

MAURICE RIVER
FIRE DISTRICT NO. 4
COUNTY OF CUMBERLAND
REPORT OF AUDIT
DECEMBER 31, 2013

MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 4

COUNTY OF CUMBERLAND

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MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 4

COUNTY OF CUMBERLAND

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The following officials were in office during 2013:

<u>NAME</u>	<u>TITLE</u>
<u>Board of Commissioners</u>	
Charles Costello	Chairman
F. Barry Fisher	Secretary
Lillian Johnson	Treasurer
William Malone Jr.	Commissioner
Deann Chance	Commissioner

A blanket bond was in force through the Township's insurance agent in the amount of \$25,000.00 covering the treasurer.

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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March 6, 2014

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. 4
County of Cumberland
P.O. Box 54
Millville, New Jersey 08332

We have audited the financial statements of the governmental activities and each major fund of the Maurice River Township Fire District No. 4 (the "Fire District"); County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2013, which collectively comprise the Maurice River Township Fire District No. 4, County of Cumberland, State of New Jersey's basic financial statements and have issued our report thereon dated March 6, 2014. 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 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.

Opinions

In our opinion, 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. 4, County of Cumberland, State of New Jersey, as of December 31, 2013, 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.

New Accounting Standards

As discussed in Note 1 to the financial statements, the Fire District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

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, 29 and 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, 2014 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 read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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March 6, 2014

INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the
Maurice River Fire District No. 4
County of Cumberland
P.O. Box 54
Millville, New Jersey 08332

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. 4 ("the Fire District"), County of Cumberland, State of New Jersey as of and for the year ended December 31, 2013, which collectively comprise the Fire District's 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 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 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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as described in the accompanying Reportable Conditions and Other Findings, we identified one deficiency in internal control over financial reporting that we consider to be significant, labeled as 2013-1.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** or audit requirements as prescribed by the New Jersey Division of Local Government Services – Bureau of Authority Regulation.

Purpose of this Report

This report is intended for the information of the audit committee, management, federal and state awarding agencies and pass-through entities and the Bureau of Authority Regulation. However, this report is a matter of public record.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 4
COUNTY OF CUMBERLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

As management of the Maurice River Township Fire District No. 4, we offer the readers of the Maurice River Township Fire District No. 4 financial statements this narrative overview and analysis of the financial activities of the Maurice River Township Fire District No. 4 for the year ended December 31, 2013. 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 and 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. 4 exceeded its liabilities, at the close of the most recent year, by \$479,562 (Net Position).
- As of the close of the current year, the Maurice River Township Fire District No. 4's governmental funds reported combined ending fund balances of \$260,034, which is an increase of \$47,167 in comparison with the prior year. The increase is attributed to budgeting.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Maurice River Township Fire District No. 4's basic financial statements. The Maurice River Township Fire District No. 4'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. 4'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. 4'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. 4 is improving or deteriorating.

The Statement of Activities presents information showing how the Maurice River Township Fire District No. 4'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. 4 that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Maurice River Township Fire District No. 4 include fire-fighting/suppression services that are provided to the citizens of the Maurice River Township Fire District No. 4.

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. 4, 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 Maurice River Township Fire District No. 4 constitute one fund type, which is the governmental fund type.

Governmental Funds. All of the Maurice River Township Fire District No. 4'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. 4'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. 4 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. 4 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. 4, assets exceeded liabilities by \$479,562 at the close of the most recent year.

The largest portion of the Maurice River Township Fire District No. 4's net position (46 percent) reflects its investment in capital assets (i.e. buildings and equipment).

The Maurice River Township Fire District No. 4 uses these assets to provide fire-fighting/suppression services to the citizens of the Maurice River Township Fire District No. 4; consequently these assets are not available for future spending.

Although the Maurice River Township Fire District No. 4'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 2013 and 2012.

**Table 1
Net Position**

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 283,267	\$ 214,067
Unamortized Debt Issue Costs		560
Capital Assets, net	238,576	255,001
Total Assets	<u>521,843</u>	<u>469,628</u>
Liabilities		
Accounts Payable	22,233	200
Accrued Interest	48	104
Truck Loan Due Within One Year	19,000	19,000
Cell Phone Tower Deposit	1,000	1,000
Non-current Portion of Truck Loan Payable		19,000
Total Liabilities	<u>42,281</u>	<u>39,304</u>
Net Position	<u>\$ 479,562</u>	<u>\$ 430,324</u>
Analysis of Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 219,576	\$ 217,561
Restricted		
Fire Truck Down Payment	509	509
Future Capital Outlay	190,979	141,749
Other Purposes	17,000	17,808
Unrestricted	51,498	52,697
Total Net Position	<u>\$ 479,562</u>	<u>\$ 430,324</u>

In total, Net Position of governmental activities increased \$49,238 from the previous year. This was primarily due to a \$14,330 increase in the 2013 tax levy, combined with purchases of Capital Assets of \$20,465.

Total Liabilities increased \$2,977 from the prior year, resulting from an increase in accounts payable of \$22,033, offset by a reduction in total outstanding debt service of \$19,000 and accrued interest of \$56.

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. Table 2 shows the changes in net position from years 2013 and 2012.

Table 2
Change in Net Position

	<u>2013</u>	<u>2012</u>
Expenses		
Operating Expenses		
Administration	\$ 6,031	\$ 9,291
Cost of Operations and Maintenance	21,732	20,001
Interest on Long-Term Debt	1,291	2,073
Depreciation	36,891	36,103
Amortization of Debt Issue Costs	560	280
Total Program Expenses	<u>66,505</u>	<u>67,748</u>
Program Revenues		
Operating Grants & Contributions	576	577
Net Program Expenses	<u>65,929</u>	<u>67,171</u>
Taxes:		
Property Taxes, Levied for General Purpose	94,786	79,679
Taxes Levied for Debt Service	20,348	21,125
Miscellaneous Revenues	33	120
Total General Revenues	<u>115,167</u>	<u>100,924</u>
Increase (Decrease) in Net Position	49,238	33,753
Net Position, January 1	430,324	396,571
Net Position, December 31	<u>\$ 479,562</u>	<u>\$ 430,324</u>

Property taxes constituted 99% of revenues for government activities for the Fire District for the year 2013.

Cost of operations and maintenance comprises 33% of the District's 2013 expenses, with administration expenses comprising 9% and the remaining 58% coming from non-operating sources.

Financial Analysis of the Government Funds

As previously stated, the Maurice River Township Fire District No. 4 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. 4'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. 4's 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 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 governmental funds reported combined ending fund balances of \$260,034, an increase of \$47,167 in comparison with the prior year.

This ending fund balance represents unrestricted fund balance of \$68,546, of which \$17,000 will be utilized to support the 2014 budget. Restricted fund balance was comprised of the remaining portion of a fire truck down payment of \$509 and funds reserved for future capital outlay, in the amount of \$190,979. All restricted funds are subject to the approval of the voters of the Maurice River Township Fire District No. 4. The general fund is the main operating fund of the District.

The fund balance of the Maurice River Township Fire District No. 4's general fund increased by \$47,167 during the current year. Key factors are as follows:

- ❖ Actual Revenues were greater than budgeted revenues by \$541 and Actual Expenditures were \$64,434 less than budgeted, resulting in positive funds of \$64,975.

General Fund Budgetary Highlights

During the course of the year 2013, the Maurice River Township Fire District No. 4 did not modify its general fund budget.

The District was awarded a Supplemental Fire Services Program Aid of \$576.

The original General Fund budgetary revenue estimate of \$94,854 was the same as the final budget.

During the year 2013, the Maurice River Township Fire District No. 4 budgeted \$115,134 for property taxes (local tax levy). The general fund portion of the local tax levy was \$94,786 and the debt service portion was \$20,348.

The original General Fund operating budgetary estimate of \$112,662 was the same as the final budget for planned expenditure appropriations.

Debt Service expenditures were \$19,000 in principal payments and \$1,348 in interest.

The final budgetary basis expenditure appropriation estimate was equal to the final budgetary revenue.

Capital Projects Fund

While there were no open capital projects as of December 31, 2013, a balance in the amount of \$509 remains from a previous fire truck down payment.

Capital Assets and Debt Administration

Capital Assets. The Maurice River Township Fire District No. 4's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$238,576. This investment in capital assets is firefighting equipment.

The balance in Accumulated Depreciation, as of December 31, 2013 was \$484,133.

CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	<u>2013</u>	<u>2012</u>
Firefighting Equipment	\$ 20,012	\$ 28,551
Equipment	20,465	
Vehicles	198,099	226,451
	<u>238,576</u>	<u>255,002</u>
Total Capital Assets	\$ 238,576	\$ 255,002

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

Long-Term Obligations

For the 2013 year, the Maurice River Township Fire District No. 4 had a balance in debt of \$19,000 in the form of a truck loan. As of December 31, 2013, the Maurice River Township Fire District No. 4 had no obligations under capital lease agreements.

Economic Factors and Next Years Budget

For the 2013 year the Maurice River Township Fire District No. 4 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 2014 budget January 8, 2014 and the voters subsequently approved the budget at the annual fire district election held on February 15, 2014.

The Fire District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of accrual accounting.

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. Lillian Johnson, Treasurer of Maurice River Fire District No. 4, PO Box 54, Millville, NJ 08332.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1d)	\$ 283,267
Equipment, net (Note 3)	238,576
Total Assets	<u>521,843</u>
LIABILITIES	
Accounts Payable	22,233
Accrued Interest	48
Non-Current Liabilities (Note 5)	
Due within One Year	19,000
Cell Phone Tower Deposit	1,000
Total Liabilities	<u>42,281</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt Restricted	219,576
Fire Truck Down Payment	509
Future Capital Outlay	190,979
Other Purposes	17,000
Unrestricted	51,498
Total Net Position	<u>\$ 479,562</u>

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

STATEMENT OF ACTIVITIES
DECEMBER 31, 2013

	<u>Governmental</u> <u>Activities</u>
Expenses:	
Operating Appropriations:	
Administration	\$ 6,031
Cost of Operations and Maintenance	21,732
Interest on Long Term Debt	1,291
Depreciation	36,891
Amortization of Debt Issue Costs	560
	<hr/>
Total Program Expenses	66,505
Program Revenues:	
Operating Grants and Contributions	576
	<hr/>
Net Program Expenses	65,929
	<hr/>
General Revenues:	
Property Taxes, Levied for General Purposes	94,786
Taxes Levied for Debt Service	20,348
Miscellaneous Revenues	33
	<hr/>
Total General Revenues	115,167
	<hr/>
Excess of Revenue over Program Expenses	49,238
Net Position, January 1	430,324
	<hr/>
Net Position, December 31	\$ 479,562
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The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 282,758	\$ 509	\$ 283,267
Total Assets	\$ 282,758	\$ 509	\$ 283,267
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 22,233	\$	\$ 22,233
Cell Phone Tower Deposit	1,000		1,000
Total Liabilities	23,233		23,233
Fund Balances:			
Restricted for:			
Fire Truck Down Payment		509	509
Capital Outlay	190,979		190,979
Assigned Fund Balance:			
Designated for Subsequent Year's Expenditures	17,000		17,000
Unassigned, Reported in:			
General Fund	51,546		51,546
Total Fund Balances	259,525	509	260,034
Total Liabilities and Fund Balances	\$ 282,758	\$ 509	

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 \$722,709. and accumulated depreciation is \$484,133. (Note 3)

238,576

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 (see Note 5).

(19,000)

Accrued interest on the Bond Anticipation Note is not paid within the current period and therefore, not reported in the Governmental Funds.

(48)

Net position of governmental activities

\$ 479,562

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, 2013

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Miscellaneous Anticipated Revenues	\$ 576	\$	\$	\$ 576
Amount to be Raised by Taxation	94,786		20,348	115,134
Non-Budgetary Revenues	33			33
Total Revenues	95,395		20,348	115,743
EXPENDITURES				
Operating Appropriations:				
Administration	6,031			6,031
Cost of Operations and Maintenance	42,197			42,197
Debt Service				
Principal			19,000	19,000
Interest			1,348	1,348
Total Expenditures	48,228		20,348	68,576
Excess (Deficiency) of Revenues Over Expenditures	47,167			47,167
Fund Balance—Jan 1	212,358	509		212,867
Fund Balance—Dec 31	\$ 259,525	\$ 509	\$	\$ 260,034

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, 2013**

Total net change in fund balances - governmental funds (from B-2) \$ 47,167

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	\$ (36,891)	
Amortization - Debt Issue Costs	(560)	
Capital outlays	20,465	(16,986)

Adjustment to Net Fixed Assets

In the Statement of Activities, interest on Bond Anticipation Note is accrued, regardless of when it is due. 57

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. 19,000

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) \$ 49,238

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Description of Reporting Entity** - Fire District No. 4 of Maurice River 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. 4 serves the Cumberland 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, 2013
(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 - This 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. Supplemental Fire Service Program funds in the amount of \$576 were awarded from the State of New Jersey.

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, 2013 the Capital Fund was comprised of \$509 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, 2013
(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 Exhibit 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, 2013
(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, 2013
(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</u>	<u>Lives</u>
Buildings and Improvements		30 Years
Vehicles		5-20 Years
Firefighting Equipment		5-10 Years

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 the larger of \$60,000 or 2 percent of the assessed valuation of property.

- 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.
- 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Fund Balance (Continued)

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.

p. New Accounting Standards - During the 2013 year, the district adopted the following GASB statements:

GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

GASB 65, Items Previously reported as Assets and Liabilities, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

2. CASH AND CASH EQUIVALENTS

a. Custodial Credit Risk

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 which are classified as credit risk.

Custodial Credit Risk that, in the event of a bank failure, the districts deposits may to 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, 2013, none of the districts bank balance of \$283,267 was exposed to custodial credit risk.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance December 31, 2012	Additions	Adjustments	Balance December 31, 2013
Equipment	\$ 2,542	\$ 20,465	\$	\$ 23,007
Building	100,000			100,000
Firefighting Equipment	85,484			85,484
Vehicles	514,218			514,218
Totals at Historical Costs	702,244	20,465		722,709
Less Accum. Depreciation for:				
Equipment	(2,542)			(2,542)
Building	(100,000)			(100,000)
Firefighting Equipment	(56,933)	(8,539)		(65,472)
Vehicles	(287,767)	(28,352)		(316,119)
Total Accum. Depreciation	(447,242)	(36,891)		(484,133)
Capital Assets, Net	\$ 255,002	\$ (16,426)	\$	\$ 238,576

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

4. 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:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2013	\$ 70,269,900	\$ 115,134	\$.164
2012	70,307,583	100,804	.144
2011	70,492,576	86,045	.123
2010*	71,703,821	78,675	.110
2009	36,256,350	71,132	.197

*Reflects first year of Revaluation

5. DEBT SERVICE

A truck loan was issued on December 23, 2005 for the planned purchase of a new fire truck of which the amortization schedule is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 19,000	\$ 577

6. UNRESERVED FUND BALANCE

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>
2013	\$ 68,546	\$ 191,488	\$ 17,000	\$
2012	70,609	142,258	17,808	
2011	64,157	105,822	17,969	
2010	58,181	82,184		
2009	54,801	66,059		

7. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGET

There were no deferred charges to be raised in 2013.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

8. LITIGATION

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

9. 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.

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH TOTALS FOR 2012)

	2013			Variance Favorable (Unfavorable)	2012
	Budget	Modified Budget	Actual		Actual
Revenues and Other Financing Sources:					
Operating Grant Revenue:					
Supplemental Fire Services Program	\$	\$	\$ 576	\$ 576	\$ 577
District Tax Raised to Support District Budget	94,786	94,786	94,786		79,679
Miscellaneous Revenues Not Anticipated:					
Miscellaneous Revenue	68	68	33	(35)	120
Total Miscellaneous Revenues	68	68	33	(35)	120
Total Revenues and Other Financing Sources	\$ 94,854	\$ 94,854	\$ 95,395	\$ 541	\$ 80,376
Expenditures					
Operating and Maintenance:					
Administration					
Office Expenses	\$ 1,000	\$ 1,000	\$ 974	\$ 26	\$ 65
Professional Services	24,522	8,522	4,522	4,000	8,718
Election	430	430	200	230	200
Membership and Dues	100	100		100	24
Contingent	180	180		180	
Advertising	700	700	335	365	284
Total Administration	26,932	10,932	6,031	4,901	9,291
Cost of Operations					
Maintenance and Repairs	10,000	10,000	6,960	3,040	6,927
Utilities and Telephone	6,500	6,500	5,770	730	4,963
Purchase of Equipment	15,000	31,000	26,065	4,935	12,920
Training	1,500	1,500	171	1,329	392
Clothing Allowance	3,000	3,000	3,000		2,995
Contingency Expenses	500	500	231	269	
Total Cost of Operations	36,500	52,500	42,197	10,303	28,197
Capital Appropriations					
Reserve for Future Capital Outlays	49,230	49,230		49,230	
Totals	112,662	112,662	48,228	64,434	37,488
Excess (Deficit) of Revenue Over Expenditures	(17,808)	(17,808)	47,167	(64,975)	42,888
Fund Balance - Beginning of Year	212,358	212,358	212,358		169,470
Fund Balance - End of Year	\$ 194,550	\$ 194,550	\$ 259,525	\$ 64,975	\$ 212,358

See Notes to Financial Statements

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

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

	<u>General Fund</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 95,395
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>\$ 95,395</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 48,228
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>\$ 48,228</u>

OTHER SUPPLEMENTARY INFORMATION

LONG-TERM DEBT

EXHIBIT I-1

SCHEDULE OF BOND ANTICIPATION NOTE

Purpose	Date of Issue	Maturity Date	Maturity Amount	Balance	
				December 31, 2012	December 31, 2013
Purchase of Fire Truck	12/23/04	6/6/14	\$ 9,500	\$ 38,000	\$ 19,000
		12/6/14	9,500		19,000
				Issued	Redeemed
				\$	\$
				\$ 19,000	\$ 19,000

See Notes to Financial Statements

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH TOTALS FOR 2012)

	2013			2012
	Original Budget	Modified Budget	Actual	
REVENUES:				
Amount to be Raised by Taxation to Support the District Budget	\$ 20,348	\$ 20,348	\$ 20,348	\$ 21,125
EXPENDITURES:				
Principal Payments:				
Bond Anticipation Note	19,000	19,000	19,000	19,000
Interest Payments:				
Bond Anticipation Note	1,348	1,348	1,348	2,125
Total Expenditures	20,348	20,348	20,348	21,125
Excess (Deficit) of Revenue Over (Under) Expenditures				
Fund Balance - Beginning of Year				
Fund Balance - End of Year	\$	\$	\$	\$

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

SUPPLEMENTAL DATA

COUNTY OF CUMBERLAND

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>State Funding Department</u>	<u>State Program</u>	<u>GMIS Number</u>	<u>Grant Award Award Amount</u>	<u>State Share</u>	<u>From</u>	<u>To</u>	<u>Amount of Expenditures</u>
Department of Community Affairs	Supplemental Fire Services Program	8030-100-022			1/1/13	12/31/13	
		8030-023-F165- 6020	\$ 576	\$ 576			\$ 576

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>
Cash - December 31, 2012	\$ 213,558	\$ 509	\$
Receipts:			
District Taxes	94,786		20,348
Supplemental Fire Service Program Aid - 2013	576		
Interest	33		
	<u>308,953</u>	<u>509</u>	<u>20,348</u>
Disbursements:			
Prior Year Accounts Payable	200		
Budget Appropriations	25,995		20,348
	<u>26,195</u>		<u>20,348</u>
Cash - December 31, 2013	<u>\$ 282,758</u>	<u>\$ 509</u>	<u>\$</u>

See Notes to Financial Statements

SCHEDULE OF FINDINGS AND
RECOMMENDATIONS

GENERAL COMMENTS

We have audited the financial statements of the Maurice River Fire District No. 4 as of and for the year ended December 31, 2013 and have issued our report thereon dated March 6, 2014. 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. 4 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. 4 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. 4 taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

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 2013 financial statements.

The report dated March 6, 2014 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

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

N.J.S. 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 2013 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. 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 of 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

Minutes

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

Purchase Orders/Vouchers

Our review of the purchasing and disbursing procedure disclosed that purchase orders/vouchers were used and the invoices contained the appropriate signatures for approval. Endorsements on expenditure checks could only be examined where the bank provides copies of the front and reverse side of the check.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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.

Finding 2013- 1 – Bids

Condition

A contract, in excess of \$17,500, was awarded to a vendor, prior to any public advertisement for bids.

Criteria

N.J.S. 40A:11-4 states that 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.

Effect

With the absence of documented bids, the required internal control process did not appear to be in force.

Cause

Inadvertent oversight

Recommendation

The District should publicly advertise for bids, prior to awarding a contract in excess of the bid threshold, which is \$17,500.

Management's response

Management is aware of the necessary procedures to be updated and followed.

RECOMMENDATIONS

1. Procedures covering the awarding of contracts should be reviewed, in order to ensure that bids are properly sought when required.

PRIOR YEAR AUDIT FINDINGS

There were no findings in the prior year.

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