

**DEPTFORD FIRE DISTRICT NO. 1  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2014**

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**DEPTFORD FIRE DISTRICT NO. 1**

**ROSTER OF OFFICIALS**

**FIRE DISTRICT MEMBERS**

Michael J. White  
Joseph Nilsen  
Raymond MacKay, Jr.  
George Frank  
Robert W. Sheairs

**POSITION**

Chairman  
Secretary  
Treasurer  
Commissioner  
Commissioner

**OTHER OFFICIALS**

Donna M. Scally

Clerk of the Board/Administrative Secretary,

Peter Frattarelli, Esq.

Clerk of Elections  
Board Solicitor

## **FINANCIAL SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members  
of the Fire District  
Deptford Fire District No. 1  
1370 Delsea Drive  
Deptford, New Jersey 08096

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deptford Fire District No. 1, as of December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Deptford Fire District No. 1'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 of 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 Fire District'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.

### ***Basis for Qualified Opinion***

As described in Note 9 of the financial statements, the Deptford Fire District No. 1 participates in a Length of Service Award Program (LOSAP) for its volunteer fire personnel. The amount reflected in the fiduciary fund statement of \$641,699.37, was not audited and therefore, we express no opinion on the LOSAP program.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter discussed in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Deptford Fire District No. 1, as of December 31, 2014, 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* identified in the table of contents 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 the Deptford Fire District No. 1’s basic financial statements. The combining and individual non-major fund financial statements is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual non-major fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-

major fund financial statements, listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an 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 April 9, 2015, on our consideration of the Deptford Fire District No. 1'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 Deptford Fire District No. 1's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

April 9, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



**DEPTFORD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**INTRODUCTION**

The Deptford Township Board of Fire Commissioners for the Deptford Fire District No. 1, hereinafter referred to as the "Fire District" is pleased to present the Annual Financial Report developed in accordance with State of Governmental Accounting Standard No. 34 entitled, "Basic Financial Statement-Management's Discussion and Analysis-For State & Local Governments" (hereinafter "GASB 34") and related standards.

**MISSION**

The mission of the Fire District is to provide world class fire prevention and service to the residents of the Fire District and the region *via* creative and efficient use of the Fire District's human, technical, and financial resources.

**RESPONSIBILITY AND CONTROL**

The Fire District has prepared and is responsible for, the financial statements and related information in this report. The opinion of the independent auditors, Petroni & Associates LLC, is included in this report. In management's opinion the financial statements represent fairly and in all material aspects, financial position and results of operations of the Fire District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Fire District has met the requirements of the General Bond Resolution and the following provides the management's analysis of the Fire District's financial condition for the year. This information should be read in conjunction with the financial statement.

**SUMMARY OF ORGANIZATION AND BUSINESS**

The Deptford Fire District No. 1 is a taxing authority charged with the duty to prevent and extinguish fires and regulate fire hazards, (NJSA 40A:14-81).

The Fire District was created for the purpose of fire suppression and prevention and operating a fire department for said purpose. The Fire District's responsibilities are carried out by a combination of full-time paid professional firefighters (four volunteer battalion chiefs, one Fire Marshall, one administrative clerk, one clerk-typist and seventeen fire fighters) as well as a large volunteer force.

**MANAGEMENT OVERSIGHT**

The Deptford Board of Fire Commissioners consists of five board members who are elected by the residents of Deptford for 3 years in alternate time periods.

**DESCRIPTION OF THE FIRE SUPPRESSIONS AND PREVENTION SERVICES PROVIDED**

The Fire District's responsibilities are carried out under the operational direction of the Board of Fire Commissioners and four volunteer battalion chiefs. The Board and Chief's oversee the Fire District's entire operation that includes, a paid Fire Marshall. The Fire District is proactive in diligently conducting fire inspections of the Township's commercial buildings, enforcing the fire code, and seeing that violations are corrected either via Court Order or through collaborative efforts with the community.

The Fire District utilizes seven stations located throughout the community in order to permit an efficient and prompt response to any fire hazard. Continuing training of all personnel is mandated for the Fire District's firefighters making them a highly regarded fire fighting force in the county.

**DEPTFORD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL HIGHLIGHTS**

**Deptford Fire District No. 1's Net Position**

	2014	2013	2012	2011
<b>ASSETS</b>				
Current and Other Assets	\$ 4,148,728.04	\$ 4,111,978.97	\$ 3,698,668.29	\$ 3,343,516.13
Capital Assets	4,218,732.83	4,153,834.33	4,518,165.66	4,460,861.33
<b>Total Assets</b>	<b>8,367,460.87</b>	<b>8,265,813.30</b>	<b>8,216,833.95</b>	<b>7,804,377.46</b>
<b>LIABILITIES</b>				
Long-Term Liabilities	242,624.25	269,695.21	600,436.40	955,723.93
Non-Current Liabilities	6,172.48	382,253.82	350,000.00	350,000.00
Other Liabilities	295,988.99	310,928.76	214,876.08	191,214.28
<b>Total Liabilities</b>	<b>544,785.72</b>	<b>962,877.79</b>	<b>1,165,312.48</b>	<b>1,496,938.21</b>
<b>NET POSITION</b>				
Invested in Capital Assets				
Net of Related Debt	4,193,509.97	3,728,355.67	3,803,165.66	3,395,861.33
Restricted	1,838,032.63	1,896,884.63	1,658,111.55	1,433,061.55
Assigned	200,000.00	200,000.00	200,000.00	125,000.00
Unrestricted	1,591,132.55	1,477,695.21	1,390,244.26	1,353,516.37
<b>Total Net Position</b>	<b>\$ 7,822,675.15</b>	<b>\$ 7,302,935.51</b>	<b>\$ 7,051,521.47</b>	<b>\$ 6,307,439.25</b>

The Fire District's combined net position on December 31, 2014 and 2013, were \$7,822,675.15 and \$7,302,935.51, respectively. This was an increase of \$519,739.64 over the prior year.

The tax rate was \$.153 in 2014 and \$.15 in 2013, per \$100.00 of assessed valuation.

The budget utilized \$200,000.00 in unrestricted fund balance in 2014 and 2013.

The budget for debt service in 2014 and 2013 was \$377,775.00 and \$374,675.00. This was an increase of \$3,100.00 for the bond issue approved in 2004.

**DEPTFORD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

**Deptford Fire District No. 1's Budgetary Comparison**

	2014 Actual	2013 Actual	Increase (Decrease)
<b>Revenues</b>			
State Sources	\$ 106,494.85	\$ 78,997.26	\$ 27,497.59
Miscellaneous Revenue	166,699.79	117,591.66	49,108.13
Amount to be Raised by Taxation	4,298,249.00	4,280,888.00	17,361.00
Total Revenues	<u>4,571,443.64</u>	<u>4,477,476.92</u>	<u>93,966.72</u>
<b>Appropriations</b>			
Administration	681,985.28	658,257.36	23,727.92
Operations	2,872,032.96	2,996,759.13	(124,726.17)
Appropriations Off-Set with Revenue			
Fire Marshall's Office	148,532.48	147,551.14	981.34
Total Operating Appropriations	<u>3,702,550.72</u>	<u>3,802,567.63</u>	<u>(100,016.91)</u>
<b>Other Appropriations</b>			
Length Of Service Award Program	65,000.00	65,000.00	
Debt Service	377,775.00	374,675.00	3,100.00
Total Other Appropriations	<u>442,775.00</u>	<u>439,675.00</u>	<u>3,100.00</u>
Total Appropriations	<u>4,145,325.72</u>	<u>4,242,242.63</u>	<u>(96,916.91)</u>
Transfers Out	(275,000.00)	(201,050.00)	(73,950.00)
Capital lease		72,176.00	(72,176.00)
Prior-Year Encumbrance Canceled	36,722.92	47,124.63	(10,401.71)
Prior-Year Refund	(2,300.00)		(2,300.00)
Net Change In Fund Balance	<u>\$ 185,540.84</u>	<u>\$ 153,484.92</u>	<u>\$ 32,055.92</u>

**DEPTFORD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

**Deptford Fire District No. 1's  
Changes in Net Position**

	2014	2013	Increase (Decrease)
<b>Revenues</b>			
Program Revenue			
Operating Grants	\$ 106,494.85	\$ 78,997.26	\$ 27,497.59
General Revenue			
Property Tax Revenue	4,298,249.00	4,280,888.00	17,361.00
Other	201,122.71	164,716.29	36,406.42
Total Revenue	<u>4,605,866.56</u>	<u>4,524,601.55</u>	<u>81,265.01</u>
<b>Expenses</b>			
Administrative	682,713.92	662,810.03	19,903.89
Cost of Operations & Maintenance	2,690,462.90	2,900,319.55	(209,856.65)
Fire Marshall's Office	149,336.60	146,598.68	2,737.92
Length of Service Award Program	65,000.00	65,000.00	
Interest on Debt	12,775.00	24,675.00	(11,900.00)
Capital Outlay		2,850.92	(2,850.92)
Unallocated Depreciation	485,838.50	470,933.33	14,905.17
Total Expenses	<u>4,086,126.92</u>	<u>4,273,187.51</u>	<u>(187,060.59)</u>
Increase (Decrease) in Net Position	<u>519,739.64</u>	<u>251,414.04</u>	<u>268,325.60</u>

**CAPITAL ASSETS**

The Deptford Fire District No. 1 investment in capital assets for its governmental activities as of December 31, 2014 and 2013, were \$4,218,732.83 and \$4,153,834.33 (net of accumulated depreciation), respectively. This investment in capital assets includes buildings, equipment and furniture (more detailed information about capital assets can be found in Note 3 to the financial statements).

	Governmental Activities	
	2014	2013
Buildings & Improvements	\$ 132,149.52	\$ 141,310.99
Vehicles & Equipment	4,086,583.31	4,012,523.34
	<u>\$ 4,218,732.83</u>	<u>\$ 4,153,834.33</u>

**LONG-TERM DEBT**

At December 31, 2014 and 2013, the Fire District had \$0.00 and \$365,000.00 in general obligation bonds outstanding, respectively.

**FINAL COMMENTS**

The Fire District has budgeted its expenses and revenues conservatively in the past and will continue to do so in the future. Maintaining or lowering tax rates while providing quality service are the primary goals of the Fire District. Constant internal monitoring of financial data ensures that these goals can be met.

**DEPTFORD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**CONTACTING THE DISTRICT**

This financial report is designed to provide the Fire District's citizens, taxpayers, customers, investors, and creditors with a general overview of the Fire District's finances and to demonstrate the Fire District's accountability of the money it receives. If you have any questions about this report or need additional financial information, contact The Board, Deptford Fire District No. 1, 1370 Delsea Drive, Deptford, NJ 08096.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

DEPTFORD FIRE DISTRICT NO. 1  
STATEMENT OF NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Governmental Activities	
	2014	2013
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,135,695.41	\$ 2,965,094.34
Restricted Cash and Cash Equivalents	1,013,032.63	1,146,884.63
Capital Assets, Net	4,218,732.83	4,153,834.33
<b>Total Assets</b>	<b>8,367,460.87</b>	<b>8,265,813.30</b>
<b>LIABILITIES</b>		
Accounts Payable	275,964.75	277,254.29
Other Payables	17,785.75	18,334.02
Payroll Taxes Payable	2,238.49	15,340.45
Noncurrent Liabilities:		
Due Within One Year	6,172.48	382,253.82
Due Beyond One Year	242,624.25	269,695.21
<b>Total Liabilities</b>	<b>544,785.72</b>	<b>962,877.79</b>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	4,193,509.97	3,728,355.67
Restricted:		
Capital Projects	1,013,032.63	1,146,884.63
Compensated Absences	825,000.00	750,000.00
Assigned:		
Subsequent Years' Budget	200,000.00	200,000.00
Unassigned	1,591,132.55	1,477,695.21
<b>Total Net Position</b>	<b>\$ 7,822,675.15</b>	<b>\$ 7,302,935.51</b>

See accompanying notes to the basic financial statements.



DEPTFORD FIRE DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position	
		Operating Grants and Contributions	Governmental Activities	Total
<b>Governmental Activities:</b>				
Administrative	\$ 682,713.92		\$ 682,713.92	\$ 682,713.92
Cost of Operations & Maintenance	2,690,462.90		2,690,462.90	2,690,462.90
<b>Appropriations Off-Set with Revenues:</b>				
Fire Marshall's Office	149,336.60	\$ 106,494.85	42,841.75	42,841.75
Length of Service Awards Program	65,000.00		65,000.00	65,000.00
Interest on Long-Term Debt	12,775.00		12,775.00	12,775.00
Unallocated Depreciation	485,838.50		485,838.50	485,838.50
<b>Total Governmental Activities</b>	<b>4,086,126.92</b>	<b>106,494.85</b>	<b>3,979,632.07</b>	<b>3,979,632.07</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property Taxes, Levied for General Purpose			3,920,474.00	3,920,474.00
Taxes Levied for Debt Service			377,775.00	377,775.00
Permit Fees			9,850.00	9,850.00
Penalties & Fines			601.50	601.50
Non-Life Hazard Use Registration			66,809.00	66,809.00
Dedicated Fines Money			1,025.00	1,025.00
Interest on Investments			17,652.85	17,652.85
Sale of Assets			12,679.00	12,679.00
NJ Turnpike Authority Contribution			5,720.00	5,720.00
Conrail Reimbursement			13,411.60	13,411.60
Miscellaneous Income			38,950.84	38,950.84
Prior year Encumbrance Canceled			36,722.92	36,722.92
Prior Year Refund			(2,300.00)	(2,300.00)
<b>Total General Revenues, Special Items, Extraordinary Items, and Transfers</b>			<b>4,499,371.71</b>	<b>4,499,371.71</b>
<b>Change in Net Position</b>			<b>519,739.64</b>	<b>519,739.64</b>
<b>Net Position - Beginning</b>			<b>7,302,935.51</b>	<b>7,302,935.51</b>
<b>Net Position - End</b>			<b>\$ 7,822,675.15</b>	<b>\$ 7,822,675.15</b>

See accompanying notes to the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

DEPTFORD FIRE DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,135,695.41	\$ 1,013,032.63	\$ 4,148,728.04
Total Assets	\$ 3,135,695.41	\$ 1,013,032.63	\$ 4,148,728.04
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 275,964.75		\$ 275,964.75
Other Payables	17,785.75		17,785.75
Payroll Taxes Payable	2,238.49		2,238.49
Total Liabilities	295,988.99		295,988.99
Fund Balances			
Restricted for:			
Compensated Absences	825,000.00		825,000.00
Capital Projects		\$ 707,153.61	707,153.61
Assigned to:			
General Fund			
Designated for Subsequent Budget	200,000.00		200,000.00
Unassigned:			
General Fund	1,814,706.42		1,814,706.42
Capital Projects		305,879.02	305,879.02
Total Fund Balances	2,839,706.42	1,013,032.63	3,852,739.05
Total Liabilities and Fund Balances	\$ 3,135,695.41	\$ 1,013,032.63	

Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The costs of assets is \$9,089,298.25 and the accumulated depreciation is \$4,870,565.42.

4,218,732.83

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(248,796.73)

Net Position of Governmental Activities

\$ 7,822,675.15

See accompanying notes to the basic financial statements.

DEPTFORD FIRE DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Permit Fees	\$ 9,850.00			\$ 9,850.00
Penalties & Fines	601.50			601.50
Non-Life Hazard Use Registration	66,809.00			66,809.00
Dedicated Fines Money	1,025.00			1,025.00
Amount to be Raised by Taxation	3,920,474.00		\$ 377,775.00	4,298,249.00
Interest on Investments	17,652.85			17,652.85
Sale of Assets	12,679.00			12,679.00
NJ Turnpike Authority Contribution	5,720.00			5,720.00
Conrail Reimbursement	13,411.60			13,411.60
Miscellaneous Income	38,950.84			38,950.84
	4,087,173.79		377,775.00	4,464,948.79
State Sources	106,494.85			106,494.85
Total Revenues	4,193,668.64		377,775.00	4,571,443.64
<b>EXPENDITURES</b>				
Administrative	681,985.28			681,985.28
Cost of Operations & Maintenance	2,872,032.96			2,872,032.96
Appropriations Off-Set With Revenues:				
Fire Marshall's Office	148,532.48			148,532.48
Length of Service Awards Program	65,000.00			65,000.00
Debt Service:				
Principal			365,000.00	365,000.00
Interest			12,775.00	12,775.00
Capital Outlay		\$ 408,852.00		408,852.00
Total Expenditures	3,767,550.72	408,852.00	377,775.00	4,554,177.72
Excess (Deficiency) of Revenues Over Expenditures	426,117.92	(408,852.00)		17,265.92
Other Financing Sources (Uses)				
Transfers Out to Capital Projects	(275,000.00)	275,000.00		
Prior Year Encumbrances Canceled	36,722.92			36,722.92
Prior Year Refund	(2,300.00)			(2,300.00)
Total Other Financing Sources and Uses	(240,577.08)	275,000.00		34,422.92
Net Change in Fund Balances	185,540.84	(133,852.00)		51,688.84
Fund Balance January 1	2,654,165.58	1,146,884.63		3,801,050.21
Fund Balance December 31	\$ 2,839,706.42	\$ 1,013,032.63		\$ 3,852,739.05

See accompanying notes to the basic financial statements.

DEPTFORD FIRE DISTRICT NO. 1  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2014

	2014
Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 51,688.84
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(485,838.50)
Capital Outlays	550,737.00
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	
Bond Principal Payments	365,000.00
Capital lease obligation principal payments	35,255.80
In the Statement of Activities, certain operating expenses e.g. compensated absences are measured by the amounts earned during the year. In Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.	
	2,896.50
Change in Net Position of Governmental Activities	\$ 519,739.64

See accompanying notes to the basic financial statements.

EXHIBIT B-4

DEPTFORD FIRE DISTRICT NO. 1  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2014

	LOSAP Trust
<b>ASSETS</b>	
LOSAP (unaudited) Investment	\$ 641,699.37
<b>NET POSITION</b>	
LOSAP (unaudited) Held in Trust for: LOSAP Benefits	\$ 641,699.37

EXHIBIT B-5

DEPTFORD FIRE DISTRICT NO. 1  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	LOSAP Trust
<b>ADDITIONS</b>	
Fire District Budget Appropriations	\$ 39,150.00
Increase in Investment Value	45,089.41
Total Additions	84,239.41
<b>DECREASES</b>	
Withdrawals	78,975.80
Administrative Fees	3,635.07
Total Decreases	82,610.87
Change in Net Position	1,628.54
Net Position January 1	640,070.83
Net Position December 31	\$ 641,699.37

See accompanying notes to the basic financial statements.

## **NOTES TO FINANCIAL STATEMENTS**



DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

The Deptford Fire District No. 1 was created on October 25, 1965. The governing body of the Township of Deptford adopted an ordinance creating the Fire District, the territorial location of which is coterminous with the Township.

The governing body of any municipality which does not have a paid or part-time fire department may, upon application of at least twenty voters or at least five percent of the registered voters, whichever is greater, by ordinance, designate a territorial location (or locations) for use as a fire district(s).

The Fire District is responsible for the prevention and suppression of fire within the Township. The Fire District encompasses approximately seventeen and one half (17.5) square miles of territory and is coterminous with the boundaries of the Township. Rescue and ambulance services are provided by separate first aid squads within the Township.

A Board of five commissioners governs the Fire District. The commissioners of the Board are elected at-large for three-year staggered terms with an annual election held the third Saturday of every February. The Chairman and other officers of the Board of the Fire District are selected from amongst the members of the Board.

Fire Districts are governed by NJSA 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services. The Fire District operates seven separate fire stations within its jurisdiction, the Oak Valley Fire Company, Union Fire Company, Community Fire Company, Tacoma Fire Company, New Sharon Fire Company, Helping Hand Fire Company, and Almonesson Fire Company. The volunteer companies are staffed by approximately 160 trained volunteers.

The Fire District is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14.

**Descriptions of Funds**

The financial statements of the Fire District conform to accounting principles generally accepted in the United States of America applicable to governmental funds of state and local governments in accordance with the provisions of NJAC 5:31-7.1. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting. Accordingly, the Fire District accounts for its transactions through the use of funds and account groups:

**Governmental Funds:**

**General Fund** - The General Fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of its financial resources except those required to be accounted for in another fund. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds (Continued):**

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities such as fire houses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The Debt Service Fund is used to account for resources that will be used to service general long-term debt liabilities recorded in the Debt Service Fund.

**Basis of Accounting**

The financial statement of the Deptford Fire District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Fire District's accounting policies are described below.

**Basis of Accounting, Measurement Focus, and Basis of Presentation**

The Fire District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and a fund financial statement which provide a more detailed level of financial information.

**District-Financial Statements** - The Statement of Net Position and Statement of Activities display information about the Fire District as a whole. These statements include the financial activities of the overall Fire District except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the financial condition of the governmental activity of the Fire District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Fire District.

DEPTFORD FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position** - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the budget. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget.

**Expenditures** - Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and as accounts payable. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted, to the extent permitted or required by law. Appropriations for principal payments on outstanding bonds and notes are provided on the cash basis; interest is also on the cash basis.

**Encumbrances** - Encumbrance accounting is used for the General Fund, and Capital Projects Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as reservations of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

**Income Taxes** - As a public body, under existing statutes, the Fire District is exempt from both federal and state taxes.

**Capital Assets** - The Fire District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at estimated fair market value on the date received. The cost of normal repairs and maintenance are not capitalized. The capitalization threshold used by the Fire District is \$5,000.00.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building & Improvements	7-50
Machinery & Equipment	7-20

NJSA 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and NJSA 40A: 14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus, equipment, land and buildings to house such property in an amount not exceeding 5 mills on the dollar of

DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)** - the last assessed valuation of property within the Fire District upon the approval of the legal voters. Debt may be issued up to \$60,000.00 or 2 percent of the assessed valuation of property, whichever is larger.

**Property Taxes** - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the Fire District's tax to them.

**Recent Accounting Pronouncements Not Yet Effective**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Fire District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the Fire District's financial reporting is not presently determinable.

**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 could differ from those estimates.

**NOTE 2: BUDGETARY INFORMATION**

**Budgets and Budgetary Accounting** - The Fire District must adopt an annual budget in accordance with NJSA 40A:14-78.1 et al.

The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall 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 Township. The public hearing must not be held less than twenty-eight days after the date the budget is introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District's budget in accordance with NJSA 40A: 14-78.3. Subsequent to the adoption of the Fire District's budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the voters.

DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)** - Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, the budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire District's financial statements.

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The Fire District's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2014 and 2013, the carrying amount of the Fire District's deposits was \$4,148,728.04 and \$4,111,978.97, respectively. As of December 31, 2014 and 2013, \$0 of the Fire District's bank balance of \$4,286,708.84 and \$4,185,006.00, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2014 or 2013, the Fire District's did not have any investments other than LOSAP.

**Interest Rate Risk** - The Fire 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 increasing interest rates. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or Bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The Fire District places no limit on the amount the Fire District may invest in any one issuer.

**Unaudited Investments**

As more fully described in Note 9 the Fire District has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Fire District. All investments are

DEPTFORD FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 4: INVESTMENTS (CONTINUED)**

**Unaudited Investments (Continued)**

valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the account on December 31, 2014 and 2013, amounted to \$641,699.37 and \$640,070.83, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is not available.

**NOTE 5: FUND BALANCES APPROPRIATED - GENERAL FUND**

The following presents the fund balances as of the end of the current and preceding four years and the amount utilized in the subsequent year's budget.

Year	Balance Dec. 31	Utilized in Subsequent Budget	Percentage Utilized
2014	\$ 2,839,706.42	\$ 200,000.00	7.04%
2013	2,654,165.58	200,000.00	7.54%
2012	2,500,680.66	200,000.00	8.00%
2011	2,319,240.30	125,000.00	5.39%
2010	2,118,645.70	675,804.00	31.90%

**NOTE 6: FIXED ASSETS**

The following schedule is a summarization of the changes in fixed assets for the year ended December 31, 2014.

	Balance Dec. 31, 2013	Additions	Deletions	Balance Dec. 31, 2014
Buildings & Improvements	\$ 392,779.00			\$ 392,779.00
Vehicles & Equipment	8,218,677.25	\$ 550,737.00	\$ 72,895.00	8,696,519.25
Total at Historical Cost	8,611,456.25	550,737.00	72,895.00	9,089,298.25
Less: Accumulated Depreciation				
Buildings & Improvements	251,468.01	9,161.47		260,629.48
Vehicles & Equipment	4,206,153.91	476,677.03	72,895.00	4,609,935.94
Total Accumulated Depreciation	4,457,621.92	485,838.50	72,895.00	4,870,565.42
Capital Assets, Net	\$ 4,153,834.33	\$ 64,898.50		\$ 4,218,732.83

**NOTE 7: COMPENSATED ABSENCES**

Those employees under Collective Bargaining Agreement Article XV are entitled to receive ten paid sick days per each year. Those employees not covered by that agreement follow Department of Personnel guidelines. Unused sick leave may be accumulated and carried forward to the subsequent year or sold back, at the current rate of pay. Employees must have at least forty (40) sick leave days accumulated in order to sell back time, and may sell a

DEPTFORD FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 7: COMPENSATED ABSENCES (CONTINUED)**

maximum of ten (10) sick days back to the Fire District in December of each year. Employees with less than forty (40) sick leave days carry accumulated time forward to the subsequent year.

The liability for vested compensated absences of the governmental fund types is recorded as long-term debt. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The value for accrued benefits at December 31, 2014 and 2013, is \$223,573.87 and \$226,470.37, respectively. The Fire District has reserved funds from current year operations to support future retirement payouts as follows: December 31, 2014 and 2013, is \$825,000.00 and \$750,000.00, respectively.

**NOTE 8: ECONOMIC DEPENDENCY**

The Deptford Fire District No. 1 is not economically dependent on any one business or industry within the Township since a significant portion of the revenue is derived from taxation.

**NOTE 9: LENGTH OF SERVICE AWARD PROGRAM**

During the year 2000 the voters of the Deptford Fire District No. 1 approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation. This plan was approved by the voters of the Township of Deptford by referendum at the general election held in November 2000. The LOSAP provides tax deferred income benefits to active volunteer firefighters. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The balance is subject to the general creditors of the Fire District. Contributions by the Fire District for qualified participants were \$39,150.00 and \$50,025.00 in 2014 and 2013, for the years 2013 and 2012. As of the date of the audit, the Fire District had not contributed on behalf of the participants who qualified for the 2014 calendar year.

**NOTE 10: BONDS/LEASES PAYABLE**

Long-term debt as of December 31, 2014, consisted of the following:

	Year		
	2014	2013	2012
Bonds, Notes, and Loans Issued	\$	365,000.00	\$ 715,000.00
Bonds and Notes Authorized But Not Issued		None	None
Total Bonds, Notes, and Loans Issued and Authorized But Not Issued	None	\$ 365,000.00	\$ 715,000.00

DEPTFORD FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 10: BONDS/LEASES PAYABLE (CONTINUED)**

	Balance Dec. 31, 2013	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2014	Due in One Year
General Serial Bonds	\$ 365,000.00		\$ 365,000.00		
Capital Lease	60,478.66		35,255.80	\$ 25,222.86	\$ 6,172.48
Compensated Absences	226,470.37	\$ 1,532.76	4,429.26	223,573.87	
	<u>\$ 651,949.03</u>	<u>\$ 1,532.76</u>	<u>\$ 404,685.06</u>	<u>\$ 248,796.73</u>	<u>\$ 6,172.48</u>

**Capital Lease**

The Fire District entered into a lease agreement for the purchase of two Chevy Tahoe's. The lease term is three years with an interest rate of 5.7%. The following is a schedule of the future minimum lease payments:

Year	Principle	Interest	Total
2015	\$ 6,172.48	\$ 359.43	\$ 6,531.91
2016	19,050.38	545.35	19,595.73
	<u>\$ 25,222.86</u>	<u>\$ 904.78</u>	<u>\$ 26,127.64</u>

**NOTE 11: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Fire District are covered by the Public Employees' Retirement System (PERS), or Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

**Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey. Members are eligible for retirement at age fifty-five with a benefit equal to two percent of final



DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 11: PENSION FUNDS (CONTINUED)**

**Police and Firemen's Retirement System (PFRS) (Continued)** - compensation for each year of creditable service up to twenty years. Members with at least twenty years but less than twenty-five years of service credit will receive fifty percent of final compensation. Special retirement is available at any age to those with twenty-five years of service credit. The annual benefit calculation is equal to sixty-five percent of final compensation plus one percent for each year of creditable service over twenty-five years but not to exceed thirty years.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.78% to 6.92% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the pension contribution rate to 7.5% as of July 2018. PFRS provide for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute annually at an actuarially determined rate to PERS and PFRS. The PERS and PFRS employer rates in effect for 2014 are 10.92% and 23.25%, respectively, of covered payroll, as reported on June 30, 2012. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Fire District's contributions to PERS for the years ended December 31, 2014, 2013, and 2012, were \$27,222.00, \$27,108.00, and \$26,216.00, respectively, equal to the required contributions for each year. The contribution to PFRS for the years ending December 31, 2014, 2013, and 2012, were \$224,410.00, \$228,567.00, and \$217,414.00, respectively.

**NOTE 12: LABOR CONTRACTS**

As of December 31, 2014, the Fire District's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

AFL-CIO #3592	Superior Officers	Expiration 12/30/2016
AFL-CIO #3592	Firefighter	Expiration 12/30/2016

**NOTE 13: POST-RETIREMENT BENEFITS**

**Plan Description** - The Deptford Fire 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 NJSA 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. In 2007 Deptford Fire District No. 1 authorized participation in the SHBP's post-retirement benefit

DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 13: POST-RETIREMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)** - program through resolution dated April 20, 2007. The plan provides fully-insured medical and prescription drug coverage to eligible retirees and their spouses.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/health-benefits.shtml>.

**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 since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Deptford Fire District on a monthly basis. Plan members receiving benefits are not required to make any contributions.

The Deptford Fire District No. 1 is a member of the SHBP and provides that its retirees will be covered for medical care. The amounts paid for contributions to SHBP for the years ended December 31, 2014, 2013, and 2012, were \$506,688,41, \$461,609.37, and \$428,583.71, respectively, for employees and retirees. During the years ended December 31, 2014, 2013, and 2012, contributions for retirees were \$89,263.26, \$70,505.04, and \$65,139.00, respectively. There were four, three and three retired participants eligible at December 31, 2014, 2013, and 2012.

The Fire District contributions reimbursed for Medicare Part B benefits for the years ended December 31, 2014, 2013, and 2012, were \$2,517.60, \$2,517.60, and \$1,798.20.

**NOTE 14: OTHER EMPLOYEE BENEFITS PLAN**

Effective November 1999, Deptford Fire District No. 1 entered into a pre-tax benefits plan with AFLAC. The purpose of the plan is to provide eligible employees with the opportunity to choose from among the fringe benefits under the plan. The plan is intended to qualify as a cafeteria plan under the provisions of Internal Revenue Code Section 125.

**NOTE 15: RISK MANAGEMENT**

The Fire District is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Fire District maintains commercial insurance coverage for property, liability and surety bonds. There have not been any claims in excess of coverage and no reduction in coverage was noted during the 2014 audit.

**NOTE 16: LEASE COMMITMENTS**

The Fire District is renting storage space under a building lease. The payments are due in monthly installments.

DEPTFORD FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 16: LEASE COMMITMENTS (CONTINUED)**

The Fire District rents the various fire houses within the Fire District from the following Fire Companies: Almonesson, Community, Helping Hand, Oak Valley, Tacoma and Union. Rent payments are made on a quarterly basis ranging from \$7,700.00 to \$9,450.00. The total rental payments made to the various fire companies and storage space was \$273,350.00.

**NOTE 17: SHARED SERVICE AGREEMENT**

The Fire District executed a shared service agreement with the Deptford Township Municipal Utilities Authority for fire hydrant fees. The annual fee for this shared service is \$50,000.00. This agreement is in effect until March 31, 2016.

**NOTE 18: CONTINGENCIES**

It is the Deptford Fire District No.1's Counsel's opinion that there is no pending litigation or contingent liability that may be pending against the Fire District that would have an adverse effect on the financial position in the future.

**NOTE 19: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2014 and April 9, 2015, the date that the financial statements were available to be issued and no items were noted for disclosure or adjustment.

## **REQUIRED SUPPLEMENTARY INFORMATION – PART II**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
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MEMBER: AMERICAN INSTITUTE OF  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Independent Auditor's Report

Honorable Chairman and Members  
of the Fire District  
Deptford Fire District No. 1  
1370 Delsea Drive  
Deptford, New Jersey 08096

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, and audit requirements as prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey and the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deptford Fire District No. 1, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Deptford Fire District No. 1's basic financial statements, and have issued our report thereon dated April 9, 2015.

#### ***Internal Control over Financial Reporting***

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

### ***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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

April 9, 2015

DEPTFORD FIRE DISTRICT NO. 1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget			Actual	Variance of Actual Data to Budget	
	Original	Transfers	Final		Dollars	%
<b>Revenues</b>						
Local Sources:						
Permit Fees	\$ 10,000.00		\$ 10,000.00	\$ 9,850.00	\$ (150.00)	-1.50%
Penalties & Fines	7,000.00		7,000.00	601.50	(6,398.50)	-91.41%
Non-life Hazard Use Registration	50,000.00		50,000.00	66,809.00	16,809.00	33.62%
Dedicated Fines Money	3,000.00		3,000.00	1,025.00	(1,975.00)	-65.83%
Amount to be Raised by Taxation	3,920,474.00		3,920,474.00	3,920,474.00		
Amount to be Raised by Taxation - Debt Service	377,775.00		377,775.00	377,775.00		
Interest on Investments	12,000.00		12,000.00	17,652.85	5,652.85	47.11%
Sale of Assets	56,000.00		56,000.00	12,679.00	(43,321.00)	-77.36%
NJ Turnpike Authority Contribution	4,000.00		4,000.00	5,720.00	1,720.00	43.00%
Hurricane Sandy Reimbursement	8,185.00		8,185.00		(8,185.00)	-100.00%
Conrail Reimbursement	15,815.00		15,815.00	13,411.60	(2,403.40)	-15.20%
Miscellaneous Revenue				38,950.84	38,950.84	
State Sources:						
Uniform Fire Safety Act - Registration Fees	70,000.00		70,000.00	97,039.85	27,039.85	38.63%
Supplemental Fire Grant	9,000.00		9,000.00	9,455.00	455.00	
<b>Total Revenues</b>	<b>4,543,249.00</b>		<b>4,543,249.00</b>	<b>4,571,443.64</b>	<b>28,194.64</b>	<b>0.62%</b>
<b>Expenditures</b>						
Administration:						
Salaries and Wages:						
Administrative Secretary	70,000.00	\$ 850.00	70,850.00	70,820.33	29.67	0.04%
Commissioners	23,600.00		23,600.00	23,600.00		
Clerical Help	37,440.00	20.00	37,460.00	37,453.50	6.50	0.02%
Overtime & Incentive	3,000.00	(670.00)	2,330.00	2,296.98	33.02	1.42%
Fringe Benefits:						
Social Security System	10,500.00	300.00	10,800.00	10,716.59	83.41	0.77%
Unemployment Compensation	1,000.00	(300.00)	700.00	503.92	196.08	28.01%
Public Employees' Retirement System	30,312.00	(200.00)	30,112.00	27,206.69	2,905.31	9.65%
Health Benefits Administration	40,000.00		40,000.00	34,707.70	5,292.30	13.23%
Other Expenses:						
Insurance Premiums	403,000.00	(156,700.00)	246,300.00	246,251.17	48.83	0.02%
Accounting Fees & Software	18,000.00	(250.00)	17,750.00	17,742.10	7.90	0.04%
Audit	13,000.00	(250.00)	12,750.00	12,750.00		
Legal Fees - Contracted	40,000.00	(32,350.00)	7,650.00	7,619.95	30.05	0.39%
Solicitor - Retainer - Contracted	55,000.00	(1,000.00)	54,000.00	54,000.00		
Medical Fees	45,000.00	22,200.00	67,200.00	66,820.78	379.22	0.56%
Computer, Equipment & Services (FAB)	19,000.00	22,000.00	41,000.00	40,695.37	304.63	0.74%
Advertising & Elections (FAB)	7,000.00	(350.00)	6,650.00	6,577.29	72.71	1.09%
Supplies, Postage & Office Services (FAB)	15,000.00	7,500.00	22,500.00	22,222.91	277.09	1.23%
<b>Total Administration</b>	<b>830,852.00</b>	<b>(139,200.00)</b>	<b>691,652.00</b>	<b>681,985.28</b>	<b>9,666.72</b>	<b>1.40%</b>

DEPTFORD FIRE DISTRICT NO. 1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget			Actual	Variance of Actual Data to Budget	
	Original	Transfers	Final		Dollars	%
Cost of Operations & Maintenance:						
Salaries and Wages:						
Firefighters	1,198,394.00	(24,000.00)	1,174,394.00	1,173,072.07	1,321.93	0.11%
Overtime & Incentive	38,055.00	(9,000.00)	29,055.00	1,815.73	27,239.27	93.75%
Vacation/Sick	40,000.00	(7,700.00)	32,300.00	32,274.80	25.20	0.08%
Retirement	75,000.00		75,000.00		75,000.00	100.00%
Fringe Benefits:						
Social Security System	98,000.00	(3,100.00)	94,900.00	91,671.83	3,228.17	3.40%
Unemployment Compensation	5,000.00		5,000.00	4,510.41	489.59	9.79%
Health Benefits	430,000.00	16,000.00	446,000.00	416,439.94	29,560.06	6.63%
Police & Firemen's Pension System	240,538.00	(16,000.00)	224,538.00	224,410.00	128.00	0.06%
Other Expenses:						
Uniform/Clothing	35,000.00	(5,000.00)	30,000.00	29,727.98	272.02	0.91%
Fire Hydrant Rent	52,000.00		52,000.00	51,950.00	50.00	0.10%
Station Rent	270,000.00	5,000.00	275,000.00	273,350.00	1,650.00	0.60%
Training & Education	40,000.00		40,000.00	29,601.46	10,398.54	26.00%
Volunteer Reimbursement	62,000.00		62,000.00	58,603.95	3,396.05	5.48%
Fuel	65,000.00	8,000.00	73,000.00	72,384.70	615.30	0.84%
Utilities	50,000.00		50,000.00	46,212.68	3,787.32	7.57%
Maintenance (FAB)	25,000.00		25,000.00	7,453.29	17,546.71	70.19%
Vehicle & Equipment Maintenance	225,000.00		225,000.00	178,163.12	46,836.88	20.82%
Equipment	220,000.00		220,000.00	160,168.90	59,831.10	27.20%
Battalion Chiefs	6,000.00		6,000.00	6,000.00		
Fire Police	2,000.00		2,000.00	650.00	1,350.00	67.50%
Retention & Recruitment	22,000.00		22,000.00	13,572.10	8,427.90	38.31%
<b>Total Cost of Operations &amp; Maintenance</b>	<b>3,198,987.00</b>	<b>(35,800.00)</b>	<b>3,163,187.00</b>	<b>2,872,032.96</b>	<b>291,154.04</b>	<b>9.20%</b>



DEPTFORD FIRE DISTRICT NO. 1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget			Actual	Variance of Actual Data to Budget	
	Original	Transfers	Final		Dollars	%
Appropriations Off-set with Revenues						
Fire Marshall's Office						
Salaries and Wages:						
Fire Marshall Office	77,035.00	2,000.00	79,035.00	78,596.67	438.33	0.55%
Rotation & Incentive	11,000.00	(150.00)	10,850.00	10,500.00	350.00	3.23%
Overtime	4,000.00	700.00	4,700.00	4,676.69	23.31	0.50%
Fringe Benefits:						
Social Security System	7,000.00	(350.00)	6,650.00	6,531.22	118.78	1.79%
Unemployment Compensation	1,000.00	(700.00)	300.00	251.44	48.56	16.19%
Health Benefits	27,000.00		27,000.00	24,613.08	2,386.92	8.84%
Other Expenses:						
Uniform/Clothing	600.00		600.00		600.00	100.00%
Fire Marshall Office Expense	8,000.00	(1,500.00)	6,500.00	1,625.50	4,874.50	74.99%
Fire Prevention	30,000.00		30,000.00	21,386.01	8,613.99	28.71%
New Equipment (Fire Marshall)	3,000.00		3,000.00	246.00	2,754.00	
Training & Education	2,000.00		2,000.00	105.87	1,894.13	94.71%
Total Fire Marshall's Office	170,635.00		170,635.00	148,532.48	22,102.52	12.95%
Total Appropriations Off-set with Revenues	170,635.00		170,635.00	148,532.48	22,102.52	12.95%
Length of Service Awards Program Contribution (P.L. 1997, c 388)	65,000.00		65,000.00	65,000.00		
Total LOSAP	65,000.00		65,000.00	65,000.00		
Total Expenditures	4,265,474.00	(175,000.00)	4,090,474.00	3,767,550.72	322,923.28	
Other Financing Sources (Uses)						
Reserve for Future Capital Outlay	(100,000.00)	(175,000.00)	(275,000.00)	(275,000.00)		
Prior Year Encumbrances Canceled				36,722.92	(36,722.92)	
Prior Year Refund				(2,300.00)		
Debt Service						
Principal	(365,000.00)		(365,000.00)	(365,000.00)		
Interest	(12,775.00)		(12,775.00)	(12,775.00)		
Total Other Financing Sources (Uses)	(477,775.00)	(175,000.00)	(652,775.00)	(618,352.08)	(36,722.92)	5.63%
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(200,000.00)		(200,000.00)	185,540.84	(331,451.56)	
Fund Balances - January 1	2,654,165.58		2,654,165.58	2,654,165.58		
Fund Balances - December 31	\$ 2,454,165.58		\$ 2,454,165.58	\$ 2,839,706.42	\$ (331,451.56)	
<b>Recapitulation:</b>						
Unassigned Fund Balance				\$ 1,814,706.42		
Reserve for Compensated Absences				825,000.00		
Designated for Subsequent Year's Expenditures				200,000.00		
				<u>\$ 2,839,706.42</u>		

DEPTFORD FIRE DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Original Date	Project Title/Issue	Appropriation	Expenditures to Date		Unexpended Balance Dec. 31, 2014
			Prior Year	Current Year	
02/21/04	Acquisition of Capital Equipment	\$ 2,500,000.00	\$ 2,418,388.37		\$ 81,611.63
09/26/07	Purchase of a Pumper	700,000.00	694,379.10		5,620.90
11/14/12	Purchase of a Pumper	465,000.00	36,226.92	\$ 408,852.00	19,921.08
02/16/13	Purchase of a Pumper	600,000.00			600,000.00
		<u>\$ 4,265,000.00</u>	<u>\$ 3,148,994.39</u>	<u>\$ 408,852.00</u>	<u>\$ 707,153.61</u>

DEPTFORD FIRE DISTRICT NO. 1  
SCHEDULE OF BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2014

2004 SERIES

Date of Issue	Amount of Issue	Description	Balance	Redeemed
			Jan. 1, 2014	
08/01/04	\$ 2,500,000.00	Purchase of Various Fire Apparatus & Equipment	<u>\$ 365,000.00</u>	<u>\$ 365,000.00</u>

DEPTFORD FIRE DISTRICT NO. 1  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
FOR THE YEAR ENDED DECEMBER 31, 2014

Date of Lease	Term of Lease	Amount of Original Issue		Balance	Reduced	Balance
		Principal	Interest	Jan. 1, 2014		Dec. 31, 2014
10/14/2013	3 years	\$ 72,601.00	\$ 5,781.92	<u>\$ 60,478.66</u>	<u>\$ 35,255.80</u>	<u>\$ 25,222.86</u>

## GENERAL COMMENTS

### **Contracts and Agreements, Required to be Advertised for NJSA 40A:11-4**

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

The Fire District has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the calendar year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement for the following items: 200 GPM Top Mount Pumper.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisements or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

### **PROPERTY TAX LEVIES**

The following is a tabulation of the Fire District assessed valuation, tax levies and property tax rates per \$100.00 of assessed valuation for the current and preceding four years:

Year	Assessed Valuation	Total Tax Levy	Tax Rate
2014	2,813,582,384	4,298,249	0.153
2013	2,872,098,038	4,280,888	0.150
2012	2,897,546,845	4,180,554	0.145
2011	1,734,669,909	4,174,117	0.241
2010	1,739,215,382	4,179,570	0.241

**OTHER COMMENTS**

**Cash Management Program**

The Fire District has adopted a cash management plan. The Fire District deposits money in accordance with NJAC 5:31-3.1. The investment of Fire District funds is in interest bearing accounts and monthly cash management reports are prepared.

The fees, permits and fines collected were deposited within 48 hours as required by NJAC 5:31-3.1(b).

**Accounting System**

A general ledger has been established by the Fire District and is working effectively.

**Fixed Assets**

A fixed asset accounting and reporting system has been established by the Fire District and is working effectively.

**Corrective Action Plan**

A corrective action plan was not required for the year 2013.

STATUS OF PRIOR RECOMMENDATIONS

None

FINDINGS AND RECOMMENDATIONS

None

**Acknowledgment**

We received the complete cooperation of all the officials of the Fire District and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252