

**HOPKINS HILL ROAD FIRE DISTRICT
COVENTRY, RHODE ISLAND**

**BASIC FINANCIAL STATEMENTS
AUGUST 31, 2017**

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

GOVERNMENTAL AUDITING STANDARDS REPORT

AND

REQUIRED SUPPLEMENTARY INFORMATION

HOPKINS HILL ROAD FIRE DISTRICT

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Independent Auditors' Report

To the Operating Committee of
Hopkins Hill Road Fire District
Coventry, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hopkins Hill Road Fire District (the District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Hopkins Hill Road Fire District as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 32 and 33 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

COPY

February 23, 2018

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Independent Auditors' 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 Operating Committee of
Hopkins Hill Road Fire District
Coventry, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Hopkins Hill Road Fire District, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise The Hopkins Hill Road Fire District's basic financial statements, and have issued our report thereon dated February 23, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In the management letter dated February 23, 2018, we identified no deficiencies in internal control that we consider to be material weaknesses.

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

Compliance and Other Matters

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

Hopkins Hill Road Fire District Response to Findings

The District's response to the findings identified in our audit is described in the management letter dated February 23, 2018. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

COPY

February 23, 2018

**HOPKINS HILL ROAD FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017**

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of the Hopkins Hill Road Fire District (the District's) financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2017; as such, it should be read in conjunction with the District's audited financial statements. The audit consists of two series of financial statements: Government-Wide and Fund Financial Statements.

- 1) Government-Wide Financial Statements: These statements, which include the Statement of Net Position and the Statement of Activities, provide information about the activity of the District as a whole. These statements also present a longer-term view of the District's finances by presenting all assets, liabilities, net position, revenues, and expenses on the accrual basis of accounting, which is similar to the accounting methods used by many private-sector companies.

For purposes of the Government-Wide Financial Statement, the Hopkins Hill Fire District has the following activities:

- a) Governmental Activities – The District's primary service, fire protection, is reported here. This activity is financed primarily through an annual levy of property taxes.
- 2) Fund Financial Statements: For governmental activities, these statements present how the services provided by the District were financed in the short term as well as what remains for future spending. Additionally, these statements report the District's activities in greater detail by highlighting the District's most significant funds. The District's funds consist solely of *Governmental Funds*. These Funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual basis of accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations; these statements help you to determine whether there are more or fewer financial resources that can be spent in the near future to finance District operation. We describe the relationship (or differences) between governmental activities (reported in the government-wide financial statements) and government *funds* in a reconciliation at the bottom of the fund financial statements.

**HOPKINS HILL ROAD FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2017, the District had over \$2.6 million invested in various capital assets as listed below:

	<u>Governmental Activities</u>
Land, Buildings and improvements	\$ 360,129
Vehicles	\$ 2,335,894
Total	<u>\$ 2,696,023</u>

NEXT YEAR'S BUDGET AND RATES

At its annual budget meeting in September 2017 the Hopkins Hill Fire District adopted an \$1,203,189 budget for 2017-2018 using a tax levy of \$ 989,189 and fees of \$265,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at Hopkins Hill Fire District, 1 Bestwick Trail Coventry, Rhode Island 02816.

**HOPKINS HILL ROAD FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017**

Other Information-In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the District's operations.

Government-Wide Financial Analysis

Analysis of the District's Net Position

As noted earlier, net position may serve over time as a useful indicator of a District's financial position and an important determinant of its ability

Statement of Net Position

	Governmental Activities
	<u>2017</u>
Current assets	\$ 999,329
Capital assets, net	\$ 605,396
Total assets	<u>\$ 1,604,725</u>
 Deferred outflow of resources:	 \$251,309
 Other Liabilities	 \$ 55,192
Long-term Liabilities	\$ 659,083
Total liabilities	<u>\$ 714,275</u>
 Deferred inflow of resources:	 \$145,389
 Net position	
Net investment in capital assets	\$625,611
Unrestricted	\$ 370,759
Total net position	<u>\$996,370</u>

**HOPKINS HILL ROAD FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017**

The District has presented the governmental activities "Net Investment in Capital Assets" most current schedule which consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment less any debt used to acquire these assets, which is still outstanding. The District uses these capital assets to provide services to its taxpayers. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets would be 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 are unlikely to be used to liquidate these liabilities.

Analysis of the District's Operations

The following analysis provides a summary of the District's operations for the year ended August 31, 2017. The following table presents a schedule of the activity that accounted for the increase in the District's net position.

	<u>Change in Net Position</u> Governmental Activities 2017
Program Revenues:	
Charges for Services	\$ 792,378
General Revenues:	
Property Taxes	\$ 898,578
Interest on Taxes	\$ 30,610
Interest on Other Revenues	\$ 13,338
Total Revenues	<u>\$ 1,734,904</u>
Expenses:	
Administrative	\$ 156,786
Salaries and Wages	\$ 1,231,377
Operations, Hydrants and Lighting	\$ 250,232
Interest	\$ 5,409
Total Expenses	<u>\$ 1,643,804</u>
Increase (decrease) in Net Position	\$ 91,100
Net Position-beginning	\$ 905,270
Net Position- ending	\$ 996,370

Government Wide Financial Statements

The Government Wide Financial Statements include
The Statement of Net Position and the
Statement of Activities

**HOPKINS HILL ROAD FIRE DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017**

	Governmental Activities
CURRENT ASSETS	
Cash and cash equivalents	\$814,327
Receivables	\$157,599
Prepaid Expenses	\$26,715
Supplies Inventory	\$688
TOTAL CURRENT ASSETS	\$999,329
NON-CURRENT ASSETS	
Capital Assets, Net of Accumulated Depreciation	\$605,396
TOTAL NON-CURRENT ASSETS	\$605,396
TOTAL ASSETS	\$1,604,725
 Deferred outflow of resources:	
Pension related deferred outflow of resources	\$251,309
 CURRENT LIABILITIES	
Accounts Payable	\$29,423
Accrued expenses	\$31,840
NON-CURRENT LIABILITIES	
Net pension liability	\$314,781
Compensated absences	\$190,367
TOTAL LIABILITIES	\$566,411
 Deferred inflow of resources:	
Pension related deferred inflow of resources	\$145,389
 NET POSITION	
Net investment in capital assets	\$84,416
Unrestricted	\$59,818
TOTAL LIABILITIES AND NET POSITION	\$1,144,234

The accompanying notes are an integral part of these financial statements

**HOPKINS HILL ROAD FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017**

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Charges for Services</i>	<i>Governmental Activities</i>	<i>Net (Expenses) Revenue and change in Net Position</i>
Primary government				
Public safety- fire protection& rescue:				
Administrative	-\$89,190	\$792,378	\$792,378	\$792,378
Personnel- Salary & wages	-\$1,298,959		-\$1,298,959	-\$89,190
Operations, Hydrants and Lighting	-\$250,232		-\$250,232	-\$1,298,959
Interest	-\$5,409		-\$5,409	-\$250,232
Total governmental activities	-\$1,643,790	\$792,378	-\$851,412	

GENERAL REVENUES	
Property taxes	\$898,578
Penalties and Interest	\$35,395
Miscellaneous Revenues	\$8,539
Total General Revenues	\$942,512
Change in net position	\$91,100
NET POSITION, beginning of year	\$905,270
NET POSITION, end of year	\$996,370

The accompanying notes are an integral part of these financial statements

**HOPKINS HILL ROAD FIRE DISTRICT
BALANCE SHEET-GOVERNMENTAL FUNDS
AUGUST 31, 2017**

ASSETS

			<u>Special Revenue</u>	
	<u>General Fund</u>	<u>Dispatch</u>	<u>Rescue</u>	<u>Total Governmental Funds</u>
CURRENT ASSETS				
Cash and Cash equivalents	\$641,659	\$68,684	\$103,984	\$814,327
Receivables, Net	\$157,599			\$157,599
Prepaid Expenses	\$26,715			\$26,715
Supplies Inventory	\$688			\$688
TOTAL CURRENT ASSETS	\$826,661	\$68,684	\$103,984	\$999,329
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	\$23,353			\$23,353
Accrued expenses	\$31,840			\$31,840
Notes payable (current)	\$48,666			\$48,666
TOTAL Current Liabilities	\$103,859	\$0	\$0	\$103,859
FUND BALANCES				
Committed				\$0
Assigned				\$0
Unassigned	\$722,802	\$68,684	\$103,984	\$895,470
TOTAL FUND BALANCES	\$722,802	\$68,684	\$103,984	\$895,470
TOTAL LIABILITIES, AND FUND BALANCES	\$826,661	\$68,684	\$103,984	\$999,329

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

Fund Balance - Unassigned	\$895,470
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund financial statements	\$605,396
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds or recorded as period expenditures	\$251,309
Liabilities that are not due and payable in the current period are not reported in the funds.	(\$755,805)
Net position of governmental activities	<u>\$996,370</u>

The accompanying notes are an integral part of these financial statements

**HOPKINS HILL ROAD FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017**

	<i>General Fund</i>
REVENUES	
General property taxes	\$898,578
Contract Services	\$792,378
Penalties and Interest	\$30,610
Other Income	\$13,338
	<u>\$1,734,904</u>
Total Revenues	<u>\$1,734,904</u>
 EXPENDITURES	
Public Safety- fire protection and rescue	
Administrative	-\$156,786
Personnel- Salaries & Wages	-\$1,231,377
Operations, Hydrants and Lighting	-\$250,232
Interest	-\$5,409
	<u>-\$1,643,804</u>
Total Expenditures	<u>-\$1,643,804</u>
	<u>\$91,100</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$91,100</u>
Net change in fund balance	<u>\$91,100</u>
 FUND BALANCE, Beginning of year	<u>\$905,270</u>
 FUND BALANCE, End of year	<u>\$996,370</u>

The accompanying notes are an integral part of these financial statements

HOPKINS HILL ROAD FIRE DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2017

Net change in fund balances- total governmental funds \$158,683

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation (\$67,596) exceeded capital additions \$ 47,471 in the current period.

Capital outlay	\$47,471	
Depreciation expense	(\$67,596)	(\$20,125)

Changes in the Town's Net Pension Assets, Deferred Outflows of Resources related to pension plans or Net Pension Liability and Deferred Inflows of Resources related to pension plans result in a increase or decrease to the pensions expense reported in the Statement of Activities. The effect of these adjustments resulted in a decrease in pension expense reported in the Statement of Activities.

Also, under the modified accrual basis of accounting used in the governmental funds, expenditures are not rerecognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, this is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.

Net Increase (decrease) in compensated absences	\$24,984	
Net increase (decrease) in net pension liability	\$7,740	
Net increase (decrease) in deferred inflows	(\$46,451)	
Net increase (decrease) in deferred outflows	(\$33,731)	(\$47,458)

Change in net position of governmental activities		\$91,100
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The accompanying notes are an integral part of these financial statements

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hopkins Hill Road Fire District (the District) operates under the direction of an Operating Committee and provides fire protection services to the residents of designated areas of Coventry Rhode Island. The District also provides fire protection services to other local fire districts under individual contracts.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

REPORTING ENTITY

The Hopkins Hill Road Fire District reporting entity consists of all significant funds, agencies, boards, commissions and authorities over which the District exercises oversight responsibility. Oversight responsibility was determined on the basis of financial independence, selection of governing authority designation of management ability to significantly influence operations, accountability for fiscal matters and scope of public service.

The District is not included in any other governmental "reporting entity" as defined by GASB because the Operating Committee members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) 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.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE STATEMENTS
(continued)

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

BASIC FINANCIAL STATEMENTS- 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. The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

1) *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:

- a) *General Fund* – This 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. The General Fund is considered a major fund.
- b) *Dispatch Fund*- This fund is used to collect contract revenues from the Town of Coventry to service all of their fire alarm and rescue calls, and the related costs of service.
- c) *Rescue Fund* – This fund records revenue for ambulance and rescue services and related costs.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the account and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1) Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Based upon prior experience, management has not established an allowance for doubtful accounts for its delinquent property taxes in its General Fund.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over estimated useful lives ranging from five (5) to forty (40) years.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents the consumption of net position or fund balance that applies to a future period and so it will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position or fund balance that applies to a future period and so it *will not* be recognized as revenue until then.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

The District is required by state law to adopt an annual budget. The budget is presented on the accrual basis of accounting.

The budget is developed by the District's Operating Committee and then presented to eligible voters for approval at the Annual Meeting held each September. The District's tax levy is also approved by the eligible voters at the Annual Meeting for property assessment as of the previous December 31st.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH EQUIVALENTS

The District defines cash equivalents as liquid investments with an original maturity of three months or less. The District had cash equivalents of \$58,655 at August 31, 2017, consisting of Certificates of Deposit.

FUND EQUITY AND NET POSITION

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category represents constraints placed on net position use which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the District, which is not restricted for any project or other purpose. The District's (unrestricted) Net Position at August 31, 2017 is \$996,370.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

FUND EQUITY AND NET POSITION (continued)

In the fund financial statements, fund balances of governmental funds are composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent:

Nonspendable Fund Balance - This classification includes 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 - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance - This represents the portion of fund balance that can only be used for specific purposes imposed by the District's highest level of decision making authority (the Operating Committee) and presented to the District's voters for approval. In the District's Capital Project Funds, these are monies earmarked by the Operating Committee awaiting approval for specific projects by the District's voters.

Assigned Fund Balance - This classification includes amounts that are intended for a particular purpose, but are neither Restricted nor Committed. In the District's Prevention Fund (a Special Reserve Fund), these monies are earmarked and approved by the Fire Chief.

Unassigned Fund Balance - This represents amounts that are available for any purpose. As of August 31, 2017, the fund balance of Hopkins Hill Fire District is all unassigned.

SUBSEQUENT EVENTS

Subsequent events were evaluated through February 23, 2018, which is the date the Financial Statements were available to be issued. As of February 23, 2018, there are no disclosures to be made.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits and Investments – The District has no formal policy for deposits (cash and certificates of deposit treated as cash equivalents) and investments or a custodial credit risk policy and related credit risk policy for debt securities. However, as a practice, the District follows Rhode Island State Statutes which allows for the deposit of funds into savings accounts or certificates of deposit of commercial or savings banks or trust companies, or in obligations of the United States or its agencies, or in any other short term investment, as would be made by prudent persons of discretion and intelligence.

Interest Rate Risk- The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases. Generally, the District does not invest in any long-term investment obligations.

Concentration of Credit Risk – At August 31, 2017, the carrying amount of the District's deposits with financial institutions (including cash and certificates of deposit) was \$814,327 covered by Federal Depository Insurance of \$500,000, and the balance of \$314,327 covered by Certificate of Deposit Account Registry Service (CDARS).

NOTE 3 – PROPERTY TAXES

The Districts property tax is levied and due between September 1st and September 30th, based on the assessed value listed as of December 31st of the previous year. Property taxes that have been levied and are due on or before year-end are recognized as revenue on the fund financial statements if they have been collected within sixty days after year-end. Property taxes receivable represents delinquent and uncollected taxes from the prior and current levies. Delinquent taxes accrue interest at 18% per annum. An allowance has not been established for uncollectible taxes based on historical collection experience and because Rhode Island State Statutes provide for an immediate three-year lien on property related to delinquent taxes.

NOTE 4 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for in the general fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 4 – RISK MANAGEMENT AND LITIGATION (continued)

In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims outstanding at August 31, 2017.

NOTE 5 – RECEIVABLES

At August 31, 2016, receivables consisted of the following:

	General Fund
Property taxes	\$ 117,499
Interest	\$ 40,100
Receivables gross	\$157,599
Allowance for doubtful accounts	\$ -
Receivables, Net	\$ 157,599

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund balances between governmental funds arise when receipts or disbursements are processed through one fund's cash accounts on behalf of another fund or from temporary advances of receipts. All balances are expected to be repaid within one year. As of August 31, 2017 the District had no outstanding interfund balances

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 7 – CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Changes in capital assets of governmental activities are as follows:

	Beginning Balance	Increases / (Decreases)	Ending Balance
Depreciable Assets:			
Land, Buildings and improvements	\$ 232,239		\$ 232,239
Vehicles and Equipment	\$ 2,416,313	\$ 47,471	\$ 2,463,784
Total Depreciable Assets:	\$ 2,648,552	\$ 47,471	\$ 2,696,023
Less accumulated depreciation:			
Buildings and improvements	\$ 161,070	\$ -	\$ 161,070
Vehicles and Equipment	\$ 1,861,961	\$ 67,596	\$ 1,929,557
Total accumulated depreciation:	\$ 2,023,031	\$ 67,596	\$ 2,090,627
Governmental activities capital assets, Net	\$ 625,521	\$ (20,125)	\$ 605,396

**HOPKINS HILL ROAD FIRE DISTRICT
BALANCE SHEET
FOR THE YEAR ENDED AUGUST 31, 2016**

NOTE B. DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

"Total fund balances" of the Fire district's governmental funds \$844,510 differs from the "net position" of governmental activities \$996,370 reported in the statement of net position. This difference \$151,860 primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Position

	<i>Total Governmental Funds</i>	<i>Long-term Assets/ Liabilities (1)</i>	<i>Reclassifications and Eliminations (2)</i>	<i>Statement Net Position Totals</i>
ASSETS				
Cash and Investments	\$814,327			\$814,327
Receivables	\$157,599			\$157,599
Prepaid Expenses	\$26,715			\$26,715
Capital Assets- Net		\$605,396		\$605,396
TOTAL ASSETS	\$998,641	\$605,396	\$0	\$1,604,037
<i>Deferred Outflows of Resources:</i>		\$251,309		\$251,309
LIABILITIES AND FUND BALANCES				
Accounts payable	\$55,193			\$55,193
<i>Long-Term Liabilities</i>				\$0
Due in more than one year		\$658,394		\$658,394
TOTAL Current Liabilities	\$55,193	\$658,394	\$0	\$713,587
<i>Deferred inflow of Resources:</i>	\$98,938	\$46,451		\$145,389
FUND BALANCES/ NET POSITION	\$844,510	\$151,860		\$996,370
Total fund balances/net position	\$943,448	\$198,311		\$1,141,759
Total liabilities, deferred inflows of resources fund balances and net position	\$998,641	\$856,705	\$0	\$1,855,346

(1) Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred inflows in the governmental funds and thus are not included in the fund balance. Also, some expenditures in the governmental activities do not reflect current period change.

<i>Adjustment of deferred inflows</i>	\$98,938
When capital assets (land, building, equipment) that are to be used in governmental activities are purchased or constructed. The cost of these assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.	
<i>Cost of Capital Assets</i>	\$2,696,023
<i>Accumulated depreciation</i>	(\$2,090,627)
	\$605,396

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.

<i>Long-Term debt</i>	-\$153,246
<i>Accrued Compensated Absences</i>	-\$190,367
<i>Net Position Liability</i>	-\$314,781
	<u>(\$658,394)</u>

Deferred inflows and outflows of resources are amounts used under GASB 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences, such as charges of assumptions or differences in expected and actual investment returns. These amounts will be recognized in future periods.

<i>Deferred inflows of resources- pensions</i>	(\$145,389)
<i>Deferred outflows of resources- pensions</i>	\$251,309
	<u>\$105,920</u>
Fund balance difference	\$151,860

The accompanying notes are an integral part of these financial statements

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 9- SICK LEAVE AND VACATION

SICK LEAVE

GENERAL:

Each employee shall accrue sick leave on a monthly basis at a rate of 15 hours every two (2) weeks for each completed month of continual service to a maximum of 180 hours annually.

Effective on or before execution of the Agreement, firefighters' accumulated; unused sick leave shall be carried over from year to year without limit, for use by employees in the event of "long term" sickness or injury, provided proper documentation from Physician, and shall not exceed 24 consecutive months.

The District shall maintain an accurate and up to date list of all sick leave accrued or used.

ACCUMULATED SICK LEAVE ON DEATH

In any case where an employee covered by this Agreement dies leaving unused accumulated sick leave, the District shall pay within 30 days of burial, to the Executor or Administrator of the employee's estate, or to the employee's widow/widower if there be no Executor or Administrator, or to the next of kin if there is no widow/widower, a lump sum payment equal to the dollar value of all unused accumulated sick leave earned up to the time of the employee's death, up to a maximum of 960 hours

VACATION

GENERAL

Fulltime employees shall be entitled to annual vacation leave, which shall be accumulated, used or carried, at the rate of 10 hours for each completed month of continued service to a maximum of 120 hours annually, and at the rate of 15 hours per month after 5 years of completed service, not to exceed 480 hours.

Eligible employees who voluntarily terminate employment and have completed at least 1 year of continuous service shall be paid all unused accumulated vacation leave to a maximum of 480 hours, based upon the employee's hourly rate of pay at time of termination.

In the event of death, the employee's estate shall be entitled to compensation for the unused vacation leave pay to a maximum of 480 hours, paid within 30 days of burial.

HOPKINS HILL ROAD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

NOTE 10 - PENSION PLAN

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description - The Municipal Employees' Retirement System (MERS) - an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org

Benefits provided - General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

HOPKINS HILL ROAD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

General Employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum, retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member, who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year of service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

HOPKINS HILL ROAD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

Other benefit provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

HOPKINS HILL ROAD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Employees covered by benefit terms

At the June 30, 2014 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	1
Inactive, Nonretired Members	0
Active Members	12
Total	13

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The Hopkins Hill Road Fire District contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Hopkins Hill Road Fire District contributed \$99,324 in the year ended June 30, 2017 which was 44.47% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

HOPKINS HILL ROAD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> • Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.98%
International Developed	-	7.26%
International Emerging Markets	-	9.57%
Equity Hedge Funds	8.0%	4.10%
Private Equity	7.0%	10.15%
Core Fixed Income	15.0%	2.37%
Absolute Return Hedge Funds	7.0%	4.10%
Infrastructure	3.0%	5.58%
Real Estate	8.0%	5.33%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.97%
Credit	-	4.97%
Inflation Linked Bonds	-	1.76%
Cash, Overlay, Money Market	3.0%	.82%
	100.0%	

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis.

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2015	(80,714)	(226,327)	(307,041)
Changes for the Year			
Service cost	(140,317)	(2,936)	(143,253)
Interest on the total pension liability	(166,668)	(30,313)	(196,981)
Changes in benefits	(65,410)	65,410	-
Difference between expected and actual experience	(56,901)	132,539	75,638
Changes in assumptions	-	32,343	32,343
Employer contributions	95,203	4,121	99,324
Employee contributions	56,838	13,951	70,789
Net investment income	53,055	(53,918)	(863)
Benefit payments, including employee refunds	-	(32,343)	(32,343)
Administrative expense	(2,126)	(198)	(2324)
Other changes	(1)	89,931	89,930
Net changes	(226,327)	218,587	(7740)
Balances as of June 30, 2016	(307,041)	(7740)	314,781

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$598,436	\$314,781	\$82,718

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016 the employer recognized pension expense of \$26,972. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Difference in experience	\$ 43,271	\$ 65,892
Differences in assumptions	\$ 0	\$ 21,023
Excess(deficit) Investment Returns	\$ 208,038	\$ 58,474
Total	<u>\$ 251,309</u>	<u>\$ 145,389</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 23,379
2019	\$ 23,379
2020	\$ 52,615
2021	\$ 31,031
2022	\$ (4,790)
Thereafter	<u>\$ (19,694)</u>
Total	<u>\$ 105,920</u>

HOPKINS HILL ROAD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 11- FIRE PROTECTION CONTRACTS

The Fire District has entered into a agreement to provide the Town of Coventry's Fire Alarm Dispatching Services, dated 7/2/2013 for a period of 60 months, payable in 12 equal monthly installments. This contract provides Fire Alarm/ Dispatch service to all independent fire districts (4) located in the Town of Coventry. An option to renew is by mutual agreement.

Fee Schedule as follows:

FY 2015-2016	\$365,000
FY 2016-2017	\$385,400
FY 2017-2018	\$404,700

**HOPKINS HILL ROAD FIRE DISTRICT
COVENTRY, RHODE ISLAND**

Required Supplementary Information

AUGUST 31, 2017

**HOPKINS HILL ROAD FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017**

BUDGETED EXPENDITURES	ACTUAL	BUDGET	VARIANCE
WAGES-CHAIRPERSON	\$ 1,100	\$ 1,100	\$ -
WAGES- HEAD TAX ASSESSOR	\$ 1,000	\$ 1,000	\$ -
WAGES-VICE CHAIRPERSON	\$ 1,000	\$ 1,000	\$ -
WAGES -MEMBER AT LARGE	\$ 1,000	\$ 1,000	\$ -
WAGES-CLERK	\$ 8,047	\$ 8,000	\$ 47
WAGES -TREASURER	\$ 8,047	\$ 8,000	\$ 47
WAGES-TAX COLLECTOR	\$ 17,600	\$ 17,500	\$ 100
WAGES-DEPUTY CHIEF	\$ 2,500	\$ 2,500	\$ -
WAGES- ASSISTANT DEPUTY CHIEF	\$ 2,000	\$ 2,000	\$ -
WAGES -CHIEF ENGINEER	\$ 1,000	\$ 1,000	\$ -
WAGES-CAPTAINS & LIEUTENANT	\$ 4,000	\$ 4,000	\$ -
BASE SALARIES	\$ 523,736	\$ 527,500	\$ (3,764)
PAYROLL TAXES	\$ 14,917	\$ 14,000	\$ 917
PENSION PAYMENTS***	\$ 72,081	\$ 84,000	\$ (11,919)
MEDICAL PLAN***	\$ 124,707	\$ 125,000	\$ (293)
WAGES-FULL TIME FILL INS	\$ 63,604	\$ 60,000	\$ 3,604
PART-TIME SHIFTS	\$ 24,756	\$ 25,000	\$ (244)
HOLIDAY PAY	\$ 20,145	\$ 22,500	\$ (2,355)
UNIFORM ALLOWANCE	\$ 8,500	\$ 8,000	\$ 500
MEDICAL TESTING	\$ 542	\$ 1,500	\$ (958)
INSURANCE	\$ 51,743	\$ 49,000	\$ 2,743
LEGAL- TAX SALE	\$ -	\$ 500	\$ (500)
OFFICE SUPPLIES	\$ 2,362	\$ 3,000	\$ (638)
STREET LIGHTING	\$ 34,281	\$ 36,000	\$ (1,719)
HYDRANT RENTAL	\$ 47,140	\$ 38,500	\$ 8,640
FINANCIAL AUDIT-	\$ 15,000	\$ 15,000	\$ -
ADVERTISING	\$ 1,926	\$ 1,000	\$ 926
INFORMATION TECH.	\$ 2,684	\$ 2,500	\$ 184
ELECTRIC	\$ 6,471	\$ 7,000	\$ (529)
NATURAL GAS	\$ 5,325	\$ 7,000	\$ (1,675)
PHONE/CABLE/INTERNET	\$ 3,091	\$ 3,400	\$ (309)
DOMESTIC WATER	\$ 737	\$ 1,000	\$ (263)
EQUIP. MAINT. CONTRACTS	\$ 1,251	\$ 1,000	\$ 251
STATION UPKEEP	\$ 15,428	\$ 4,000	\$ 11,428
DIESEL & GASOLINE	\$ 9,798	\$ 10,000	\$ (202)
MAINTENANCE & REPAIRS	\$ 27,910	\$ 20,000	\$ 7,910

**HOPKINS HILL ROAD FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017**

BUDGETED EXPENDITURES	ACTUAL	BUDGET	VARIANCE
RESCUE SUPPLIES	\$ 3,528	\$ 3,000	\$ 528
OXYGEN REFILL	\$ 998	\$ 1,500	\$ (502)
EQUIP. MAINT. CONTRACTS	\$ 663	\$ 1,500	\$ (837)
CELLULAR PHONE	\$ 2,026	\$ 3,100	\$ (1,074)
MISC. SMALL TOOLS	\$ 3,800	\$ 1,000	\$ 2,800
BADGES & ID'S	\$ 475	\$ 1,000	\$ (525)
PETTY CASH	\$ 200	\$ 200	-
CALLMEN PAY	\$ 11,567	\$ 15,000	\$ (3,433)
EDUCATIONAL	\$ 2,790	\$ 3,500	\$ (710)
FIRE CHIEF'S CONVENTION	\$ 550	\$ 550	-
OFFICE SUPPLIES	\$ 1,366	\$ 2,000	\$ (634)
FIRE ALARM MAINTENANCE	\$ 3,320	\$ 3,500	\$ (180)
EQUIPMENT PURCHASES- GRANT	\$ 7,500	\$ 7,500	-
MISC. OTHER	\$ 5,409	\$ 1,500	\$ 3,909
EXPENDITURES	1,169,621	1,158,350	11,271