

3. Review of Fire Department Budget

As part of our audit fieldwork, we reviewed the 2009 budget of the Clayton-Winchester Fire Department and allocation to the Town. In 2009, the Town paid \$ 148,789 to the Department for fire protection and rescue services. During our review of the budget we noted the following:

- The budget only included expenditures of \$148,105 for 2009. No revenues for fire dues, interest income or fund raiser income were used to offset the total expenditures.
- Information was not included in the budget that disclosed the amount of carryover surplus or cash on hand from prior years.

We recommend the Town consider requesting the Joint Fire Board to include estimated revenues and surplus funds in annual budgets presented to the Town Boards. We are aware of many municipal fire departments that include this type of information in annual budgets.

In addition, under generally accepted accounting principles, it appears that the Clayton-Winchester Fire Department would be considered a joint venture or joint operation of the towns. Under either scenario, the Town's equity percentage in the Fire Department's statement of net assets or balance sheet should be disclosed in the Town's annual financial report. Accordingly, we recommend the Town review its relationship with the Joint Fire Board and request a complete financial statement for inclusion of their share in the Town's annual financial report.

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