

FIRE DISTRICT NO. 6
TOWNSHIP OF GLOUCESTER, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2014



**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
TOWNSHIP OF GLOUCESTER, NEW JERSEY**

TABLE OF CONTENTS

<u>Exhibit No.</u>	<u>Page</u>
Officials in Office and Surety Bonds	1
 FINANCIAL SECTION	
Independent Auditor's Report	3
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	5
Required Supplementary Information – Part I	
Management's Discussion and Analysis	8
 Basic Financial Statements	
A. Government-wide Financial Statements	
A-1 Statement of Net Position	17
A-2 Statement of Activities	18
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Notes to the Financial Statements	24
 Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	43
C-2 Budgetary Comparison Schedule – Special Revenue Fund	N/A
 Notes to the Required Supplementary Information	
C-3 Budgetary Comparison Schedule- Note to RSI	47
 Other Supplementary Information	
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	N/A
I. Long-Term Debt:	
I-1 Schedule of General Obligation Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
TOWNSHIP OF GLOUCESTER, NEW JERSEY

TABLE OF CONTENTS (CONT'D)

<u>Exhibit No.</u>	<u>Page</u>
Schedule of Findings and Recommendations	
Schedule of Findings and Recommendation	49
Summary Schedule of Prior Year Audit Findings as Prepared by Management	50
Appreciation	51

**FIRE DISTRICT NO. 6
TOWNSHIP OF GLOUCESTER, NEW JERSEY
Officials in Office and Surety Bonds**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
<u>Board of Commissioners</u>		
George L. Brown	Chairman	(B)
Joseph Chew	Vice-Chairman	(B)
George Flinn	Secretary	(B)
Richard Annacone	Treasurer	(A)
Steve Funkhouser	Commissioner	(B)

Other Officials

Jeanette M. Cottone	Administrative Clerk	(B)
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Surety Company

- (A) VFIS provides position coverage in the amount of \$50,000.
- (B) VFIS provides Public Employee Blanket Bond in the amount of \$50,000.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 6
Township of Gloucester
Erial, New Jersey 08081

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Township of Gloucester Fire District No. 6, in the County of Camden, 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 Fire 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey. 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 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 Fire District's internal control. Accordingly, we express no such opinion. An audit 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 the Township of Gloucester Fire District No. 6, in the County of Camden, State of New Jersey as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed 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 of 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 Township of Gloucester Fire District No. 6's basic financial statements. The related major fund supporting statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules previously referred to are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2015 on our consideration of the Township of Gloucester Fire District No. 6'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 the Township of Gloucester Fire District No. 6's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

**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

Board of Fire Commissioners
Fire District No. 6
Township of Gloucester
Erial, New Jersey 08081

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 the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, and each major fund of the Township of Gloucester Fire District No. 6, in the County of Camden, 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 Fire District's basic financial statements, and have issued our report thereon dated March 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Gloucester Fire District No. 6'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 Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Township of Gloucester Fire District No. 6'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 Township of Gloucester Fire District No. 6'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, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
March 25, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)

As management of the Gloucester Township Fire District No. 6, we offer readers of the Gloucester Township Fire District No. 6 financial statements this narrative overview and analysis of the financial activities of the Gloucester Township Fire District No. 6 for the years ended December 31, 2014 and 2013. The intent of this discussion and analysis is to look at the Township of Gloucester Fire District No. 6 financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Gloucester Township Fire District No. 6 financial performance.

Financial Highlights

- The assets of Gloucester Township Fire District No. 6 exceeded its liabilities at the close of 2013 by \$1,749,918.55 (Net Position). By comparison, the assets of Gloucester Township Fire District No. 6 exceeded its liabilities at the close of 2014 by \$2,010,245.55 (Net Position). This reflects an increase in Net Position as of December 31, 2014 in the amount of \$262,327.00 and an increase in Net Position as of December 31, 2013 in the amount of \$11,249.90.
- As of December 31, 2014, the Gloucester Township Fire District No. 6 governmental funds reported combined ending fund balances of \$1,300,049.29. As of the close of December 31, 2013, the Gloucester Township Fire District No. 6 governmental funds reported combined ending Fund balances of \$978,433.95. This reflects an increase of \$321,615.34 during 2014. Governmental fund balance increased \$47,280.14 during 2013.
- At the end of 2013, unassigned fund balance for the general fund was \$604,312.67, an approximate increase of 30% from 2012. At the end of 2014, unassigned fund balance for the general fund was \$836,538.29, approximately a 38% increase from December 31, 2013.
- Compensated Absences decreased in the amount of \$18,691.28 during 2014 and increased \$16,357.59 during 2013.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Gloucester Township Fire District No. 6 basic financial statements. The Gloucester Township Fire District No. 6 basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Gloucester Township Fire District No. 6 finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Gloucester Township Fire District No. 6 assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Gloucester Township Fire District No. 6 is improving or deteriorating.

The statement of activities presents information showing how the Gloucester Township Fire District No. 6 net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the Gloucester Township Fire District No. 6 that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Gloucester Township Fire District No. 6 include firefighting and emergency medical services that are provided to the citizens of and travelers within the Gloucester Township Fire District No. 6.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Gloucester Township Fire District No. 6, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Gloucester Township Fire District No. 6 constitute one fund type, governmental funds.

Governmental Funds. All of the Gloucester Township Fire District No. 6 activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Gloucester Township Fire District No. 6 general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance firefighting services.

The Gloucester Township Fire District No. 6 maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, capital projects fund, and the debt service fund.

The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Also, Gloucester Township Fire District No. 6 adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements are an integral part of the financial statements.

Government-wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Gloucester Township Fire District No. 6, assets exceeded liabilities by \$1,749,918.55 as of December 31, 2013 and \$2,010,245.55 at the close of December 31, 2014.

A significant portion of the Gloucester Township Fire District No. 6's total assets, (43% as of December 31, 2013, and 37% as of December 31, 2014) reflects its investment in capital assets (i.e. buildings, land improvements and equipment less corresponding debt). The Gloucester Township Fire District No. 6 uses these assets to provide firefighting services to the citizens of Gloucester Township Fire District No. 6, consequently these assets are not available for future spending.

Statement of Net Position

GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6
NET POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
CURRENT AND OTHER ASSETS	\$ 1,386,158.50	\$ 1,144,575.54
CAPITAL ASSETS	<u>796,837.99</u>	<u>876,679.66</u>
TOTAL ASSETS	<u>2,182,996.49</u>	<u>2,021,255.20</u>
NONCURRENT LIABILITIES		
OUTSTANDING	90,450.80	109,142.08
OTHER LIABILITIES	<u>82,300.14</u>	<u>162,194.57</u>
TOTAL LIABILITIES	<u>172,750.94</u>	<u>271,336.65</u>
NET POSITION	<u>\$ 2,010,245.55</u>	<u>\$ 1,749,918.55</u>
 ANALYSIS OF NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	796,837.99	876,679.66
RESTRICTED FOR CAPITAL PROJECTS	463,511.00	363,511.00
UNRESTRICTED	<u>749,896.56</u>	<u>509,727.89</u>
TOTAL NET POSITION	<u>\$ 2,010,245.55</u>	<u>\$ 1,749,918.55</u>

A portion of the Gloucester Township Fire District No. 6's net position (23 percent as of December 31, 2014 and 20 percent as of December 31, 2013) represent resources that are subject to external restrictions on how they may be used.

In total, net position of governmental activities increased in the amount of \$11,249.90 during 2013 and increased in the amount of \$260,327.00 during 2014. Both years reflect a decrease in the capital assets at year-end. For the year 2014, depreciation was charged in the amount of \$79,841.67 and for the year 2013 depreciation was charged in the amount of \$81,713.51.

Governmental Activities. The statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

EXPENSES		
OPERATING EXPENSES	2014	2013
ADMINISTRATION	\$ 255,903.36	\$ 167,985.71
COST OF OPERATIONS AND MAINTENANCE	838,816.43	1,068,672.37
OPERATING APPROPRIATIONS OFFSET WITH REVENUE	18,238.65	18,890.40
UNALLOCATED DEPRECIATION AND AMORTIZATION	<u>42,885.27</u>	<u>41,957.11</u>
TOTAL PROGRAM EXPENSES	<u>\$ 1,155,843.71</u>	<u>\$ 1,297,505.59</u>
 REVENUES		
CHARGES FOR SERVICE	25,159.30	22,756.95
OPERATING GRANTS	3,618.25	3,618.26
UNRESTRICTED INVESTMENT EARNINGS	2,820.19	3,708.28
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES	1,375,994.00	1,278,602.00
MISCELLANEOUS INCOME	<u>8,578.97</u>	<u>70.00</u>
TOTAL GENERAL REVENUES	<u>1,416,170.71</u>	<u>1,308,755.49</u>
INCREASE(DECREASE) IN NET POSITION	260,327.00	11,249.90
NET POSITION, JANUARY 1	<u>1,749,918.55</u>	<u>1,738,668.65</u>
NET POSITION, DECEMBER 31	<u>\$ 2,010,245.55</u>	<u>\$ 1,749,918.55</u>

During 2014 property taxes constituted 97% of revenues for government activities for the Fire District. During 2013 property taxes constituted 98% of revenues for government activities.

Cost of Operations and maintenance comprises 82% of fire district expenditures for 2013 and 73% for 2014, with administration comprising 13% for 2013 and 19% for 2014.

Financial Analysis of the Government Funds

As stated earlier, the Gloucester Township Fire District No. 6 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund. The focus of the Gloucester Township Fire District No. 6 governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Gloucester Township Fire District No. 6 financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

Of the combined ending fund balances of \$1,300,049.29 as of December 31, 2014 unassigned fund balance constituted \$491,038.29. \$345,000.00 constituted assigned Fund Balance for use in 2015. Additional Fund Balance was restricted as of December 31, 2014. Restricted for Future Capital Outlays was set in the amount of \$463,511.00. Of the combined ending fund balance of \$978,433.95 as of December 31, 2013 unassigned balance constituted \$604,312.67. \$10,110.28 constituted assigned fund balance for encumbrances. Additional fund balance was restricted as of December 31, 2013. Restricted for future capital outlays was set at \$363,511.00 and dedicated penalties in the amount of \$500.00.

The general fund is the main operating fund of the Gloucester Township Fire District No. 6. At the end of 2014 and 2013, unassigned fund balance of the general fund was \$491,038.29 and \$604,312.67 respectively.

The fund balance of the Gloucester Township Fire District No. 6 general fund increased by \$221,615.34 for 2014 and increased by \$47,280.14 during 2013.

Key factors are as follows:

2013

- Other Revenue was anticipated in the budget for 2013 in the amount of \$5,140.00 and \$70.00 was received.
- Less was expended for Other Assets Non-Bondable than originally anticipated.
- The cost of professional fees was less than anticipated.
- The cost of maintenance and repair was less than anticipated.
- Less was spent for utilities than originally anticipated.
- Less was expended for promotions than originally anticipated.

2014

- Total Revenue was anticipated in the budget for 2014 in the amount of \$1,405,003.00 and \$1,416,170.71 was received.
- The Gloucester Township Fire District No. 6 spent less than anticipated in the year 2014 for Professional Services.
- The Gloucester Township Fire District No. 6 spent less than anticipated in the year 2014 for Maintenance and Repair.
- The Gloucester Township Fire District No. 6 spent less than anticipated for Operations Fringe Benefits during 2014.
- The Gloucester Township Fire District No. 6 spent less than anticipated during 2014 for Operations Overtime.
- The Gloucester Township Fire District No. 6 spent less than anticipated for Other Assets Non-Bondable during the year 2014.

The capital projects fund had fund balance as of December 31, 2005 in the amount of \$42,484.00. The \$42,484.00 resulted from a lesser expenditure for fire apparatus than anticipated during 2005. For 2006 the district reserved for future capital outlay an additional \$30,000.00 resulting in a Capital Projects fund balance as of December 31, 2006 in the amount of \$72,484.00. During 2007 \$30,000.00 was utilized in the budget for that year. This reduced the Reserve for Future Capital Outlays as of December 31, 2007 and 2008 to \$42,484.00. During 2009 \$15,000.00 was added to the reserve resulting in a balance as of December 31, 2009 in the amount of \$57,484.00. During 2010 \$50,000.00 was added to the fund resulting in a balance as of December 31, 2010 in the amount of \$107,484.00. During 2011 \$50,000.00 was added to the fund resulting in a balance as of December 31, 2011 in the amount of \$157,484.00. During 2012 \$90,000.00 was added to the fund resulting in a balance as of December 31, 2012 in the amount of \$247,484.00. During 2013 the Fund increased \$116,027.00 for a balance as of December 31, 2013 in the amount of \$363,511.00. During 2014 the Fund increased \$100,000.00 for a balance as of December 31, 2014 in the amount of \$463,511.00.

General Fund Budgetary Highlights

During the course of the 2013 and 2014 years the Gloucester Township Fire District No. 6 modified its general fund budget in conformance with statute.

The key items of variance from the original budget are indicated above.

The final budgetary basis revenue estimates were \$1,405,003.00 for 2014 and \$1,310,751.00 for 2013. The original budgetary estimates were the same. No Fund Balance was anticipated as a revenue for 2013 or 2014.

During the year 2013, the Gloucester Township Fire District No. 6 budgeted \$1,278,602.00 for property taxes (local tax levy) and \$4,514.00 for state aid revenues (supplemental fire services grant). Fire Safety Act Revenue was budgeted for \$21,995.00. The Gloucester Township Fire District No. 6 received Fire Safety Act revenues in the amount of \$22,756.95.

During the year 2014, the Gloucester Township Fire District No. 6 budgeted \$1,375,994.00 for property taxes (local tax levy) and \$3,500.00 for state aid revenues (supplemental fire services grant). Fire Safety Act Revenue was budgeted for \$19,369.00. Gloucester Township Fire District No. 6 received fire safety act revenues in the amount of \$25,159.30.

The final budgetary basis expenditures appropriation estimate for 2014 was \$1,405,003.00 and for 2013 was \$1,531,104.25. The original budgetary estimates were the same.

Capital Assets and Debt Administration.

Capital Assets. The Gloucester Township Fire District No. 6 investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$796,837.99 and as of December 31, 2013 amounts to \$876,679.66 (net of Accumulated Depreciation). This investment in capital assets includes land improvements, building improvements, vehicles, firefighting equipment, office equipment and furniture. Gloucester Township Fire District No. 6 acquired \$8,800.00 of assets during 2014 . During 2013 Capital Assets were added in the amount of \$62,121.00

At the end of 2014 the Gloucester Township Fire District No. 6 had \$2,529,068.14 invested in capital assets. The accumulated depreciation on these items was \$1,735,030.15.

At the end of 2013 the Gloucester Township Fire District No. 6 had \$2,521,068.14 invested in capital assets. The accumulated depreciation on these items was \$1,644,388.48.

GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2014 AND 2013

	2014	2013
LAND IMPROVEMENTS	\$ 78,804.00	\$ 72,000.00
BUILDING IMPROVEMENTS	545,508.62	586,397.89
VEHICLES	166,267.37	212,023.77
FIREFIGHTING EQUIPMENT	3,638.00	3,638.00
OFFICE EQUIPMENT	1,620.00	1,620.00
FURNITURE	1,000.00	1,000.00
TOTAL CAPITAL ASSETS	\$ 796,837.99	\$ 876,679.66

Additional information on the Gloucester Township Fire District No. 6 capital assets can be found in Note 5 in the notes to Financial Statements.

Long-Term Obligations

The Gloucester Township Fire District No. 6 was obligated for compensated absences pertaining to unused sick time in the amount of \$90,450.80 as of December 31, 2014 and \$109,142.08 as of December 31, 2013. Of these amounts, \$13,273.82 and \$8,647.80 were due within one year. The policies of the Gloucester Township Fire District No. 6 pertaining to sick and vacation time are highlighted in note to Financial Statements, number 12, entitled Compensated Absences.

Economic Factors and Next Years Budget

For the years 2014 and 2013 the Gloucester Township Fire District No. 6 was able to sustain its budget through the district tax levy and other sources of revenue. For 2014, 97% of total revenues were from the local tax levy and the remaining 3% was from other sources. For 2013, approximately 98% of total revenue was from the local tax levy, while the remaining 2% was from other sources.

The Board of Fire Commissioners adopted the 2015 budget January 22, 2015, and the voters subsequently approved the budget at the annual fire district election held on February 21, 2015.

Requests for Information

This financial report is designed to provide a general overview of the Gloucester Township Fire District No. 6 finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jeanette Cottone, Administrative Clerk at Gloucester Township Fire District No. 6, 1946 Williamstown Road, Erial, New Jersey 08081.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
Statement of Net Position
December 31, 2014

ASSETS:

Cash and Cash Equivalents	\$ 918,838.43
Prepaid Expenses	3,809.07
Restricted Assets:	
Restricted Cash and Cash Equivalents	463,511.00
Capital Assets, net (Note 5)	<u>796,837.99</u>
 Total Assets	 <u>2,182,996.49</u>

LIABILITIES:

Accounts Payable	82,300.14
Noncurrent Liabilities (Note 6):	
Due within One Year	13,273.82
Due beyond One Year	<u>77,176.98</u>
 Total Liabilities	 <u>172,750.94</u>

NET POSITION:

Net Investment in Capital Assets	796,837.99
Restricted for:	
Capital Projects	463,511.00
Unrestricted	<u>749,896.56</u>
 Total Net Position	 <u><u>\$ 2,010,245.55</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Statement of Activities

For the Year Ended December 31, 2014

Expenses:	
Operating Appropriations:	
Administration	\$ 255,903.36
Cost of Operations and Maintenance	838,816.43
Operating Appropriations Offset with Revenues	18,238.65
Unallocated Depreciation and Amortization	<u>42,885.27</u>
Total Program Expenses	<u>1,155,843.71</u>
Program Revenues:	
Charges for Services	25,159.30
Operating Grants and Contributions	<u>3,618.25</u>
Net Program Expenses	<u>1,127,066.16</u>
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	1,375,994.00
Unrestricted Investment Earnings	2,820.19
Miscellaneous Income	<u>8,578.97</u>
Total General Revenues	<u>1,387,393.16</u>
Change in Net Position	260,327.00
Net Position, January 1	<u>1,749,918.55</u>
Net Position, December 31	<u><u>\$ 2,010,245.55</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Balance Sheet
 Governmental Funds
 December 31, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 918,838.43		\$ 463,511.00		\$ 1,382,349.43
Total Assets	<u>\$ 918,838.43</u>	<u>-</u>	<u>\$ 463,511.00</u>	<u>-</u>	<u>\$ 1,382,349.43</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 66,301.41				\$ 66,301.41
Payroll Liabilities Payable	15,998.73				15,998.73
Total Liabilities	<u>82,300.14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,300.14</u>
Fund Balances:					
Restricted					
Dedicated Penalties	500.00				500.00
Future Capital Outlay			\$ 463,511.00		463,511.00
Assigned:					
Designated for Subsequent Year's Expenditures	345,000.00				345,000.00
Unassigned:					
General Fund	491,038.29				491,038.29
Total Fund Balances	<u>836,538.29</u>	<u>-</u>	<u>463,511.00</u>	<u>-</u>	<u>1,300,049.29</u>
Total Liabilities and Fund Balances	<u>\$ 918,838.43</u>	<u>-</u>	<u>\$ 463,511.00</u>	<u>-</u>	(Continued)

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Balance Sheet
 Governmental Funds
 December 31, 2014

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.

\$ 3,809.07

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,529,868.14, and the accumulated depreciation is \$1,733,030.15.

796,837.99

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.

(90,450.80)

Net position of governmental activities

\$ 2,010,245.55

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Miscellaneous Anticipated Revenues	\$ 2,990.19				\$ 2,990.19
Operating Grant Revenue	3,618.25				3,618.25
Miscellaneous Revenues Offset with Appropriations	25,159.30				25,159.30
Amount to be Raised by Taxation to Support the District Budget	1,375,994.00				1,375,994.00
Non-Budgetary Revenues	8,408.97				8,408.97
Total Revenues	1,416,170.71	-	-	-	1,416,170.71
EXPENDITURES:					
Operating Appropriations:					
Administration	254,598.61				254,598.61
Cost of Operations and Maintenance	821,718.11				821,718.11
Operating Appropriations Offset with Revenues	18,238.65				18,238.65
Capital Appropriations	100,000.00				100,000.00
Total Expenditures	1,194,555.37	-	-	-	1,194,555.37
Excess (Deficiency) of Revenues over Expenditures	221,615.34				221,615.34
OTHER FINANCING SOURCES (USES):					
Reserve for Future Capital Outlays			\$ 100,000.00		100,000.00
Total Other Financing Sources (Uses)	-	-	100,000.00	-	100,000.00
Net Change in Fund Balances	221,615.34	-	100,000.00	-	321,615.34
Fund Balance, January 1	614,922.95		363,511.00		978,433.95
Fund Balance, December 31	\$ 836,538.29	-	\$ 463,511.00	-	\$ 1,300,049.29

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
 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

Total Net Change in Fund Balances - Governmental Funds	\$ 321,615.34
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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.</p>	
Depreciation Expense	\$ (88,641.67)
Capital Outlays Expensed	<u>8,800.00</u>
	(79,841.67)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>18,553.33</u>
Change in Net Position of Governmental Activities	<u>\$ 260,327.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
Notes to Financial Statements
For the Year Ended December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Gloucester Fire District No. 6 (the "Fire District") have been prepared to conform 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 following is a summary of the more significant of these policies.

Description of the Reporting Entity

The Fire District is a political subdivision of the Township of Gloucester (the "Township"), Camden County, New Jersey. The Township is comprised of an area of approximately 23.26 square miles. It is bounded by Gloucester County to the west, the Township of Winslow to the south, the Boroughs of Runnemede and Magnolia to the north and the Boroughs of Somerdale, Stratford, Hi-Nella, Lindenwold, Pine Hill and Clementon on the east. As of the 2010 United States Census, the Township's population was 64,634. The Fire District was formed on December 20, 1977 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location. The Fire District is served by independent contracted firefighters.

Component Units

In evaluating how to define the Fire District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the Fire District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The Fire District's operations consist of governmental activities, which normally are supported by taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The Fire District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Fire District. It is used to account for all 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.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes and serial bonds which are specifically 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 and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Budgets / Budgetary Control

The Fire 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 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 Fire 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 Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.5.

Subsequent to the adoption of the Fire District 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 legal voters.

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 year-end.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Fire District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at year-end.

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the 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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements are recorded as expenditures when consumed rather than when purchased. At December 31, 2014, no material amount of inventories existed.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2014. At December 31, 2014, \$3,809.07 prepaid expenses existed.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the Fire District and that are due within one year. These amounts are eliminated in the governmental column of the statement of net position.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The Fire District's capitalization threshold is \$5,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 Years
Buildings and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-10 Years

The Fire District does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Loss on Refunding**

Deferred loss on refunding arising from the issuance of the refunding general obligation bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Fire District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Fire District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Fire District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following calendar year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Bond Discount and Bond Premium

Bond discount and bond premium arising from the issuance of the general obligation bonds are recorded as liabilities. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount on the bonds. At December 31, 2014, no bond discounts (premiums) exist.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - 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.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Commissioners or by the accountant, to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the accountant is established by way of a formal job description for the position, approved by the Board of Commissioners.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting 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 the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASBS 69, however, does not have any impact on the Fire District's financial statements

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. The adoption of GASBS 70, however, does not have any impact on the Fire District's financial statements.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Fire District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 does not have any impact on the Fire District's financial statements.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Fire District's financial statements and expects the impact to be material.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Fire District's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the Fire District's amount on deposit of \$1,393,256.62 as of December 31, 2014, \$250,000.00 was insured under FDIC, and the remaining balance of \$1,143,256.62 was collateralized under GUDPA.

Restricted Cash and Cash Equivalents - At December 31, 2014, the government-wide financial statements reported restricted cash and cash equivalents. This amount of \$463,511.00 represents cash and cash equivalents held for the Capital Projects Fund (note 15).

Note 3: PROPERTY TAX LEVIES

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

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2014	\$ 1,045,492,700.00	\$ 1,375,994.00	\$.132
2013	1,062,565,100.00	1,278,602.00	.121
2012	1,076,651,600.00	1,264,383.00	.118
2011	1,061,522,611.00	1,183,143.00	.112
2010	1,053,062,160.00	1,137,508.00	.109

Note 4: ACCOUNTS RECEIVABLE

At December 31, 2014, the Fire District has no receivables.

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Balance</u> <u>12/31/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/14</u>
Land Improvements	\$ 100,000.00	\$ 8,800.00		\$ 108,800.00
Buildings and Improvements	1,274,101.85			1,274,101.85
Fire Equipment	36,473.00			36,473.00
Office Equipment	16,183.00			16,183.00
Furniture	10,570.12			10,570.12
Vehicles	1,083,740.17			1,083,740.17
Total Capital Assets being Depreciated	<u>2,521,068.14</u>	<u>8,800.00</u>	<u>-</u>	<u>2,529,868.14</u>
Less Accumulated Depreciation:				
Land Improvements	(28,000.00)	(1,996.00)		(29,996.00)
Buildings and Improvements	(687,703.96)	(40,889.27)		(728,593.23)
Fire Equipment	(32,835.00)			(32,835.00)
Office Equipment	(14,563.00)			(14,563.00)
Furniture	(9,570.12)			(9,570.12)
Vehicles	(871,716.40)	(45,756.40)		(917,472.80)
Total Accumulated Depreciation	<u>(1,644,388.48)</u>	<u>(88,641.67) *</u>	<u>-</u>	<u>(1,733,030.15)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>876,679.66</u>	<u>(79,841.67)</u>	<u>-</u>	<u>796,837.99</u>
Capital Assets, net	<u>\$ 876,679.66</u>	<u>\$ (79,841.67)</u>	<u>-</u>	<u>\$ 796,837.99</u>

* Depreciation expense was charged to governmental functions as follows:

Cost of Operations and Maintenance	\$ 45,756.40
Unallocated	<u>42,885.27</u>
Total Depreciation Expense	<u>\$ 88,641.67</u>

Note 6: LONG-TERM LIABILITIES

During the year ended December 31, 2014, the following changes occurred in long-term obligations for governmental activities:

	Principal Outstanding Jan. 1, 2014	Increases	Decreases	Principal Outstanding Dec. 31, 2014	Due Within One Year
Compensated Absences	\$ 109,142.08	\$ 10,785.47	\$ (29,476.75)	\$ 90,450.80	\$ 13,273.82
Total Governmental Activities					
Long-term Liabilities	<u>\$ 109,142.08</u>	<u>\$ 10,785.47</u>	<u>\$ (29,476.75)</u>	<u>\$ 90,450.80</u>	<u>\$ 13,273.82</u>

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 12 for a description of the Fire District's policy.

Note 7: OPERATING LEASES

At December 31, 2014, the Fire District did not have any operating leases.

Note 8: PENSION PLANS

The Fire District contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase was effective with the payroll period that began immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Fire District is billed annually for its normal contribution plus any accrued liability. The Fire District's contributions, equal to the required contribution for each year, were as follows:

Note 8: PENSION PLANS (CONT'D)**Public Employees Retirement System**

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Non-Contributory</u>	
				<u>Group Life Insurance</u>	<u>Paid by Fire District</u>
2014	\$ 2,519.00	\$ 11,078.00	\$ 13,597.00	\$ 231.00	\$ 13,828.00
2013	4,081.00	9,758.00	13,839.00	824.00	14,663.00
2012	4,858.00	9,716.00	14,574.00	929.00	15,503.00

Police and Firemen's Retirement System - The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 10.0% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Fire District is billed annually for its normal contribution plus any accrued liability. The Fire District's contributions, equal to the required contribution for each year, were as follows:

Police and Firemen's Retirement System

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Non-Contributory</u>	
				<u>Group Life Insurance</u>	<u>Paid by Fire District</u>
2014	\$ 16,534.00	\$ 27,218.00	\$ 43,752.00	\$ 1,670.00	\$ 45,422.00
2013	20,305.00	26,871.00	47,176.00	1,948.00	49,124.00
2012	22,750.00	25,603.00	48,353.00	1,771.00	50,124.00

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township of Gloucester or the Fire District.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program ("DCRP") is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Fire District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

In 2014, the Fire District had no employees participating in the Defined Contribution Retirement Program.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Fire District 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. In 1999, the Fire District authorized participation in the SHBP's post-retirement benefit program through the approval of the employment contracts through resolution number R-14-99. The Fire District provides postemployment health care benefits, at its cost, to all Fire District retirees who at the date of retirement have not less than twenty-five (25) years of service credit in a state locally administered retirement system. Benefits provided include health insurance and prescription coverage for retirees and their dependents only during the retired employees' life.

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/.

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 Fire District on a monthly basis. The Fire District funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits.

At December 31, 2014, there are no Fire District retirees receiving these benefits.

Note 10: RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Fire District maintains commercial insurance coverage for property, liability, and surety bonds.

New Jersey Unemployment Compensation Insurance - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this method, a contribution rate is established annually for the Fire District's share of unemployment tax. The rate is based on cost experience for all government employers.

Note 11: DEFERRED COMPENSATION

The Fire District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Fire District or its creditors. Since the Fire District does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Fire District's financial statements.

Note 12: COMPENSATED ABSENCES

The Fire District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Full-time employees are entitled to one paid sick day for each month during the first year of employment, and fifteen paid sick leave days thereafter. Unused sick leave may be accumulated and carried forward to subsequent years. Employees earn from 12 to 30 vacation days per year depending on the number of years of service. Vacation days not used during the year may be carried forward to the subsequent year. Employees may choose to be reimbursed for up to one week of unused vacation days. Benefits paid in any future year will be calculated according to formulas outlined in each employee's contract and included in the current year's budget.

The Fire District compensates employees for unused sick leave upon termination or retirement. The current policy for payment of unused sick leave varies in accordance with collective bargaining agreements the Fire District has with its employees. All accumulated holidays, vacation, sick, or other leave will be paid upon retiring after 25 years of service or having attained the age of 55 or as a result of a disability pension. Under the agreement with the Camden County Uniformed Fire Fighters Association Local 3249 accumulated sick leave is paid at \$50 per eight (8) hours to a maximum of four hundred (400) hours (\$2,500.00 cap). Under the agreement with the administrative employees, the accumulated sick leave is paid at the rate of pay at the time of retirement based upon the base annual compensation, except that unused sick leave compensation shall be paid to a maximum of \$15,000.00 established by the NJ Public Employees Retirement System.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2014, the liability for compensated absences in the governmental fund types was \$90,450.80. This amount does not include reductions for maximum payouts as described above.

Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of and for the year ended December 31, 2014, no interfund receivables or payables, or transfers among funds, existed.

Note 14: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2015 annual budget of the Fire District was adopted on January 22, 2015, and subsequently approved by the voters at the annual election held on February 21, 2015. The adopted budget utilized \$345,000.00 of fund balance in the general fund.

The following presents the total fund balance of the general fund as of the end of the last five years and the amount utilized in the subsequent year's budget:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilization in Subsequent Budget</u>
2014	\$ 491,038.29	\$ 345,000.00
2013	604,312.67	None
2012	462,816.56	50,000.00
2011	464,394.93	58,000.00
2010	316,663.08	None

Note 15: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Fire District's fund balance are summarized as follows:

General Fund –

For Dedicated Penalties - Pursuant to N.J.A.C. 5:70-2.12A, certain monies collected by the Fire District for violations by property owners must be placed in the general treasury of the Fire District and be subject to separate accounting. These monies are required to fund the cost of firefighter training and / or new firefighting equipment. As of December 31, 2014 such funds collected by the Fire District amount to \$500.00.

Capital Projects Fund -

Future Capital Outlays - These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2014, the balance is \$463,511.00, of which \$460,000.00 is designated for subsequent year's expenditures.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Fire District's fund balance are summarized as follows:

General Fund -

For Subsequent Year's Expenditures - The Fire District has appropriated and included as anticipated revenue for the year ending December 31, 2015, \$345,000.00 of general fund balance at December 31, 2014.

Note 15: FUND BALANCES (CONT'D)**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Fire District's unassigned fund balance is summarized as follows:

General Fund - As of December 31, 2014, \$491,038.29 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Miscellaneous Anticipated Revenues:					
Interest on Investments and Deposits	\$ 2,500.00		\$ 2,500.00	\$ 2,820.19	\$ 320.19
Other Revenue	<u>3,140.00</u>		<u>3,140.00</u>	<u>170.00</u>	<u>(2,970.00)</u>
Total Miscellaneous Anticipated Revenues	<u>5,640.00</u>	<u>-</u>	<u>5,640.00</u>	<u>2,990.19</u>	<u>(2,649.81)</u>
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	<u>3,500.00</u>	<u>-</u>	<u>3,500.00</u>	<u>3,618.25</u>	<u>118.25</u>
Miscellaneous Revenues Offset with Appropriations					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	5,500.00		5,500.00	11,168.30	5,668.30
Penalties and Fines	1,000.00		1,000.00		(1,000.00)
Other Revenue	<u>13,369.00</u>		<u>13,369.00</u>	<u>13,991.00</u>	<u>622.00</u>
Total Miscellaneous Revenues Offset with Appropriations	<u>19,869.00</u>	<u>-</u>	<u>19,869.00</u>	<u>25,159.30</u>	<u>5,290.30</u>
Amount to be Raised by Taxation to Support the District Budget	<u>1,375,994.00</u>	<u>-</u>	<u>1,375,994.00</u>	<u>1,375,994.00</u>	<u>-</u>
Total Anticipated Revenues	<u>1,405,003.00</u>	<u>-</u>	<u>1,405,003.00</u>	<u>1,407,761.74</u>	<u>2,758.74</u>
Non-Budgetary Revenues:					
Miscellaneous				<u>8,408.97</u>	<u>8,408.97</u>
Total Non-Budgetary Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,408.97</u>	<u>8,408.97</u>
Total Revenues	<u>\$ 1,405,003.00</u>	<u>-</u>	<u>\$ 1,405,003.00</u>	<u>\$ 1,416,170.71</u>	<u>\$ 11,167.71</u>

(Continued)

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary and Wages:					
Commissioners	\$ 21,000.00		\$ 21,000.00	\$ 21,000.00	
Administrative Clerk	61,354.00	\$ 300.00	61,654.00	61,601.60	\$ 52.40
Deputy Clerk	2,000.00		2,000.00	947.73	1,052.27
Chief	86,431.00		86,431.00	86,431.00	
Overtime and Substitutes	3,040.00		3,040.00	1,980.53	1,059.47
Vacation and Sick	3,163.00		3,163.00	3,162.80	0.20
Fringe Benefits	66,801.00		66,801.00	55,730.46	11,070.54
Other Expenses:					
Election	5,000.00		5,000.00	171.28	4,828.72
Membership and Dues	700.00		700.00	549.00	151.00
Office Expenses	2,400.00		2,400.00	2,202.16	197.84
Professional Services	45,100.00		45,100.00	20,716.37	24,383.63
Miscellaneous	1,000.00		1,000.00	105.68	894.32
Total Administration	297,989.00	300.00	298,289.00	254,598.61	43,690.39
Cost of Operations and Maintenance:					
Salary and Wages:					
Firefighter	75,545.00	800.00	76,345.00	76,271.96	73.04
Firefighter	74,295.00	100.00	74,395.00	74,297.60	97.40
Firefighter	53,178.00	600.00	53,778.00	53,696.70	81.30
New Firefighter #1	3,500.00		3,500.00		3,500.00
Operations Subs	52,208.00		52,208.00	51,051.00	1,157.00
Overtime	25,516.00	(8,000.00)	17,516.00	6,774.68	10,741.32
Vacation and Sick	3,905.00		3,905.00	1,452.80	2,452.20

(Continued)

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (Cont'd):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Fringe Benefits	\$ 192,291.00		\$ 192,291.00	\$ 157,955.41	\$ 34,335.59
Other Expenses:					
Life Hazard Registration Fee	300.00		300.00	148.00	152.00
Advertising	1,200.00	\$ 100.00	1,300.00	1,200.22	99.78
Insurance	41,998.00		41,998.00	40,176.28	1,821.72
Maintenance and Repair	93,570.00		93,570.00	62,924.80	30,645.20
Rental Charges	177,428.00		177,428.00	176,128.32	1,299.68
Supplies Expense	8,350.00	2,200.00	10,550.00	10,488.51	61.49
Training and Education	15,000.00		15,000.00	6,649.52	8,350.48
Travel Expense	1,000.00		1,000.00	417.52	582.48
Uniforms	8,000.00	3,100.00	11,100.00	11,064.00	36.00
Utilities	42,120.00		42,120.00	40,978.79	1,141.21
Promotions	11,400.00		11,400.00	8,528.25	2,871.75
Reimbursements	12,000.00		12,000.00	12,000.00	
Supplemental Fire Services Grant	3,500.00		3,500.00	3,413.73	86.27
Other Assets Non-Bondable	90,841.00	300.00	91,141.00	26,100.02	65,040.98
	<u>987,145.00</u>	<u>(800.00)</u>	<u>986,345.00</u>	<u>821,718.11</u>	<u>164,626.89</u>
Total Cost of Operations and Maintenance					
Operating Appropriations Offset with Revenues:					
Salary and Wages	16,669.00	500.00	17,169.00	17,162.30	6.70
Other Expenses	3,200.00		3,200.00	1,076.35	2,123.65
	<u>19,869.00</u>	<u>500.00</u>	<u>20,369.00</u>	<u>18,238.65</u>	<u>2,130.35</u>
Total Operating Appropriations Offset with Revenues					

(Continued)

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (Cont'd):					
Capital Appropriations:					
Reserve for Future Capital Outlays	\$ 100,000.00	-	\$ 100,000.00	\$ 100,000.00	-
Total Capital Appropriations	<u>100,000.00</u>	<u>-</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>
Total Expenditures	<u>1,405,003.00</u>	<u>-</u>	<u>1,405,003.00</u>	1,194,555.37	\$ 210,447.63
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	221,615.34	<u>\$ 221,615.34</u>
Fund Balance, Beginning				<u>614,922.95</u>	
Fund Balance, Ending				<u>\$ 836,538.29</u>	
Recapitulation:					
Restricted					
Dedicated Penalties				\$ 500.00	
Assigned					
Subsequent Year's Expenditures				345,000.00	
Unassigned					
General Fund				<u>491,038.29</u>	
				<u>\$ 836,538.29</u>	

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Year Ended December 31, 2014

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 1,416,170.71	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	_____	_____
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 1,416,170.71</u>	<u>-</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 1,194,555.37	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 1,194,555.37</u>	<u>-</u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Schedule of Findings and Recommendations
For the Year Ended December 31, 2014

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the 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.

None.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6
Summary Schedule of Prior Year Audit Findings
as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None.

39256

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bowman & Company", written in a cursive style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

