

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Financial Statements and Supplementary Information
Year Ended December 31, 2014

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Financial Statements and Supplementary Information
Year Ended December 31, 2014

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PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Roster of Officials
For the year ended December 31, 2014

Board of Fire Commissioners

Vic Seidman, Chairman

Gene Pullen, Vice-Chairman

Dave Gindlesperger, Treasurer

Eric Heiss, Secretary

Aaron Heller, Commissioner

Other Officials

Richard M. Braslow, Esq., Attorney

Lane J. Biviano, Esq., LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Plumsted Township Fire Commissioners District No. 1
New Egypt, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2014, 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.

Auditor's 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. 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 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 each major fund of Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey, as of December 31, 2014, and the respective changes in financial position 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 4 through 9 and 23 through 24, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plumsted Township Fire Commissioners District No. 1 basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary 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 as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of Plumsted Township Fire Commissioners District No. 1's internal control over financial reporting and 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 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* in considering Plumsted Township Fire Commissioners District No. 1's internal control over financial reporting and compliance.

DePietto & DePietto, LLC

Holland, Pennsylvania

June 25, 2015

REQUIRED SUPPLEMENTARY INFORMATION

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Management's Discussion and Analysis

For the Year Ended December 31, 2014

Unaudited

The discussion and analysis of the Plumsted Township Fire Commissioners District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2014. The intent of the discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

In total, net position increased \$66,933 from 2013.

General revenues accounted for \$2,002,487 or 100% of all revenues.

Per generally accepted accounting principles (GAAP) basis, the District had \$1,935,554 in expenses including \$103,551 of depreciation for 2014. General revenues (primarily taxes) of \$2,002,487 were adequate to provide for these programs, resulting in a change in net position of \$66,933.

Per Non-GAAP budgetary basis, the District had \$1,940,943 in expenditures and capital outlay and \$2,002,487 of actual revenue which resulted in \$61,544 of excess revenues over expenditures.

Using this Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Plumsted Township Fire Commissioners District No. 1 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This annual report consists of the following three parts: management's discussion and analysis, the basic financial statements, and required supplementary information.

Required Financial Statements

Under GASB 34, any special purpose government entity that has only one major fund may show the government-wide and fund financial statements all as part of the basic financial statements. Since the District only has governmental funds the District-wide and fund financial statements are combined in the basic financial statements.

The financial statements of the District report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position and Governmental Funds Balance

Sheet includes information on the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statement of Revenues, Expenditures and Changes in Net Position and Governmental Fund Revenues, Expenditures and Changes in Fund Balances identify the District's revenues and expenses for the year ended December 31, 2014.

Financial Analysis of the District

The Statement of Net Position and Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Net Position and Governmental Fund Revenues, Expenditures and Changes in Fund Balances provide an indication of the District's financial condition and also indicate that the financial condition of the District improved during the last fiscal year. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

Net Position

A summary of the District's Statement of Net Position is presented below.

Table 1
Condensed Statement of Net Position

| | <u>Governmental Activities 2014</u> | <u>Governmental Activities 2013</u> |
|--|---|---|
| Current and Other Assets | \$ 530,467 | \$ 587,080 |
| Capital Assets, net of accumulated depreciation | <u>492,318</u> | <u>595,869</u> |
| Total Assets | <u>\$1,022,785</u> | <u>\$1,182,949</u> |
| Liabilities and Net Position: | | |
| Total Liabilities | \$ 170,304 | \$ 397,401 |
| Net Position: | | |
| Invested in Capital Assets, net of related debt | 340,907 | 335,519 |
| Restricted for Capital Projects | 201,420 | 201,420 |
| Restricted for Post-Retirement Sick Pay Benefits | 17,722 | 0 |
| Unrestricted | <u>292,432</u> | <u>248,609</u> |
| Total Net Position | <u>852,481</u> | <u>785,548</u> |
| Total Liabilities and Net Position | <u>\$1,022,785</u> | <u>\$1,182,949</u> |

As Table 1 indicates, total assets decreased by \$160,164 from \$1,182,949 to \$1,022,785 during the year ended December 31, 2014. This is comprised of a decrease of \$41,785 in cash and cash equivalents, an increase in certificates of deposits of \$366 due to interest earned on the certificates and maturity of some certificates, a decrease in prepaid expenses of \$15,194, and a decrease in capital assets of \$103,551 due to posting depreciation for 2014. Total liabilities reflect a decrease of \$227,097. This includes a decrease of \$108,939 in long-term debt as the District continued to make scheduled payments of principal on the capital leases and a decrease of \$118,158 in accounts payable and accrued expenses at year end for EMS billing services, professional fees and other expenses.

Table 1 also indicates that total net position increased by \$66,933 from \$785,548 to \$852,481. This increase is primarily the result of an increase in revenue. In addition, net position invested in capital assets, net of related debt, increased by \$5,388 from \$335,519 to \$340,907 due to a net decrease of \$108,939 in capital leases as the District continued to make scheduled payments of principal on the capital leases and a \$103,551 increase in accumulated depreciation. There was no change in net position restricted for capital projects in 2014. Net assets restricted for post-retirement sick pay increased \$17,722 from \$0 to \$17,722 to comply with GASB 45, *Other Post-Employment Benefits*.

Table 2
Condensed Statement of Revenues and Expenditures

| | <u>Governmental Activities 2014</u> | <u>Governmental Activities 2013</u> |
|-------------------------------------|---|---|
| REVENUES: | | |
| General Revenues: | | |
| Property Taxes | \$1,554,763 | \$1,441,545 |
| EMS Revenue | 388,134 | 374,856 |
| FEMA Reimbursement/Grant | 0 | 37,875 |
| Fire inspection revenue | 42,768 | 29,322 |
| State Grant | 2,140 | 2,140 |
| Other | <u>14,682</u> | <u>10,876</u> |
| Total Revenues | <u>\$2,002,487</u> | <u>\$1,896,614</u> |
| | | |
| EXPENSES: | | |
| Administration | \$ 125,267 | \$ 84,557 |
| Cost of Operations and Maintenance | <u>1,810,287</u> | <u>1,718,869</u> |
| Total Expenses | <u>\$1,935,554</u> | <u>\$1,803,426</u> |
| Increase (Decrease) in Net Position | <u>\$ 66,933</u> | <u>\$ 93,188</u> |

The Statement of Revenues and Expenditures identifies the various revenue and expense items which affect the change in net position. Table 2 indicates that the District's total revenues increased by \$105,873 or 5.6%. The increase in revenue was primarily due to an increase in property tax revenues, revenue from EMS and fire inspection services. Total expenses increased by \$132,128 or 7.3% percent during 2014. This increase is due mainly to an increase in payroll and payroll taxes and fringe benefits.

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 77.6% of revenues for governmental activities for Plumsted Township Fire Commissioners District No. 1's for 2014. The District's total revenues were \$2,002,487 for the year ended December 31, 2014. EMS revenue and fires inspection revenue were 21.5% of revenues. Investment income accounted for .1% of revenue, the state grant for .1% and other miscellaneous revenue accounted for the remaining .7%.

The Statement of Revenues and Expenditures shows the cost of program services and the charges for services and grants offsetting those services.

Administration includes expenses associated with administrative and financial supervision of the District.

Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

The District’s Funds

All governmental funds (i.e., general fund and capital projects fund) are accounted for using the modified-accrual basis of accounting. Total revenues amounted to \$2,002,487 and expenditures were \$1,935,554. The change in fund balance for the year in the general fund was an increase of \$66,933 which included a \$103,551 expense for depreciation. There was no change in the capital projects fund in 2014. There was an increase of \$17,722 in reserves for post-retirement sick pay to comply with GASB 45, *Other Post Employment Benefits* and the collective bargaining agreement that became effective January 1, 2014.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the General Fund for the year ended December 31, 2014, and the amount of increases and decreases in relation to prior year revenues.

**Table 3
Summary of Revenues – General Fund**

| | <u>2014</u> | <u>2013</u> | <u>Increase (Decrease) from 2013</u> |
|---------------------------------|--------------------|--------------------|--|
| Revenue: | | | |
| Local Sources: | | | |
| Amount to be Raised by Taxation | \$1,554,763 | \$1,441,545 | \$113,218 |
| Miscellaneous | 445,584 | 415,054 | 30,530 |
| Federal sources | 0 | 37,875 | (37,875) |
| State sources | <u>2,140</u> | <u>2,140</u> | <u>0</u> |
| Total | <u>\$2,002,487</u> | <u>\$1,896,614</u> | <u>\$105,873</u> |

The following schedule presents a summary of the expenditures of the General Fund for the year ended December 31, 2014, and the amount of increases and decreases in relation to prior year amounts.

Table 4
Summary of Expenditures – General Fund

| | <u>2014</u> | <u>2013</u> | <u>Increase (Decrease) from 2013</u> |
|------------------------------------|--------------------|--------------------|--|
| Expenditures: | | | |
| Administration | \$ 125,267 | \$ 84,557 | \$ 40,710 |
| Cost of Operations and Maintenance | <u>1,810,287</u> | <u>1,718,869</u> | <u>91,418</u> |
| Total | <u>\$1,935,554</u> | <u>\$1,803,426</u> | <u>\$132,128</u> |

Capital Assets

At the end of the year 2014, the District had \$492,318 invested in fire equipment, fire apparatus and office equipment. Table 5 shows 2014 balances compared to 2013.

Table 5
Capital Assets (Net of Depreciation)

| | <u>2014</u> | <u>2013</u> | <u>Increase (Decrease) from 2013</u> |
|------------------|------------------|------------------|--|
| Building | \$ 47,685 | \$ 47,685 | \$ 0 |
| Fire Apparatus | 444,633 | 548,184 | (103,551) |
| Fire Equipment | 0 | 0 | 0 |
| Office Equipment | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$492,318</u> | <u>\$595,869</u> | <u>\$(103,551)</u> |

The decrease in capital assets, net of depreciation of \$103,551 is due to recording depreciation for 2014 for \$103,551.

Economic Factors

The Board of Fire Commissioners adopted the 2014 budget in January 2014 and the voters subsequently approved the budget at the annual fire district election held in February 2014.

For the 2014 year, the Plumsted Township Fire Commissioners District No. 1 was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 77.6% of total revenue was from the local tax levy, while the remaining 22.4% was from other sources. The tax rate levy per \$100 of property valuation increased from \$.1840 in 2013 to \$.1984 in 2014.

For the Future

Plumsted Township Fire Commissioners District No. 1 has committed itself to financial excellence for many years and is proud of its community support. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, creditors and other interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Treasurer, at Plumsted Township Fire Commissioners District No. 1, County of Ocean, State of New Jersey, P.O. Box 267, New Egypt, New Jersey, 08533.

BASIC FINANCIAL STATEMENTS

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Statement of Net Position and Governmental Funds Balance Sheet

December 31, 2014

| | Governmental Funds | | | Adjustments (Note 7) | Statement of Net Position |
|--|--------------------|-----------------------------|-------------------|-------------------------|------------------------------|
| | General Fund | Capital Projects Fund | Total | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 329,047 | \$ 53,865 | \$ 382,912 | \$ 0 | \$ 382,912 |
| Investments - certificates of deposit | 0 | 147,555 | 147,555 | 0 | 147,555 |
| Capital assets, net: | | | | | |
| Building | 0 | 0 | 0 | 47,685 | 47,685 |
| Fire equipment | 0 | 0 | 0 | 348,556 | 348,556 |
| Fire apparatus | 0 | 0 | 0 | 1,802,822 | 1,802,822 |
| Office equipment | 0 | 0 | 0 | 1,154 | 1,154 |
| Accumulated depreciation | 0 | 0 | 0 | (1,707,899) | (1,707,899) |
| Capital assets, net | <u>0</u> | <u>0</u> | <u>0</u> | <u>492,318</u> | <u>492,318</u> |
| Total assets | <u>\$ 329,047</u> | <u>\$ 201,420</u> | <u>\$ 530,467</u> | <u>\$ 492,318</u> | <u>\$ 1,022,785</u> |
| LIABILITIES | | | | | |
| Accrued expenses | \$ 18,893 | \$ 0 | \$ 18,893 | 0 | 18,893 |
| Long-term liabilities: | | | | | |
| Due within one year | 0 | 0 | 0 | 98,826 | 98,826 |
| Due after one year | 0 | 0 | 0 | 52,585 | 52,585 |
| Total liabilities | <u>18,893</u> | <u>0</u> | <u>18,893</u> | <u>151,411</u> | <u>170,304</u> |
| NET POSITION/FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Unassigned | 292,432 | 0 | 292,432 | (292,432) | 0 |
| Assigned: | | | | | |
| For capital projects | 0 | 201,420 | 201,420 | (201,420) | 0 |
| Committed | | | | | |
| For post retirement sick pay benefits | 17,722 | 0 | 17,722 | (17,722) | 0 |
| Total fund balances | <u>310,154</u> | <u>201,420</u> | <u>511,574</u> | <u>(511,574)</u> | <u>0</u> |
| Total liabilities and fund balances | <u>\$ 329,047</u> | <u>\$ 201,420</u> | <u>\$ 530,467</u> | <u>(360,163)</u> | <u>170,304</u> |
| Net position: | | | | | |
| Invested in capital assets, net of related debt | | | | 340,907 | 340,907 |
| Restricted for: | | | | | |
| Capital projects | | | | 201,420 | 201,420 |
| Post-retirement sick pay benefits | | | | 17,722 | 17,722 |
| Unrestricted | | | | 292,432 | 292,432 |
| Total net position | | | | <u>852,481</u> | <u>852,481</u> |
| Total liabilities and net position | | | | <u>\$ 492,318</u> | <u>\$ 1,022,785</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Statement of Revenues, Expenditures and Changes in Net Position
and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2014

Governmental Funds

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments (Note 7)</u> | <u>Statement of Revenues, Expenditures and Changes in Net Position</u> |
|--|---------------------|--------------------------------------|--------------|---------------------------------|--|
| Expenditures/expenses: | | | | | |
| Fire protection - administration | \$ 125,267 | \$ 0 | \$ 125,267 | \$ 0 | \$ 125,267 |
| Fire protection - operations | 1,810,287 | 0 | 1,810,287 | 0 | 1,810,287 |
| | | | | | |
| Total expenditures/expenses | 1,935,554 | 0 | 1,935,554 | 0 | 1,935,554 |
| General revenues: | | | | | |
| Taxes | 1,554,763 | 0 | 1,554,763 | 0 | 1,554,763 |
| EMS revenue | 388,134 | 0 | 388,134 | 0 | 388,134 |
| Fire inspection revenue | 42,768 | 0 | 42,768 | 0 | 42,768 |
| State grant | 2,140 | 0 | 2,140 | 0 | 2,140 |
| Investment earnings | 945 | 0 | 945 | 0 | 945 |
| Other revenue | 13,737 | 0 | 13,737 | 0 | 13,737 |
| Transfers - internal activities | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| Total general revenues and transfers | 2,002,487 | 0 | 2,002,487 | 0 | 2,002,487 |
| Excess of revenues and transfers in over expenditures and transfers out | 66,933 | 0 | 66,933 | (66,933) | 0 |
| Changes in net position/fund balance | 0 | 0 | 0 | 66,933 | 66,933 |
| Net position/Fund balance: | | | | | |
| Beginning of the year | 584,128 | 201,420 | 785,548 | 0 | 785,548 |
| | | | | | |
| End of the year | \$ 651,061 | \$ 201,420 | \$ 852,481 | \$ 0 | \$ 852,481 |
| | | | | | |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plumsted Township Fire Commissioners District No. 1 (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

Plumsted Township Fire Commissioners District No. 1 is a political subdivision of the Township of Plumsted, Ocean County, New Jersey. The District was formed to provide fire prevention and suppression services to the residents of Plumsted Township. The District functions independently through a Board of Fire Commissioners. The board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday in February.

The fire district is governed by N.J.S.A. 40A:14-70 et al. and is organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territory.

In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the District’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

Basic Financial Statements – Government-Wide and Fund Financial Statements

The District’s basic financial statements (i.e., the statement of net position and the statement of revenues, expenditures and changes in net position) combine both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds) and report information on all of the nonfiduciary activities of the primary government.

The statement of statement of revenues, expenditures and changes in net position demonstrates the degree to which the direct expenses of a given function are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to residents or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported as general revenues.

Major individual governmental funds are reported as separate columns in the basic financial statements.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District in general considers revenues available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

For the governmental funds financial statements, the District considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

The Capital Projects Fund is used to account for the financial resources for the acquisition of capital assets or the construction of major capital facilities within the District. The financial resources are derived from the issuance of debt or by reservation of fund balance that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures of liabilities but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Revenues and Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Prepaid Expenses

Prepaid expenses recorded on the district-wide financial statements represent payments to vendors for services that will benefit periods beyond December 31, 2014.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government –wide statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

| | |
|------------------|----------|
| Fire equipment | 5 years |
| Fire apparatus | 10 years |
| Office equipment | 5 years |

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Income Taxes

As a public body, the District is exempt from both federal and state taxes existing under statute.

Employee Benefits

Vacation, sick pay and other employee benefits are recorded as expenditures when paid except for other postemployment benefits noted in Note 10.

Budget and Budgetary Accounting

The District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et. al. The fire commissioners must introduce and approve the annual budget no later than sixty days prior to the annual election. Upon introduction, the commissioners fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the District budget in accordance with N.J.S.A. 40A:14-78.3.

Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the District budget must appear on the ballot for the annual election for approval of the legal voters.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the District's financial statements.

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which the District is located, the assessor shall assess the amount of taxes to be raised in support of the District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality then pays the assessed taxes to the treasurer or custodian of funds of the District.

NOTE 2 – CASH AND CASH EQUIVALENTS, INVESTMENTS AND CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

Cash used for the day-to-day operations and capital projects of the Fire District is in interest bearing

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 2 – CASH AND CASH EQUIVALENTS, INVESTMENTS AND CONCENTRATION OF CREDIT RISK (CONTINUED)

Cash and Cash Equivalents (continued)

checking accounts. The balance in the accounts at December 31, 2014 was \$382,912. Of this balance, the amount available for operations was \$329,047. The average interest rate for 2014 was .25%.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with a maturity of more than three months are reported as investments.

Investments

Investments are presented at fair value. Investments at December 31, 2014 include \$147,555 of certificates of deposit with maturity dates of greater than three months. Interest rates range from .20% to .25%. All interest earned on these certificates of deposits is included in income at December 31, 2014. At December 31, 2014 all of the certificates of deposit are restricted for use for future capital projects.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts.

Concentration of Credit Risk

The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

All bank deposits are classified as to credit risk by the three categories. **Category 1** consists of bank deposits insured or collateralized with securities held by the District of in the District’s name by its agent. **Category 2** consists of bank deposits collateralized with securities held by pledging public depository’s trust department or agent in the District’s name. **Category 3** includes uncollateralized deposits including any deposits that are collateralized with securities held by the pledging public depository or by its trust department or agent but not in the District’s name. At December 31, 2014, the District’s deposits of \$530,467 are classified as Category 1 deposits.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 3 – ACCRUED EXPENSES

Accrued expenses include professional fees and other operating expenses that were incurred for the year ended December 31, 2014 but were not paid by that date.

NOTE 4 – CAPITAL ASSETS

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Building | \$ 47,685 | \$ 0 | \$ 0 | \$ 47,685 |
| Fire apparatus | 1,802,822 | 0 | 0 | 1,802,822 |
| Fire equipment | 348,556 | 0 | 0 | 348,556 |
| Office equipment | <u>1,154</u> | <u>0</u> | <u>0</u> | <u>1,154</u> |
| Total Capital Assets, Being Depreciated | 2,200,217 | 0 | 0 | 2,200,217 |
| Less: Total Accumulated Depreciation | <u>1,604,348</u> | <u>103,551</u> | <u>0</u> | <u>1,707,899</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 595,869</u> | <u>\$103,551</u> | <u>\$ 0</u> | <u>\$ 492,318</u> |

There were no capital assets purchased in 2014. Depreciation expense of \$103,551 was charged to governmental activities as part of its cost of operations.

NOTE 5 – OBLIGATIONS UNDER CAPITAL LEASES

Commerce Commercial Leasing, LLC

On March 18, 2005, the District entered into a lease agreement with Commerce Commercial Leasing, LLC to purchase a new 2005 Pierce rescue fire truck. The original principal amount was \$398,800.

The lease requires annual payments of \$50,549 including interest at a rate of 4.56%, to be made on March 1 of each year beginning in 2006 and continuing until maturity in 2015. The balance payable on the capital lease at December 31, 2014 was \$48,343. Interest expense for the year ended December 31, 2014 was \$4,313.

The following are the future minimum lease payments:

| | |
|---------------|------------------|
| 2015 | <u>\$ 50,549</u> |
| | 50,549 |
| Less interest | <u>2,206</u> |
| | <u>\$ 48,343</u> |

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 5 – OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

Republic First National Corporation – 2008 Lease

On June 17, 2008, the District entered into a lease agreement with Republic First National Corporation to purchase a new 2008 Chevrolet Suburban to be used by the fire chief. The cost of the vehicle and equipment added to the vehicle was \$76,236.

The lease required annual payments of \$14,743 including interest at a rate of 4.42%, to be made on May 1 of each year beginning in 2009 and continuing until maturity in 2014. The capital lease was paid off in 2014. Interest expense for the year ended December 31, 2014 was \$646.

Republic First National Corporation – 2011 Lease

On February 11, 2011, the District entered into a lease agreement with Republic First National Corporation to purchase a 2011 Ford F-250 Super Duty Crew Cab Pick-Up truck to be used by the fire chief. The amount leased for the cost of the vehicle and equipment added to the vehicle was \$66,000.

The lease requires annual payments of \$15,146 including interest at a rate of 4.63%, to be made on January 15 of each year beginning in 2012 and continuing until maturity in 2016. The balance payable on the capital lease at December 31, 2014 was \$28,215. Interest expense for the year ended December 31, 2014 was \$2,013.

The following are the future minimum lease payments:

| | |
|---------------|-----------------|
| 2015 | \$15,146 |
| 2016 | <u>15,146</u> |
| | 30,292 |
| Less interest | <u>2,077</u> |
| | <u>\$28,215</u> |

Republic First National Corporation – 2012 Lease

On June 8, 2012, the District entered into a lease agreement with Republic First National Corporation to purchase a 2012 Ford E450 Type III Ambulance to be used by the EMS employees. The amount leased for the cost of the ambulance was \$146,537.

The lease requires four annual payments of \$39,475 including interest at a rate of 3.628%, to be made on January 15 of each year beginning in 2013 and continuing until maturity in 2016. The balance payable on the capital lease at December 31, 2014 was \$74,853. Interest expense for the year ended December 31, 2014 was \$4,003.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 5 – OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

Republic First National Corporation – 2012 Lease (continued)

The following are the future minimum lease payments:

| | |
|---------------|-----------------|
| 2015 | \$39,475 |
| 2016 | <u>39,475</u> |
| | 78,950 |
| Less interest | <u>4,097</u> |
| | <u>\$74,853</u> |

NOTE 6 – NJ SUPPLEMENTAL FIRE SERVICES PROGRAM GRANT AND FEMA GRANT

New Jersey Basic Entitlement Grant

Annually, the Supplemental Fire Services Program (SFSP) awards a grant to the Fire District for volunteer fire services. By acceptance of the grant, the Fire District agrees to all obligations and responsibilities pursuant to the SFSP as provided in Ch. 295, P.L., 1985.

The funds are utilized for the purchase of items as defined in compliance with state statutes. The grant was budgeted for \$2,140 for the year ended December 31, 2014. The District received \$2,140 and expended this amount for the year ended December 31, 2014.

NOTE 7 – STATEMENT OF NET POSITION – ADJUSTMENTS

In order to present the statement of net position in accordance with GASB 34, the District needed to make certain adjustments to the general fund balance sheet. The capital assets previously reported in the fixed asset group of accounts and long-term debt previously reported in the long-term debt group of accounts had to be posted to the general fund. Also, the ending fund balances had to be converted to the net position classifications required under GASB 34. The adjustments shown on the statement of net position accomplish that task.

NOTE 8 – PENSION RETIREMENT SYSTEMS

Description of Pension Retirement Systems

Employees of the District, who are eligible for pension coverage, are covered by the Public Employees' Retirement System or the Police and Firemen's Retirement System of New Jersey, which have been established by state statute and administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the System's terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Police and Firemen's Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, P.O. Box 295, Trenton, NJ, 08625 or contacting the Division through the internet at www.state.nj.us/treasury/pensions.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 8 – PENSION RETIREMENT SYSTEMS (CONTINUED)

Description of Pension Retirement Systems (continued)

The plans do not maintain separate records for each reporting unit and, accordingly, the actuarial data for Fire District No.1 is not available. The employee's portion is deducted biweekly from his/her paycheck and is paid to the state monthly. The District's contribution is paid on an annual basis and is computed and billed by the State Fund.

The annual appropriation from the State of New Jersey for 2014 was \$119,127.

NOTE 9 – FIRE SUPPRESSION SERVICES CONTRACT

Fire suppression services

The fire safety of the Township of Plumsted is administered through a fire district organized, operated and funded pursuant to NJSA 40A:14-70 et seq.

The Fire Commissioners, District No. 1, Plumsted Township are elected members and provide fire support to the Volunteers to District No. 1, Plumsted Township (also known as the New Egypt Volunteer Fire Company). The District has an agreement with the fire company for the volunteers to provide fire services on an annual basis. The District paid the volunteers \$99,000 in 2014 for these services.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

HEALTHCARE

Plan Description

Plumsted Township Fire Commissioners District No.1 contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Plumsted Township Fire Commissioners District No.1 authorized participation in the SHBP's post-retirement benefit program through a resolution.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

HEALTHCARE

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to Plumsted Township Fire Commissioners District No.1 on a monthly basis. The Fire District funds the cost of these benefits through taxes. The cost of health benefits per retiree is determined by the SHBP. There are currently no individuals receiving retirement benefits.

As of July 2011, under Chapter 78, P.L. 2001, employee contributions for health benefits are required at a specified percentage of the health benefits/prescription drug premiums for a salary range, but not less than 1.5% of salary (as previously required under Chapter 2, P.L. 2010). For local government employees the first year phase in began upon the expiration of the collective negotiations agreement in effect as of June 28, 2011. For new employees hired on or after June 28, 2011, or after the expiration of a collective negotiations agreement that was in force on June 28, 2011, the employees contribute (without any phase-in) at the full amount of the required contribution rate (4.5% to 35%). The amount the employees contributed for the year ended December 31, 2014 was \$17,201.

Plumsted Township Fire Commissioners District No.1 contributions to SHBP for the year ending December 31, 2014 was \$234,349, of which \$0 was for retirees, which equaled the required contributions for the year.

Sick Pay

Each employee receives 10 days of sick time per year. Unused sick time may be accumulated toward post-retirement payment. The calculation of accumulated time is based on an equation determined by Plumsted Township Fire Commissioners District No.1. It is based upon number of years already worked and approximate number of years to retirement for each employee who has accumulated sick time. An hourly rate is determined and applied toward the unused sick time. The result is divided in half to determine the amount of the final payment. The final payment cannot exceed \$15,000 for all employees. Based on accumulated sick days as of December 31, 2014, the accrued sick pay reserved for employees under the terms of the contract at death or retirement was \$17,722.

NOTE 11 – SHARED SERVICES AGREEMENT UNIFORM SAFETY ACT

Effective September 2009, Plumsted Township Fire District No. 1 entered into a shared services agreement with the Township of North Hanover for fire inspection services and emergency medical services in accordance with the provisions of New Jersey state statute N.J.S.A. 52:27D-202 and all regulations promulgated thereto to provide for the enforcement of the Uniform Safety Act (the “Act”). All costs incurred in the enforcement of the Act are the sole responsibility of Plumsted Township Fire District No. 1 and all fees and penalties collected belong only to District No.1.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2014

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

Subsequent events have been evaluated through June 25, 2015, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

NOTE 13 – 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; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds.

NOTE 14 – CONTINGENCY

As of December 2014, there was an ongoing investigation involving a case of employee misconduct. This employee was subsequently terminated on March 4, 2015. This employee has made no appeal within the requisite time period of termination. Although the employee’s counsel has threatened to file civil rights litigation against the District, as of the date of the audit report, there has been no such lawsuit filed against the District.

REQUIRED SUPPLEMENTARY INFORMATION

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with |
|---|-------------------------|--------------|---------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Taxes | \$ 1,554,758 | \$ 1,554,758 | \$ 1,554,763 | \$ 5 |
| Investment income | 500 | 500 | 945 | 445 |
| EMS revenue | 396,000 | 396,000 | 388,134 | (7,866) |
| Fire inspection revenue | 25,000 | 25,000 | 42,768 | 17,768 |
| Miscellaneous revenue | 0 | 0 | 13,737 | 13,737 |
| Supplemental fire services grant | 2,140 | 2,140 | 2,140 | 0 |
| | | | | |
| Total Revenues | 1,978,398 | 1,978,398 | 2,002,487 | 24,089 |
| <u>Expenditures:</u> | | | | |
| General Government: | | | | |
| Salaries and wages | \$ 875,512 | \$ 875,512 | \$ 899,636 | \$ (24,124) |
| Fringe benefits | 484,614 | 484,614 | 439,083 | 45,531 |
| Administration: | | | | |
| Advertising | 1,500 | 1,000 | 1,042 | (42) |
| Election expenses | 2,000 | 3,000 | 2,923 | 77 |
| Insurance | 28,000 | 28,000 | 27,246 | 754 |
| Office expenses | 9,800 | 9,800 | 6,447 | 3,353 |
| Professional fees | 36,000 | 77,000 | 87,609 | (10,609) |
| Total Administration | 77,300 | 118,800 | 125,267 | (6,467) |
| Operations: | | | | |
| Computer expenses | 6,000 | 8,000 | 6,795 | 1,205 |
| EMS operations | 137,557 | 110,000 | 111,034 | (1,034) |
| Fire marshall and prevention operations | 12,700 | 12,700 | 11,928 | 772 |
| Fire protection services | 99,000 | 99,000 | 99,000 | 0 |
| Materials and supplies | 23,800 | 23,000 | 20,542 | 2,458 |
| Memberships and dues | 1,000 | 2,200 | 2,298 | (98) |
| Rent - equipment | 29,890 | 29,890 | 29,890 | 0 |
| Rent - water and hydrant | 25,000 | 25,000 | 23,161 | 1,839 |
| Repairs and maintenance | 46,000 | 44,157 | 44,462 | (305) |
| Telephone | 10,000 | 10,000 | 8,635 | 1,365 |
| Training | 30,000 | 18,500 | 7,151 | 11,349 |
| Uniforms and personal equipment | 30,000 | 27,000 | 22,036 | 4,964 |
| Total Operations | 450,947 | 409,447 | 386,932 | 22,515 |
| Total General Government | 1,888,373 | 1,888,373 | 1,850,918 | 37,455 |

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Capital Outlay | | | | |
| Payment of principal on capital leases | 81,709 | 81,709 | 81,709 | 0 |
| Interest on capital leases | 8,316 | 8,316 | 8,316 | 0 |
| Total Capital Outlay | <u>90,025</u> | <u>90,025</u> | <u>90,025</u> | <u>0</u> |
| Total Expenditures | <u>1,978,398</u> | <u>1,978,398</u> | <u>1,940,943</u> | <u>37,455</u> |
| Excess of Revenues Over Expenditures | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 61,544</u> | <u>\$ 61,544</u> |

Reconciliation of Budget Basis to GAAP Basis:

| | |
|---|------------------|
| Excess of Revenues Over Expenditures - Budget Basis | \$ 61,544 |
| Depreciation is not an outflow of a budgetary resource but is an expenditure for financial reporting purposes | (103,551) |
| Payment of principal on capital leases is an outflow of a budgetary resource but is not an expenditure for financial reporting purposes | 81,709 |
| Payment for rental of equipment is an outflow of a budgetary resource but is not an expenditure for financial reporting purposes | 29,890 |
| Payment for interest for rental of equipment is an outflow of a budgetary resource and an expenditure for financial reporting purposes | <u>(2,659)</u> |
| Excess of Revenues Over Expenditures - GAAP Basis | <u>\$ 66,933</u> |

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to Required Supplementary Information

For the Year Ended December 31, 2014

NOTE 1 – BUDGETS/BUDGETARY CONTROL

Annual budgets are prepared each year for the operations of the fire district. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public, at the annual fire district election held on the third Saturday in February. Budgetary transfers may be made during the last two months of the year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

OTHER SUPPLEMENTARY INFORMATION

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Schedule of State Supplemental Fire Services Grant
For the Year Ended December 31, 2014

State of New Jersey Supplemental Fire Services Grant

REVENUE

State of New Jersey Supplemental Fire Services Grant \$ 2,140

Total revenue \$ 2,140

EXPENDITURES

Personal and emergency equipment \$ 2,140

Total expenditures \$ 2,140

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Independent Auditor's 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 Board of Fire Commissioners
Plumsted Township Fire Commissioners District No. 1
New Egypt, New Jersey

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 Plumsted Township Fire Commissioners District No. 1 as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Plumsted Township Fire Commissioners District No. 1's basic financial statements and have issued our report thereon dated June 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plumsted Township Fire Commissioners District No. 1'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 Plumsted Township Fire Commissioners District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plumsted Township Fire Commissioners District No. 1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plumsted Township Fire Commissioners District No. 1'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 matters that we reported to management of Plumsted Township Fire Commissioners District No. 1 in a separate letter dated June 25, 2015.

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 entity'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.

DePietto & DePietto, LLC

Holland, Pennsylvania
June 25, 2015

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

General Comments and Recommendations

December 31, 2014

This section identifies any material weaknesses, significant deficiencies and instances of non-compliance related to the December 31, 2014 financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Section I - Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Plumsted Township Fire Commissioners District No. 1.
2. There were no material weaknesses identified and there were no significant deficiencies reported relating to the audit of the financial statements as reported in the 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*.
3. There were no instances of noncompliance or other matters reported relating to the audit of the financial statements as reported in the 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*.

Section II – Financial Statement Findings – Current Year

None

Section III – Financial Statement Findings - Current Year Status of Prior Year Findings

None