will clarify the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District doesn't believe this pronouncement will impact the District's financial statements.

The GASB issued Statement #66, *Technical Corrections - 2012*, which is required to be implemented in fiscal year 2013. This pronouncement will resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The District expects this pronouncement will require additional disclosure and impact the District's financial statements.

The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in fiscal year 2014. This pronouncement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The District expects this pronouncement will require additional disclosure and impact the District's financial statements.

The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. This pronouncement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The District expects this pronouncement will require additional disclosure and impact the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Funding Status and Schedule of Funding Progress

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The unfunded actuarial accrued liability was determined using the level dollar, thirty year amortization basis.

The District was required to implement the provisions of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for the year ended June 30, 2010. Accordingly, valuations for preceding periods were not required.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/c]
6/30/2012	$	$ 657,996	$ 657,996	0.00%	$ 717,709	91.7%
6/30/2010	$	$ 797,216	$ 797,216	0.00%	$ 590,340	135.0%
6/30/2008	N/A	N/A	N/A	N/A	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2012	$ 99,884	7.25%
6/30/2011	$ 136,463	7.53%
6/30/2010	$ 136,463	9.84%

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

WEST BARNSTABLE FIRE DISTRICT
Required Supplementary Information
June 30, 2012

Actuarial Cost Method: Projected Unit Credit

Investment Rate of Return: 4.0% per annum

Medical Inflation Assumption: 4.5-7.0% per annum

Annual Compensation Increases: 3.0% per annum

Actuarial Value of Assets: Market Value

Amortization of UAAL: Amortized as level dollar amount over 30 years at transition

Remaining Amortization Period: 27 years at June 30, 2012

WEST BARNSTABLE FIRE DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis

General Fund - Budget and Actual

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 1,325,686	$ 1,325,686	$ 1,300,779	$ (24,907)
Investment income	2,000	2,000	2,108	108
Licenses, permits, and fees	1,000	1,000	1,550	550
Penalties and interest on taxes	10,000	10,000	11,140	1,140
Ambulance	170,000	170,000	179,470	9,470
Departmental and other			8,385	8,385
Total revenues	1,508,686	1,508,686	1,503,432	(5,254)
Expenditures				
Prudential operations	404,590	392,420	312,805	79,615
Fire operations	1,569,449	1,075,367	1,073,500	1,867
Debt service	87,228	88,182	87,730	452
Total expenditures	2,061,267	1,555,969	1,474,035	81,934
Revenues over (under) expenditures	(552,581)	(47,283)	29,397	76,680
Other financing sources (uses)				
Transfers in from other funds			7,801	7,801
Transfers out to other funds	(45,000)	(45,000)	(45,000)	
Total other financing sources (uses)	(45,000)	(45,000)	(37,199)	7,801
Revenues and other financing sources over (under) expenditures and other financing uses	(597,581)	(92,283)	(7,802)	$ 84,481
Fund balance, beginning of year			849,054	
Fund balances, end of year			$ 841,252	
Other budget items				
Carryover encumbrances	$ 46,316	$ (458,982)		
Free cash	551,265	551,265		
Total other budget items	597,581	92,283		
Net budget	$	$		

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

Budgetary Basis of Accounting

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The "actual" results column of the Statements of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis, are presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP basis is that all budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenues when levied (budget) as opposed to when susceptible to accrual (GAAP). A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2012, is presented below:

	Revenues	Expenditures	Other Financing Sources (Uses)
As reported on a budgetary basis	$ 1,503,432	$ 1,474,035	$ (37,199)
Stabilization fund, net activity	468		20,000
Unbudgeted transfer for BAN paydown		(45,000)	(45,000)
Adjustment of property tax revenues to modified accrual basis	13,892	-	-
As reported on a GAAP basis	$ 1,517,792	$ 1,429,035	$ (62,199)