

**MAURICE RIVER**  
**FIRE DISTRICT NO. 3**  
**COUNTY OF CUMBERLAND**  
**REPORT OF AUDIT**  
**DECEMBER 31, 2014**

MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 3

COUNTY OF CUMBERLAND

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**MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 3**

**COUNTY OF CUMBERLAND**

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**MAURICE RIVER**  
**FIRE DISTRICT NO. 3**  
**ROSTER OF OFFICIALS**

The following officials were in office during 2014:

<b><u>NAME</u></b>	<b><u>TITLE</u></b>
<b><u>Board of Commissioners</u></b>	
Glenn Ewan	President
Keith Kelley	Secretary
Jack Lafferty, Jr.	Treasurer
John Lafferty, Sr.	Commissioner
Jeffrey Rasconc	Commissioner

A blanket surety bond was in force with Selective Insurance Company of America in the amount of \$100,000.

# NIGHTLINGER, COLAVITA & VOLPA

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March 6, 2015

## INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the  
Maurice River Fire District No. 3  
County of Cumberland  
P.O. Box 31  
Port Elizabeth, New Jersey 08348

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Maurice River Fire District No. 3 ("the Fire District"), County of Cumberland, State of New Jersey as of and for the year ended December 31, 2014, which collectively comprise the basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The Fire District's 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 basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

## **Opinions**

In our opinion, except for the effects of recording current and accumulated depreciation expense, the basic 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 Maurice River Township Fire District No. 3, County of Cumberland, State of New Jersey, as of December 31, 2014, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying Management Discussion and Analysis on pages 6 through 12 along with budgetary comparison information on pages 28 through 31 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 the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

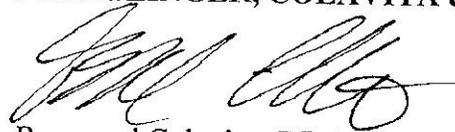
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements as a whole. The related major fund supporting statements and schedules listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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 6, 2015 on our consideration of the Fire District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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** and should be considered in assessing the results of our audit.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A.  
Registered Municipal Accountant

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March 6, 2015

## 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

Chairman and Members of the  
Maurice River Fire District No. 3  
County of Cumberland  
P.O. Box 31  
Millville, New Jersey 08348

We have audited the financial statements of the governmental activities and each major fund of the Maurice River Township Fire District No. 3 (the "Fire District"); County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2014, which collectively comprise the Maurice River Township Fire District No. 3, County of Cumberland, State of New Jersey's basic financial statements and have issued our report thereon dated March 6, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the New Jersey Division of Local Government Services – Bureau of Authority Regulation.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the district's internal control over financial reporting.

*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 misstatement 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.

**MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 3  
COUNTY OF CUMBERLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014  
UNAUDITED**

As management of the Maurice River Township Fire District No. 3, we offer readers of the Maurice River Township Fire District No. 3 financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the Fire District's 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 Fire District's financial performance.

Financial Highlights

- The assets of Maurice River Township Fire District No. 3 exceeded its liabilities at the close of the most recent year by \$150,774 (Net Position).
- As of the close of the current year, the Maurice River Township Fire District No. 3's governmental funds reported combined ending fund balances of \$127,426, an increase of \$19,170 in comparison with the prior year.

**Overview of Financial Statements**

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

**District-wide Financial Statements.** The district-wide financial statements are designed to provide readers with a broad overview of the Maurice River Township Fire District No. 3's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Maurice River Township Fire District No. 3's 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 Maurice River Township Fire District No. 3 is improving or deteriorating.

The Statement of Activities presents information showing how the Maurice River Township Fire District No. 3's 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 certain items that will result in cash flows in future periods.

Both of the district-wide financial statements distinguish functions of the Maurice River Township Fire District No. 3 that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include fire-fighting/suppression services that are provided to the citizens of the Maurice River Township Fire District No. 3.

**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 Maurice River Township Fire District No. 3, 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 Fire District constitute one fund type, which is the governmental fund type.

**Governmental Funds.** All of the Maurice River Township Fire District No. 3's 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 Maurice River Township Fire District No. 3's general government operations and the basic services it provides. Government fund information provides insight as to determining a range of financial resources available to finance fire-fighting/suppression services in the near future.

The Maurice River Township Fire District No. 3 maintains a maximum of 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, Maurice River Township Fire District No. 3 adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance regarding spending within the budget, as well as provide management with a planning tool to achieve the goals of the District.

**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.

### **District-wide Financial Analysis**

The net position reported each year, and amount of change thereon, provide a useful indicator of a government's financial position. In the case of the Maurice River Township Fire District No. 3, assets exceeded liabilities by \$150,774 at the close of the current year.

A portion of the Fire District's Net Position reflects its investment in capital assets (i.e., land buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide fire-fighting/suppression services to the citizens of the Maurice River Township Fire District No. 3. Consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operating sources, since the capital assets themselves cannot be used to liquidate those liabilities.

**Statement of Net Position**

Table 1 provides a comparative summary of the Fire District's net position for the years ended in 2014 and 2013.

**Table 1  
Net Position**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash	\$ 117,881	\$ 117,906
Capital Assets, Net	23,348	40,029
Accounts Receivable	22,875	576
	<u>164,104</u>	<u>158,511</u>
<b>Liabilities</b>		
Accounts Payable	3,730	626
Reserve for LOSAP	9,600	9,600
	<u>13,330</u>	<u>10,226</u>
<b>Net Position</b>	<u>\$ 150,774</u>	<u>\$ 148,285</u>
<b>Analysis of Net Position</b>		
Invested in Capital Assets, Net of Related Debt	\$ 23,348	\$ 40,029
Restricted for		
Future Capital Outlay	3,750	40,941
Other Purposes	76,594	18,441
Unrestricted	47,082	48,874
	<u>150,774</u>	<u>148,285</u>
<b>Total Net Position</b>	<u>\$ 150,774</u>	<u>\$ 148,285</u>

Net position of governmental activities increased \$2,489 from the previous year, resulting from an increase in total assets of \$5,593 and an increase in total liabilities of \$3,104.

During 2014, the District utilized \$60,000 of its reserve for future capital outlay, for the purpose of funding a down payment on a new fire truck in 2015.

The District's investment in capital assets (net of related debt) decreased by \$16,681, resulting from capital purchases of \$2,543 during 2014, offset by depreciation expense of \$19,224.

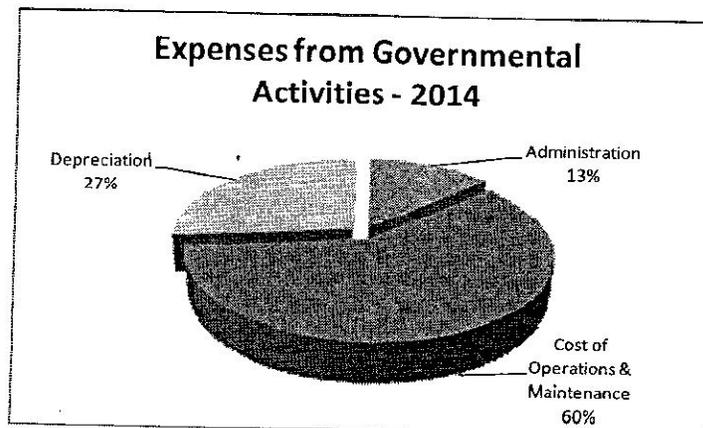
**Governmental Activities.** The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services for the year's 2014 and 2013.

**Table 2**  
**Statement of Activities**

	<u>2014</u>	<u>2013</u>
Expenses		
Operating Expenses		
Administration	\$ 9,260	\$ 6,046
Cost of Operations and Maintenance	42,911	23,794
Depreciation Expense	19,224	18,815
Total Program Expenses	<u>71,395</u>	<u>48,655</u>
Program Revenues		
Operating Grants & Contributions	576	790
Net Program Expenses	<u>70,819</u>	<u>47,865</u>
Taxes:		
Property Taxes, Levied for General Purpose	73,203	61,612
Unrestricted Investment Earnings	105	81
Total General Revenues	<u>73,308</u>	<u>61,693</u>
Increase in Net Position	2,489	13,828
Net Position, January 1	148,285	134,457
Net Position, December 31	<u>\$ 150,774</u>	<u>\$ 148,285</u>

Property taxes constituted 99% of revenues for government activities for the Fire District for the year 2014.

The following chart depicts the allocation of District expenses for the year 2014:



## Financial Analysis of the Government Funds

As stated earlier, the Maurice River Township Fire District No. 3 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund.** The focus of the Maurice River Township Fire District No. 3's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Maurice River Township Fire District No. 3's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the Maurice River Township Fire District No. 3's governmental funds reported combined ending fund balances of \$127,426, an increase of \$19,170 in comparison with the prior year.

The unrestricted portion of the District's fund balance constituted \$63,676, of which, \$16,594 has been utilized to fund the District's 2015 Budget. The remaining \$63,750 is restricted and made up of \$60,000 committed in 2015 to fund a down payment on a new fire truck and \$3,750 in a reserve for future capital outlays. Use of these funds are subject to approval of the voters of the Maurice River Township Fire District No. 3. The general fund is the main operating fund of the Maurice River Township Fire District No. 3.

The fund balance of Maurice River Township Fire District No. 3's general fund increased \$19,170 during the current year. Key factors are as follows:

- The Maurice River Township Fire District No. 3 actual revenues were \$105 higher than anticipated.
- Actual expenditures were \$37,506 less than anticipated. The more significant (\$1,000 or more) under spent line items are as follows:

- Maintenance and Repairs by \$5,497
- Water Gun Nozzle by \$3,100
- Vehicle Repair Stabilizer by \$1,500
- Turn-Out Gear by \$1,000
- Training and Education by \$1,717

Revenues increased \$11,401 from the year before, as a result of increases in the tax levy of \$11,591 and interest of \$24. Operating expenses increased \$20,074 over the same time period

## Capital Projects Fund

The capital projects fund has a balance of \$2,591, consisting of \$91 remaining from a VESO loan and \$2,500 donated by the Port Elizabeth Fire Company.

**General Fund Budgetary Highlights**

During the course of the 2014 year the District modified its general fund budget in conformance with statute through budget transfers approved in the minutes. None of these transfers was considered material.

No grants or aid were awarded during the year other than \$576 from the Supplemental Fire Services Program.

The original budgetary revenue estimate of \$73,779 was the same as the final budget. This amount was made up of \$73,203 for property taxes (local tax levy), and \$576 for state aid revenues (supplemental fire services grant).

The original budgetary estimate of \$92,220 was the same as the final budget for planned expenditure appropriations.

The final budgetary basis expenditures appropriation estimate exceeded the final budgetary basis revenue in the amount of \$18,441. This represents the amount of Fund Balance required to balance the 2014 Budget.

**Capital Assets and Debt Administration**

The Maurice River Township Fire District No. 3's investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$23,348. This investment in capital assets includes building improvements, vehicles and firefighting equipment.

The balance in accumulated depreciation, as of December 31, 2014 was \$74,067.

CAPITAL ASSETS  
(NET OF ACCUMULATED DEPRECIATION COMPUTED)

	2014	2013
Vehicle	\$ 7,331	\$ 14,662
Firefighting Equipment	16,017	25,367
	\$ 23,348	\$ 40,029

Additional information on the Maurice River Township Fire District No. 3's capital assets can be found in Note 4 in the notes to financial statements.

**Long-Term Obligations**

As of December 31, 2014, the Maurice River Township Fire District No. 3 had no bonded debt and no obligations under capital lease agreements.

### **Economic Factors and Next Years Budget**

For the 2014 year the Maurice River Township Fire District No. 3 was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 99% of total revenue is from the local tax levy, while the remaining 1% is from other sources.

The Board of Fire Commissioners adopted the 2015 budget January 6, 2015 and the voters subsequently approved the budget at the annual fire district election held on February 21, 2015.

### **Contacting the Fire District's Financial Management**

This financial report is designed to provide our patrons, citizens, taxpayers, and creditors with a general overview of the Fire District's finances and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Linda Costello, Secretary Maurice River Fire District No. 3, PO Box 383, Port Elizabeth, NJ 08348.

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2014**

	<b><u>Governmental</u></b>
	<b><u>Activities</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 2)	\$ 117,881
Capital Assets, Net (Note 4)	23,348
Accounts Receivable	22,875
Total Assets	<u>164,104</u>
<b>LIABILITIES</b>	
Accounts Payable	3,730
Reserve for LOSAP	9,600
Total Liabilities	<u>13,330</u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	23,348
Restricted:	
Future Capital Outlay	3,750
Other Purposes	76,594
Unrestricted	47,082
Total Net Position	<u>\$ 150,774</u>

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

STATEMENT OF ACTIVITIES  
DECEMBER 31, 2014

	<u>Governmental Activities</u>
Expenses:	
Operating Appropriations:	
Administration	\$ 9,260
Cost of Operations and Maintenance	42,911
Depreciation Expense (Note 4)	19,224
Total Program Expenses	<u>71,395</u>
Program Revenues:	
Operating Grants and Contributions	576
Net Program Expenses	<u>70,819</u>
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	73,203
Unrestricted Investment Earnings	105
Total General Revenues	<u>73,308</u>
Increase in Net Position	2,489
Net Position, January 1	148,285
Net Position, December 31	<u>\$ 150,774</u>

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2014**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 114,577	\$ 2,591	\$ 713	\$ 117,881
Accounts Receivable	22,875			22,875
<b>Total Assets</b>	<b>\$ 137,452</b>	<b>\$ 2,591</b>	<b>\$ 713</b>	<b>\$ 140,756</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 3,730			\$ 3,730
Reserve for LOSAP	9,600			9,600
<b>Total Liabilities</b>	<b>13,330</b>			<b>13,330</b>
Fund Balances:				
Restricted for:				
Future Capital Outlay	1,159	2,591		3,750
Assigned Fund Balance				
Designated for Subsequent Year's Expenditures	16,594			16,594
Down Payment for Fire Truck	60,000			60,000
Unassigned, Reported in:				
General Fund	46,369		713	47,082
<b>Total Fund Balances</b>	<b>124,122</b>	<b>2,591</b>	<b>713</b>	<b>127,426</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 137,452</b>	<b>\$ 2,591</b>	<b>\$ 713</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$97,415. Accumulated Depreciation was computed at \$74,067. (Note 4)

23,348

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.

Net position of governmental activities

**\$ 150,774**

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Operating Grant Revenue	\$ 576	\$	\$	\$ 576
Amount to be Raised by Taxation	73,203			73,203
Non-Budgetary Revenues - Interest Earned	105			105
<b>Total Revenues</b>	<b>73,884</b>			<b>73,884</b>
<b>EXPENDITURES</b>				
Operating Appropriations:				
Administration	9,260			9,260
Cost of Operations and Maintenance	45,454			45,454
<b>Total Expenditures</b>	<b>54,714</b>			<b>54,714</b>
Excess (Deficiency) of Revenues Over Expenditures	19,170			19,170
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources and Uses				
<b>Net Change in Fund Balances</b>	<b>19,170</b>			<b>19,170</b>
Fund Balance—Jan 1	104,952	2,591	713	108,256
Fund Balance—Dec 31	\$ 124,122	\$ 2,591	\$ 713	\$ 127,426

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

**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 (from B-2)** \$ 19,170

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(19,224)
Capital outlays	2,543

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt  
Capital lease proceeds

**Change in net assets of governmental activities (A-2)** \$ 2,489

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. **Description of Reporting Entity** - Fire District No. 3 of Maurice River Township is a political subdivision of the Township of Maurice River, Cumberland County, New Jersey. It was formed 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 taxpaying authority charged with the responsibility of providing the resources necessary to provide fire-fighting services to the residents within its territorial location. Fire District No. 3 serves the Port Elizabeth area of the Township.

The Fire District is not a component unit of any other financial reporting entity as to Governmental Accounting Standards Board Statement No. 14.

- b. **Basis of Accounting, Measurement Focus and Basis of Preparation** - The financial statements of the Fire District conform to 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting. The more significant of the Fire District's accounting policies are described in this Note.

The Fire District's basic financial statements consist of district-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**District-wide Financial Statements** – The Statement of Net Position and the Statement of Activities display information about the Fire District as a whole. These statements include the financial activities of the government. The Statement of Net Position presents the financial condition of the governmental activities of the Fire District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the Fire District is to not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

Revenues, which are not classified as program revenues, are presented as general revenues of the Fire District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Fire District.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)**

**Fund Financial Statements** – During the year, the Fire District segregates transactions related to certain Fire District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Fire District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Fire District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For fire districts, only one category of funds exists, which is governmental.

**Governmental Funds:**

**General Fund** - The General Fund is the general operating fund of the Fire District and is used to account for its inflows and outflows of financial resources. The acquisition of certain capital assets, such as fire fighting 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 the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as fire houses and fire fighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election. At December 31, 2014, the Capital Fund is comprised of \$2,591 in funds reserved for future capital purchases.

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

**c. Budgets and Budgetary Accounting** - 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 hearings 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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Budgets and Budgetary Accounting (Continued)**

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.

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.

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

Amounts reported under "final budget" in Exhibits C-1 and I-3, and in the detail statements, include modifications to the adopted budget that were made during the year 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** - Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Due to the small size of the Fire District, the selective encumbrance method is implemented rather than a full encumbrance system.

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year-end.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- d. **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. All certificates of deposit are recorded as cash regardless of the date of maturity.

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey governments.

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

- e. **Inventories and Prepaid Expenses** - Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.
- f. **Interfunds** - Interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the period in which the transaction is executed.
- g. **Capital Assets** - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District maintains a capitalization threshold of \$1,000. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are required to be depreciated. Improvements are to be depreciated over the remaining useful lives of the related capital assets.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Capital Assets (Continued)**

Depreciation should be computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 Years
Vehicles	5-10 Years
Firefighting Equipment	5 Years

While depreciation has not been computed or reported as reflected in the comments section of the audit, it will be computed and reported as of December 31, 2014.

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation or property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

- h. Long-Term Obligations** - Long-term debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the Fire District. The remaining portion of such obligations is reported in the Statement of Net Position.
- i. Unearned Revenue** - Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned.
- j. Fire District Taxes** - Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- k. **Fund Equity** - Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.
- l. **Use of Estimates** – In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- m. **Comparative Data** - Comparative total data for the prior year have been presented in selected sections of the accompanying basic financial statements in order to provide an understanding of the changes in the Fire District's financial position and operations.
- n. **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 components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for 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 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.

- o. **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 polices for determining such classifications are as follows:

**Non Spendable-** The non spendable fund balance classification included 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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

o. **Fund Balance (Continued)**

**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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Committed-** The committed fund balance classification includes amounts that can 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 business manager, to which the Board of Commissioners or by the business manager, to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business manager is established by way of formal job description for the position, approved by the Board of Commissioners.

**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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**2. CASH AND CASH EQUIVALENTS**

Custodial Credit Risks

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act.

Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: 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 Protection Act.

The Fire District designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions. As of December 31, 2014, none of the District's bank balance of \$123,679 was exposed to custodial credit risk.

**3. FUND BALANCES APPROPRIATED**

The following presents the fund balance and the amount utilized in the subsequent year's budget for the current and preceding four years:

<u>Year</u>	<u>End of Year</u>		<u>Utilization in Subsequent Budget</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
2014	\$ 63,676	\$ 63,750	\$ 16,954	\$ 60,000
2013	67,315	40,941	18,441	
2012	52,009	28,404	9,960	
2011	40,047	15,867	10,000	
2010	57,766	16,606	30,273	

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**4. CAPITAL ASSETS**

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

	Balance December 31, 2013	Additions	Adjustment	Balance December 31, 2014
Vehicles	\$ 36,655	\$	\$	\$ 36,655
Equipment	58,217	2,543		60,760
Totals at Historical Cost	<u>94,872</u>	<u>2,543</u>		<u>97,415</u>
Less Accum. Depreciation for:				
Vehicles	(21,993)	(7,331)		(29,324)
Equipment	(32,850)	(11,893)		(44,743)
Total Accum. Depreciation	<u>(54,843)</u>	<u>(19,224)</u>		<u>(74,067)</u>
Capital Assets, Net	<u>\$ 40,029</u>	<u>\$ (16,681)</u>	<u>\$</u>	<u>\$ 23,348</u>

**5. PROPERTY TAX LEVIES**

Following is a tabulation of Fire District assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

Fiscal Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2014	\$ 76,234,359	\$ 73,203	\$ 0.097
2013	76,264,000	61,612	0.081
2012	79,267,325	61,572	0.081
2011	76,784,414	61,318	0.080
2010	76,647,931	60,840	0.080

**6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGET**

There were no deferred charges to be raised in 2014.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(CONTINUED)**

**7. LITIGATION**

No contingent liabilities were noted per the Solicitor's written response to our inquiry.

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance coverage for property, liability and surety bonds.

**9. RESTRICTED FUND BALANCE**

The restricted fund balance of \$ 3,750, represents \$2,591 remaining from the Capital Projects Fund and \$1,159 for Future Capital Outlay. The use of such funds is contingent upon voter approval the year in advance of the purchase, which must be budgeted.

**10. FIRE TRUCK**

At a special capital meeting held on November 4, 2014, the legal voters of Maurice River Fire District 3 approved a Capital Referendum for a new fire truck. The District plans to utilize \$60,000, of Restricted Fund Balance, as a down payment on the new truck and will seek Local Finance Board Approval in 2015.

**11. SUBSEQUENT EVENTS**

None

End of Notes to Financial Statements

**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(WITH TOTALS FOR 2013)**

	2014			Variance Favorable (Unfavorable)	2013
	Original Budget	Modified Budget	Actual		Actual
<u>Revenues</u>					
Revenues and Other Financing Sources:					
Operating Grant Revenue:					
Supplemental Fire Services Program	\$ 576	\$ 576	\$ 576		\$ 576
Sandy Relief Fund					214
Total Operating Grant Revenue:	576	576	576		790
Miscellaneous Revenue Not Anticipated:					
Interest on Deposits and Investments			105	105	81
Total Miscellaneous Revenues			105	105	81
Amount to be Raised by Taxation to Support District Taxes	73,203	73,203	73,203		61,612
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 73,779</b>	<b>\$ 73,779</b>	<b>\$ 73,884</b>	<b>\$ 105</b>	<b>\$ 62,483</b>
<u>Expenditures</u>					
Administration					
Professional Services	\$ 4,950	\$ 8,601	\$ 8,601		\$ 4,570
Advertising	600	600	535	65	656
Membership and Dues	100	100		100	
Office Expenses	550	600	124	476	480
Elections	500	500		500	340
Total Administration	6,700	10,401	9,260	1,141	6,046
Cost of Operations					
Maintenance and Repairs	13,330	7,129	1,632	5,497	1,075
Training and Education	1,950	1,717		1,717	
Reimbursement for Expenses and Losses	500	500		500	
Supplies	12,400	14,633	14,633		9,348
Testing and Inspections	2,400	2,900	2,758	142	
Contracted Services Provided by Volunteer For Companies (N.J.S.A. 40A:14-68)	26,431	26,431	26,431		18,171
Hepatitis B Vaccinations	100	100		100	
Water Gun Nozzle	3,100	3,100		3,100	
Vehicle Repair Stabilizer	1,500	1,500		1,500	
Turn-Out Gear	1,000	1,000		1,000	
Total Cost of Operations	62,711	59,010	45,454	13,556	28,594
Reserve for Future Capital Outlay	22,809	22,809		22,809	
<b>Total Operating and Maintenance</b>	<b>\$ 92,220</b>	<b>\$ 92,220</b>	<b>\$ 54,714</b>	<b>\$ 37,506</b>	<b>\$ 34,640</b>

See Notes to Financial Statements

**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(WITH TOTALS FOR 2013)**

	2014				2013
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)	Actual
Excess (Deficit) of Revenue Over Expenditures	\$ (18,441)	\$ (18,441)	\$ 19,170	\$ 37,611	\$ 27,843
Fund Balance - Beginning of Year	104,952	104,952	104,952		77,109
Fund Balance - End of Year	<u>\$ 86,511</u>	<u>\$ 86,511</u>	<u>\$ 124,122</u>	<u>\$ 37,611</u>	<u>\$ 104,952</u>

See Notes to Financial Statements

REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL 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>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 73,884	\$
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.	<u>\$ 73,884</u>	<u>\$</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 54,714	\$
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 54,714</u>	<u>\$</u>

**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014			Variance	2013
	Original Budget	Modified Budget	Actual	Positive (Negative) Final to Actual	Actual
REVENUES:					
Amount to be Raised by Taxation to Support the District Budget	\$	\$	\$	\$	\$
EXPENDITURES:					
Principal Payments:					
Bond Anticipation Note					
Interest Payments:					
Bond Anticipation Note					
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balance, January 1	713	713	713		713
Fund Balance, December 31	\$ 713	\$ 713	\$ 713	\$	\$ 713

MAURICE RIVER FIRE DISTRICT NO. 3

COUNTY OF CUMBERLAND

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2014

<u>State Funding Department</u>	<u>State Program</u>	<u>GMIS Number</u>	<u>Grant Award Award Amount</u>	<u>From</u>	<u>To</u>	<u>Amount of Expenditures</u>
Department of Community Affairs	Supplemental Fire Services Program	8030-100-022 8030-023-F165- 6020	\$ 576	1/1/2014	12/31/14	\$ 576
Total Assistance			\$ 576			\$ 576

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH AND INVESTMENTS**

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>
Cash - December 31, 2013	\$ 114,602	\$ 2,591	\$ 713
Receipts:			
District Taxes	50,328		
Supplemental Fire Grant	1,152		
Interest on Bank Deposits	105		
	<u>166,187</u>	<u>2,591</u>	<u>713</u>
Disbursements:			
Prior Year Accounts Payable	626		
2014 Appropriations	50,984		
	<u>51,610</u>		
Cash - December 31, 2014	<u>\$ 114,577</u>	<u>\$ 2,591</u>	<u>\$ 713</u>
 <u>Analysis</u>			
Balance on Deposit per Statement:			
Susquehanna Bank:			
Account #56-330261-9	\$ 120,375	\$ 2,591	\$ 713
	<u>120,375</u>	<u>2,591</u>	<u>713</u>
Less:			
Outstanding Checks	5,798		
	<u>\$ 114,577</u>	<u>\$ 2,591</u>	<u>\$ 713</u>

See Notes to Financial Statements

## GENERAL COMMENTS

We have audited the financial statements of the Maurice River Fire District No. 3 as of and for the year ended December 31, 2014 and have issued our report thereon dated March 6, 2015. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Maurice River Fire District No. 3 to the extent deemed necessary to evaluate the system as required by generally accepted auditing standards.

The purpose of our study and evaluation was to determine the nature, timing and extent of performing the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal control taken as a whole.

The Board of Fire Commissioners of the Maurice River Fire District No. 3 is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of accounting control of the Maurice River Fire District No. 3 taken as a whole.

The size of the staff is not large enough to achieve adequate segregation of duties. This can result in accounting errors or irregularities that may go undetected.

Therefore, to increase the likelihood of detecting material errors or irregularities at an early date, management should monitor and review the financial area and analytically review significant fluctuations between actual and budgeted results of operations. All significant fluctuations should be investigated and resolved in a timely manner.

These conditions were considered in determining the nature, timing and extent of audit tests to be applied in our audit of the 2014 financial statements.

The report dated March 6, 2015 is intended solely for the use of management and the Division of Local Government Services and should not be used for any other purpose.

**GENERAL COMMENTS (Continued)**

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4**

N.J.S.A. 40A:11-4 requires every appropriate contract or agreement shall be made or awarded only after public advertising for bids, except as provided otherwise by any other law for the sum exceeding the aggregate of \$17,500.

The Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made. The minutes indicate that no bids were requested by public advertising in 2014 and our examination did not reveal any items required to be advertised for bids.

**AWARD OF PURCHASES, CONTRACTS OR AGREEMENTS BY QUOTATIONS**

**N.J.S.A. 40A:11-6.1**

Prior to the award of any purchase, contract or agreement, the District shall (except in the case of the performance of professional services) solicit quotations, whenever practicable, on any purchase, contract or agreement, the estimated cost or price, which is in excess of \$2,625. The award shall be made on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the contracting agent deems it impracticable to solicit competitive quotations in the case of extraordinary, unspecifiable services, or, in the case of such or any other purchase, contract or agreement awarded hereunder, having sought such quotations received, the contracting agent shall file a statement of explanation of the reason or reasons therefore, which shall be placed on file with said purchase, contract or agreement. Our examination of expenditures revealed that solicitation of quotations was made.

**OTHER GENERAL COMMENTS**

**Purchase Orders/Vouchers**

Our review of the purchasing and disbursements procedure disclosed that purchase orders/vouchers were used and contained the appropriate signatures for approval.

**Minutes**

Signed minutes of the meetings of the Commissioners were available, provided various sufficient details, and were signed and prepared on a timely basis.

**GENERAL COMMENTS** (Continued)

**Finding No. 2014 – 1 – Bank Reconciliations**

**Condition**

The December 31, 2014 bank reconciliation was not available for audit.

**Criteria**

Bank account balances should be reconciled on a monthly basis.

**Effect**

Adjustments were required, in order to reflect the actual cash balance as of December 31, 2014.

**Cause**

Limited personnel

**Recommendation**

Bank reconciliations should be prepared on a monthly basis.

**Corrective Action**

Bank reconciliations will be prepared on a monthly basis in the future.

**Finding No. 2014 – 2 – Deposits**

**Condition**

Deposits of cash receipts were not made in a timely manner, which is within 48 hours, by statute.

**Criteria**

According to N.J.S.A. 40A:5-15, all moneys, including moneys collected by taxation, shall be deposited within 48 hours after the receipt thereof.

**Effect**

District funds were not always available for working capital and investment purposes.

**Cause**

Limited personnel

**Recommendation**

Receipts should be deposited within 48 hours, as required by statute.

**Corrective Action**

Greater effort will be expended to assure that deposits of cash receipts are made within 48 hours, as required by statute.

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**Finding No. 2013 – 1 – Fixed Asset Accounting System**

**Condition**

The District's general fixed asset listing was not updated, as required by N.J.S.A. 5:30-5.6. Additions and deletions are not fully recorded and all fixed assets do not appear to have an identifying tag.

**Current Status**

This matter has been resolved.

**Finding No. 2013 – 2 – Bank Reconciliations**

**Condition**

The December 31, 2013 bank reconciliation was not available for audit.

**Current Status**

This has not been resolved.

**Finding No. 2013 -3 - Deposits**

**Condition**

Deposits of cash receipts were not made in a timely manner, which is within 48 hours by statute.

**Current Status**

This has not been resolved.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendation, please do not hesitate to call us.

**RECOMMENDATIONS**

- \* 1. Bank reconciliations should be prepared on a monthly basis.
- \* 2. Receipts should be deposited within 48 hours, as required by New Jersey Statute.
- \* Appears in prior year audit.

**REPORTABLE CONDITIONS AND OTHER FINDINGS**

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

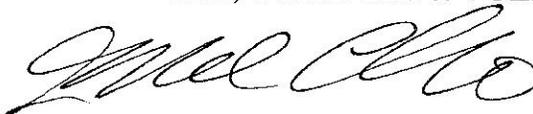
Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendation, please do not hesitate to call us.

**APPRECIATION**

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A.  
Registered Municipal Accountant