

**EAST MONTPELIER VOLUNTEER
FIRE DEPARTMENT, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2020
AND
INDEPENDENT AUDITOR'S REPORT**

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
East Montpelier Volunteer Fire Department, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the East Montpelier Volunteer Fire Department, Inc. (the Department) which comprise the Cash Basis Statement of Assets, Liabilities and Net Cash Balances as of June 30, 2020, the related Statement of Cash Receipts and Disbursements, the Statement of Functional Cash Disbursements for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Department'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 Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the East Montpelier Volunteer Fire Department, Inc. as of June 30, 2020, and its cash receipts, disbursements and functional disbursements during the year then ended in accordance with the cash basis of accounting described in note 1.

Basis of Accounting

We draw attention to note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Cash Receipts and Disbursements Compared to Budget is presented for purposes of additional analysis and is 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 to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements referred to previously.

Montpelier, Vermont
November 17, 2020

Margaret Bennett 9
Mark Wain, P.C.

**EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
 CASH BASIS STATEMENT OF ASSETS, LIABILITIES
 AND NET CASH BALANCES
 JUNE 30, 2020**

ASSETS

CURRENT ASSETS:

Cash	\$ <u>177,475</u>
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LIABILITIES AND NET CASH BALANCES

LIABILITIES:

Liabilities which exist are not reported on the pure cash basis of accounting	\$ <u> -</u>
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NET CASH BALANCES:

Without donor restrictions -	
Designated by the Board for -	
Contingency	22,204
Capital	96,972
Undesignated	<u>58,299</u>
Total net cash balances	<u>177,475</u>
Total liabilities and net cash balances	\$ <u>177,475</u>

The notes to financial statements are an integral part of this statement.

**EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Unrestricted</u>
CASH RECEIPTS:	
East Montpelier appropriation	\$ 274,220
Calais appropriation	137,110
Plainfield appropriation	50,544
Marshfield appropriation	41,200
Grants	17,100
Donations	8,356
Interest	397
Ambulance fees	148,022
Miscellaneous	<u>4,512</u>
Total cash receipts	<u>681,461</u>
 CASH DISBURSEMENTS:	
Fire services	177,940
Ambulance services	464,585
General and administrative	<u>34,709</u>
Total cash disbursements	<u>677,234</u>
 INCREASE (DECREASE) IN CASH	 4,227
 CASH, beginning of year	 <u>173,248</u>
 CASH, end of year	 \$ <u>177,475</u>

The notes to financial statements are an integral part of this statement.

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF FUNCTIONAL CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Fire</u>	<u>Ambulance</u>	<u>General & Administration</u>	<u>Total Cash Disbursements</u>
Payroll and bank fees	\$ -	\$ -	\$ 1,124	\$ 1,124
Ambulance, fire and paramedic services	-	12,544	-	12,544
Audit, bookkeeping and treasurer services	-	-	22,202	22,202
Building repair and maintenance	18,359	13	-	18,372
Contributions	5,842	-	-	5,842
Defibrillator loan principal and interest	-	1,543	-	1,543
Dispatch	32,958	10,270	-	43,228
Dues	785	200	-	985
Electric	10,537	-	-	10,537
Equipment purchases	6,282	79,848	-	86,130
Equipment and truck repairs and maintenance	1,933	732	-	2,665
Firefighting supplies, repairs and maintenance	2,032	-	-	2,032
Heating fuel	8,014	-	-	8,014
Insurance	40,172	19,615	-	59,787
Legal	-	-	621	621
Medical supplies	263	25,568	-	25,831
Office supplies	-	-	10,762	10,762
Payroll taxes	719	29,138	-	29,857
Personal gear	5,011	1,037	-	6,048
Postage	422	-	-	422
Radio repair and replacement	1,851	745	-	2,596
Refreshments	3,772	-	-	3,772
Salary	-	255,757	-	255,757
Stipends	9,400	-	-	9,400
Telephone	6,804	-	-	6,804
Training	109	-	-	109
Vehicle fuel	1,407	6,105	-	7,512
Vehicle repair and maintenance	4,596	20,252	-	24,848
Hydrant	13,101	-	-	13,101
Miscellaneous	<u>3,571</u>	<u>1,218</u>	<u>-</u>	<u>4,789</u>
Total cash disbursements	\$ <u>177,940</u>	\$ <u>464,585</u>	\$ <u>34,709</u>	\$ <u>677,234</u>

The notes to financial statements are an integral part of this statement.

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of operations and significant accounting policies:

East Montpelier Volunteer Fire Department, Inc. (the Department) is a non-profit organization formed to provide fire protection and ambulance services to the East Montpelier and Calais communities. Ambulance services are provided to Plainfield and Marshfield on a contractual basis.

A. Basis of accounting and presentation - The accompanying financial statements of the department have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash receipts and disbursements basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from accounting principles generally accepted in the United States of America primarily because capital assets and related long-term debt are not included as assets and liabilities in the financial statements.

The Department has adopted a financial statement presentation in accordance with the recommendations of the Financial Accounting Standards Board (FASB) as prescribed in financial accounting standards literature. Under financial accounting standards, the Department is required to report information regarding two classes of net cash balances: with donor restrictions and without donor restrictions.

B. Contributions - The Department reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated cash. When the stipulated time restriction ends or purpose restriction is accomplished, net cash balances with donor restrictions are reclassified to net cash balances without donor restrictions - undesignated and reported in the statement of activities as net cash released from restrictions.

C. Restricted cash - The Department does not presently hold any net cash balances with donor restrictions.

D. Tax status - The Department is incorporated and exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the Code). The Department had no liability for uncertain tax positions for the year ended June 30, 2020. The tax years ended June 30, 2019, 2018, and 2017 are still open to audit for both federal and state purposes. Contributions to the Department are tax deductible to donors under Section 170 of the Internal Revenue Code. The Department is not classified as a private foundation.

E. Risk management - The Department 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 others; environmental liability; and natural disasters. The Department manages these risks through a commercial insurance package purchased in the name of the Department. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

2. Cash accounts:

Bank and credit union balances at June 30, 2020 were fully insured.

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

3. Economic dependence:

During the year ended June 30, 2020, \$274,220 representing 40% and \$137,110 representing 20% of the Department's total cash receipts were received from the Town of East Montpelier and the Town of Calais, respectively.

4. Commitments:

In August 2013, the Department entered into a one (1) year contractual agreement, which provides for successive one (1) year renewals unless notice of non-renewal is given in writing, with the Towns of East Montpelier and Calais to provide fire suppression, ambulance, and other emergency response services to the two Towns. The Department's firefighting and ambulance budgets are funded by the two Towns with East Montpelier providing two-thirds (2/3) and Calais one-third (1/3) of these total fire and ambulance budgets through annual appropriations. Any receipts from ambulance services returned to the Department are allocated between the contingency account (25%) and the capital account (75%). The account balance of the contingency account shall not exceed \$40,000 with any excess funds to be placed in the capital account.

In June 2020, the Department signed a three (3) year agreement with the City of Barre to provide ambulance billing services beginning July 1, 2020. Under this agreement the City of Barre will bill the Department \$36.94, \$38.05 and \$39.20, per billable transport for the years ended June 30, 2021, 2022, and 2023, respectively.

The Department has loan repayment obligations which are not reported as liabilities in these cash basis financial statements.

5. Liquidity, availability, and designated cash:

The Department has \$177,475 of net cash balances without donor restrictions. These financial assets are available within one year of the balance sheet date to meet cash needs for general expenditure. As part of the Department's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

At June 30, 2020, the Department had \$22,204 designated in a contingency account. The contingency account represents monies set aside by the Board to be used at the discretion of the Board.

Also at June 30, 2020, the Department had \$96,972 designated in a capital account. The capital account represents monies set aside by the Board to pay for future capital costs. In any calendar year, the Department may spend up to \$20,000 of capital account funds for emergency purchases at its own discretion. Additionally, any capital purchase exceeding \$20,000 will require approval by both the Town of Calais and Town of East Montpelier Selectboards and, at the discretion of the Selectboards, may require approval by the Town of Calais and Town of East Montpelier voters with a warned article at Town Meeting.

6. Debt-financed asset purchases:

The Department purchased two ambulances during the year ended June 30, 2020. To finance these purchases the Department entered into two loan agreements with a local financial institution for \$136,000, and \$138,362, respectively. These loan proceeds have been netted against the equipment purchases line of the Statement of Functional Cash Disbursements and in the Statement of Cash Receipts and Disbursements.

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. Subsequent events:

Management has evaluated subsequent events from June 30, 2020 through November 17, 2020, the date the financial statements were available for issuance.

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2020

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
BUDGETED CASH RECEIPTS:			
East Montpelier appropriation	\$ 274,220	\$ 274,220	\$ -
Calais appropriation	137,110	137,110	-
Plainfield appropriation	50,546	50,544	(2)
Marshfield appropriation	41,200	41,200	-
Prior year contingency funds used this fiscal year	18,000	-	(18,000)
Total budgeted cash receipts	<u>521,076</u>	<u>503,074</u>	<u>(18,002)</u>
BUDGETED CASH DISBURSEMENTS:			
Salaries	231,200	255,757	(24,557)
Payroll taxes	26,000	29,857	(3,857)
Audit and bookkeeping services	21,000	22,925	(1,925)
Building 1	1,000	659	341
Building 2	8,000	13,562	(5,562)
Cellular phone	2,000	1,971	29
Diesel	7,500	7,002	498
Dispatch	41,074	43,227	(2,153)
Hydrant	3,000	13,101	(10,101)
Dues	1,400	985	415
Electric - station 1	700	815	(115)
Electric - station 2	10,000	9,722	278
Snow plowing	5,500	4,150	1,350
Medical supplies	16,000	24,898	(8,898)
Oxygen	1,000	825	175
Equipment repair	6,000	2,431	3,569
Firefighting supplies	2,500	2,032	468
Gasoline	1,500	509	991
Heating oil - station 1	5,000	3,095	1,905
Heating oil - station 2	500	1,224	(724)
Wood pellets - station 2	4,000	3,695	305
Insurance	61,500	59,787	1,713
Legal	1,000	621	379
Bank charges	100	401	(301)
Chaplain's fund	250	-	250
Office supplies	5,000	3,481	1,519
Office software	5,000	7,280	(2,280)
Personal gear	7,500	6,048	1,452
Physicals	3,000	-	3,000
Postage	600	422	178
Radio repairs	1,000	208	792

EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2020

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
BUDGETED CASH			
DISBURSEMENTS (CONTINUED):			
Radio replacement	2,500	2,388	112
Refreshments	2,000	3,772	(1,772)
Stipends	9,400	9,400	-
Telephone	4,500	4,833	(333)
Truck repairs and maintenance	19,000	24,848	(5,848)
Training	2,000	109	1,891
Defibrillator maintenance	1,402	234	1,168
Turnout maintenance	200	-	200
Infection control	250	108	142
Total budgeted cash disbursements	<u>521,076</u>	<u>566,382</u>	<u>(45,306)</u>
INCREASE (DECREASE)			
IN BUDGETED CASH	<u>-</u>	<u>(63,308)</u>	<u>(63,308)</u>
UNBUDGETED CASH RECEIPTS:			
Donations	-	8,356	8,356
Grants	-	17,100	17,100
Interest	-	397	397
Ambulance fees	-	148,022	148,022
Miscellaneous	-	4,512	4,512
Total unbudgeted cash receipts	<u>-</u>	<u>178,387</u>	<u>178,387</u>
UNBUDGETED CASH DISBURSEMENTS:			
Ambulance service	-	9,344	(9,344)
Paramedic	-	3,200	(3,200)
Patient overpay	-	1,218	(1,218)
Defibrillator loan principal and interest	-	1,543	(1,543)
Hose Testing	-	3,386	(3,386)
Donations	-	263	(263)
Equipment purchases	-	32,716	(32,716)
Payment on loan	-	53,415	(53,415)
Miscellaneous	-	5,767	(5,767)
Total unbudgeted cash disbursements	<u>-</u>	<u>110,852</u>	<u>(110,852)</u>
INCREASE (DECREASE) IN CASH	<u>\$ -</u>	<u>\$ 4,227</u>	<u>\$ 4,227</u>