

**FIRE DISTRICT No. 13
TOWNSHIP OF CHERRY HILL**



**CAMDEN COUNTY,
NEW JERSEY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

**FIRE DISTRICT NO. 13
TOWNSHIP OF CHERRY HILL, NEW JERSEY**

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**FIRE DISTRICT NO. 13
TOWNSHIP OF CHERRY HILL, NEW JERSEY**
Roster of Officials and Surety Bonds

Board of Commissioners

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Hugh H. Gibson	Chairman	(A)
William Kelly	Treasurer	(A)
Robert A. Campagna	Secretary / Clerk	(A)
Kellie Montana	Commissioner	(A)
William T. McCargo	Commissioner	(A)

(A) All Commissioners were covered by public employee dishonesty and faithful performance coverage in the amount of \$1,000,000.00 per loss with the Camden County Municipal Joint Insurance Fund.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 13
Township of Cherry Hill
Cherry Hill, New Jersey 08003

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Cherry Hill Fire District No. 13, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fire District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Cherry Hill Fire District No. 13, in the County of Camden, State of New Jersey, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Restatement of Prior Period

As discussed in note 17 to the financial statements, due to the uncertainty of the collections of emergency services billings, the Fire District has established an allowance for doubtful accounts. As a result, the fund balance of the general fund for the year ended December 31, 2013 has been restated to reflect the allowance for doubtful accounts. Our opinion is not modified with respect to these matters.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Cherry Hill Fire District No. 13's basic financial statements. The related major fund supporting statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules previously referred to are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2015 on our consideration of the Township of Cherry Hill Fire District No. 13's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Cherry Hill Fire District No. 13's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 19, 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

Board of Fire Commissioners
Fire District No. 13
Township of Cherry Hill
Cherry Hill, New Jersey 08003

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Township of Cherry Hill Fire District No. 13, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated June 19, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the fund balance of the general fund for the year ended December 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Cherry Hill Fire District No. 13's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Township of Cherry Hill Fire District No. 13's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Cherry Hill Fire District No. 13's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 19, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

As management of the Cherry Hill Township Fire District No. 13 (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities 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 and financial statements to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Fire District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$16,267,071.92 at the close of the current year.
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$9,395,727.48, a decrease of \$1,433,818.07, or thirteen percent (13%), in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$6,454,013.71, approximately a nine percent (9%) decrease from that of the prior year. Maintaining fund balance is vital for the Fire District's cash flow, especially for the first quarter of each year. In accordance with the established payment schedule of fire district taxes, the Fire District is required to receive on or before April 1, an amount equaling 21.25% of all moneys assessed; therefore, the Fire District needs sufficient cash flows to meet its obligations from January 1 to March 31st.
- The Board of Fire Commissioners authorized participation in the New Jersey State Health Benefits Plan (NJSHBP), starting in 2013. Due to this, the annual OPEB cost and related liability are no longer recognized and recorded on the Fire District's financial statements. As a result, a special item has been recognized and recorded in the amount of \$13,346,145.38 on the statement of activities for the year ended December 31, 2013.
- General obligation bonds and obligations under capital lease agreements decreased by \$590,000.00 and \$89,472.29, respectively, as a result of budgeted payments.
- The Fire District realized revenue from operating grants and contributions of \$287,880.43, which were received from various agencies as follows:
 - Department of Homeland Security for the Assistance to Firefighters Grant Programs (Fire Prevention and Safety Grant and Operations and Safety Program) and the Staffing for Adequate Fire and Emergency Response - Hiring Program, in the amounts of \$28,519.20 and \$177,744.73, respectively.
 - U.S. Department of Transportation, passed-through the New Jersey Department of Law and Public Safety, in the amount of \$54,512.50 for hazardous materials emergency preparedness.
 - Supplemental Services Grant in the amount of \$27,104.00.

USING THIS REPORT OF AUDIT

This report of audit consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Fire District's operations in more detail than the government-wide statements by providing information about the Fire District's most significant funds.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

USING THIS REPORT OF AUDIT (CONT'D)

Reporting the Fire District as a Whole

One of the most important questions asked about the Fire District's finances is, "Is the Fire District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Fire District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Fire District's *net position* and changes in it. You can think of the Fire District's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Fire District's financial health, or *financial position*. Over time, *increases or decreases* in the Fire District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Fire District's property tax base and the condition of the Fire District's capital assets, to assess the *overall health* of the Fire District.

In the statement of net position and the statement of activities, we divide the Fire District into one kind of activity, that being governmental activities. This is where all of the Fire District's basic services are reported, which include fire-fighting and emergency medical services. Property taxes, uniform fire safety act fees, emergency medical service billings, and state and federal grants primarily finance these activities.

Reporting the Fire District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Fire District as a whole. 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 Fire District, 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, that being governmental funds.

Governmental funds - All of the Fire District'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 that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District board of commissioners, and the Fire District's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual 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 Fire District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The Fire District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

THE FIRE DISTRICT AS A WHOLE

During 2014, the Fire District's net position decreased by \$58,543.42, decreasing from \$16,325,615.34 in 2013 to \$16,267,071.92 in 2014. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Fire District's governmental-type activities.

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 10,282,061.58	\$ 11,482,162.20
Capital Assets	<u>20,336,799.87</u>	<u>19,433,496.18</u>
Total Assets	<u>30,618,861.45</u>	<u>30,915,658.38</u>
Other Liabilities	933,481.50	688,592.48
Long-Term Liabilities Outstanding	<u>13,418,308.03</u>	<u>13,901,450.56</u>
Total Liabilities	<u>14,351,789.53</u>	<u>14,590,043.04</u>
Net Investment in Capital Assets	7,408,260.27	6,092,395.01
Restricted	105,690.40	88,486.06
Unrestricted	<u>8,753,121.25</u>	<u>10,144,734.27</u>
Total Net Position	<u>\$ 16,267,071.92</u>	<u>\$ 16,325,615.34</u>

In total, assets of governmental activities decreased by \$296,796.93 and liabilities decreased by \$238,253.51. The decrease in assets was primarily attributable to a decrease in cash and cash equivalents of \$1,170,002.30, primarily resulting from the acquisition of various capital assets totaling \$1,895,159.22.

The decrease in liabilities of \$238,253.51 resulted from the timing of the payment of accounts payable, decreasing by 205,173.26 at December 31, 2014 compared to the prior year-end.

Forty-six percent (46%), or \$7,408,260.27, of the Fire District's net position at the end of the current year reflects its net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Fire District uses these assets to provide fire-fighting and emergency medical services to the citizens of the Township of Cherry Hill; consequently, these assets are not available for future spending. Although the Fire 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 sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Fire District's net position, approximately one percent (1%), or \$105,690.40, represents resources that are restricted. These amounts consist of amounts restricted for unemployment compensation benefits.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

TABLE 2 CHANGES IN NET POSITION		
	<u>2014</u>	<u>2013</u>
Expenses:		
Operating Appropriations:		
Administration	\$ 3,897,217.74	\$ 3,289,672.86
Cost of Operations and Maintenance	20,351,425.91	20,063,419.03
Operating Appropriations Offset with Revenues	351,174.51	330,224.28
Interest on Long-Term Debt	582,960.36	612,096.35
Total Program Expenses	<u>25,182,778.52</u>	<u>24,295,412.52</u>
Program Revenues:		
Charges for Services	2,939,669.66	2,717,403.39
Operating Grants and Contributions	287,880.43	229,098.50
Capital Grants and Contributions		190,280.00
Net Program Expenses	<u>21,955,228.43</u>	<u>21,158,630.63</u>
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purposes	20,583,509.97	20,854,134.99
Property Taxes, Levied for Debt Service	1,168,675.03	1,174,050.01
Unrestricted Investment Earnings	12,764.55	24,335.28
Restricted Investment Earnings	210.69	302.57
Unrestricted Miscellaneous Income	111,843.12	127,358.84
Restricted Miscellaneous Income	19,681.65	14,282.70
Total General Revenues	<u>21,896,685.01</u>	<u>22,194,464.39</u>
Change in Net Position before Special Item	(58,543.42)	1,035,833.76
Special Item:		
Cancellation of OPEB Unfunded Liability	-	13,346,145.38
Change in Net Position	(58,543.42)	14,381,979.14
Net Position, January 1	<u>16,325,615.34</u>	<u>1,943,636.20</u>
Net Position, December 31	<u><u>\$ 16,267,071.92</u></u>	<u><u>\$ 16,325,615.34</u></u>

During 2014, the Fire District's total revenues (general and program) decreased by \$207,011.18, decreasing from \$25,331,246.28 in 2013 to \$25,124,235.10 in 2014. The decrease is largely attributable to a decrease of \$276,000.00 in property taxes levied for general purposes and debt service in 2014 compared to 2013.

Property taxes constituted approximately eighty-seven percent (87%) of total revenues for governmental activities for the Fire District for the year 2014. In addition, charges for services, which resulted from uniform fire safety act fees, and emergency medical services, operating grants and contributions, and capital grants and contributions, constituted approximately thirteen percent (13%) of total revenues for governmental activities.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

During 2014, the Fire District's expenses increased by \$887,366.00, increasing from \$24,295,412.52 in 2013 to \$25,182,778.52 in 2014. The increase is largely attributable to the following:

- Administration salary and wages increased from 2013 by \$158,896.75, along with a corresponding increase of \$392,679.30 in fringe benefits. These increases were a result of the following: (1) in 2013, the Fire District established the position of Deputy Fire Chief, which it filled mid-2013, thus making 2014 the first full year for this position; (2) the Fire District filled the position of Director of the Office of OEM in 2014, which was vacant during most of 2013; and (3), late in 2013, the Fire District established the position of Training Officer, thus making 2014 the first full year for this position.
- Cost of Operations and Maintenance salary and wages increased from 2013 by \$1,108,121.16, along with an increase of \$757,094.88 in fringe benefits. The primary cause for this increase was a result of the hiring of additional firefighters.

THE FIRE DISTRICT'S FUNDS

As the Fire District completed the year, its governmental funds reported a *combined* fund balance of \$9,395,727.48, which is lower than last year's total of \$10,829,545.55. Of the combined ending fund balances of \$9,395,727.48, approximately sixty-nine percent (69%) constitutes unassigned fund balance in the amount of \$6,454,013.71. The remainder of fund balance is restricted / assigned to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for the payment of future New Jersey unemployment claims (\$105,690.40), (2) assigned to liquidate contracts and purchase orders of the prior period (\$215,192.37), and (3) assigned to the 2015 budget for subsequent year's expenditures (\$2,620,831.00).

General fund - The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as fire-fighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, unassigned fund balance of the general fund was \$6,454,013.71.

During the current year, the fund balance of the Fire District's general fund decreased by \$1,433,818.07. The primary factor affecting the fund balance of the general fund is as follows:

- The Fire District incurred capital expenditures in the amount of \$1,895,159.22 for the purchase of the following: 2015 Pierce Ladder, 2015 Seagrave HazMat Pumper, two (2) Ford AWD Explorers, two (2) 2014 Ford E-450 AEV Ambulances (via capital lease), and various other pieces of fire, emergency management, and computer equipment.

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. During 2014, the Fire District expended \$260,776.43 from grants awarded by the U.S. Department of Homeland Security and the U.S. Department of Transportation.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities such as fire houses, firefighting apparatus, and emergency medical equipment. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the utilization 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. There was no activity during the year ended December 31, 2014.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current year, the Fire District expended \$590,000.00 and \$578,675.03, representing the payment of principal and interest, respectively.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

THE FIRE DISTRICT'S FUNDS (CONT'D)

General Fund Budgetary Highlights

During the months of November and December of the current year, the Fire District modified its general fund budget through budgetary line item transfers approved by the governing body.

The final budgetary basis revenue estimate was \$23,411,003.00, which remained unchanged from the original budgeted estimate. Total budgeted revenues realized equaled \$23,629,988.42, which was \$218,985.42 in excess of the budget estimate, thus replenishing fund balance. This excess was directly attributable to the following:

- actual realized rental income exceeded the original budget estimate by \$33,194.69.
- actual realized other revenue (primarily emergency management service billing revenue) exceeded the original budget estimate by \$72,09.48.
- actual realized annual registration fees revenue exceeded the original budget estimate by \$81,572.96.

The final budgetary basis expenditure appropriation estimate was \$26,689,649.79, which remained unchanged from the original budgeted estimate. The final budget estimate of \$26,689,649.79 exceeded actual expenditures incurred by \$1,293,285.06, thus aiding the Fire District in the replenishment of fund balance utilized in previous years' budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2014 amounts to a historical cost of \$31,616,684.10, or \$20,336,799.87 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, land improvements, building improvements, and various types of equipment. Net capital assets increased by \$903,303.69 in 2014 from 2013. The primary factors affecting the change in net capital assets are as follows:

- current year depreciation expense was \$991,855.53.
- a 2015 Pierce Ladder and a 2015 Seagrave HazMat Pumper were purchased for a cost of \$790,759.00 and \$683,463.00, respectively.
- two (2) Ford AWD Explorers were purchase for a total cost of \$55,007.60.
- the Fire District entered into a capital lease agreement for two (2) 2014 Ford E-450 AEV Ambulances for a total of \$266,910.72.

	<u>2014</u>	<u>2013</u>
Land	\$ 2,392,152.32	\$ 2,392,152.32
Land Improvements	7,424.20	10,606.00
Building Improvements	14,337,546.87	14,795,260.78
Various Types of Equipment	<u>3,599,676.48</u>	<u>2,235,477.08</u>
Total	<u>\$ 20,336,799.87</u>	<u>\$ 19,433,496.18</u>

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

On November 21, 2014, the governing body of the Fire District held a special referendum meeting to seek voter approval for the construction of a new burn building training facility and approve the lease purchase financing relative to the project, for an amount not to exceed \$2,000,000.00. In addition, voter approval was sought for the construction of a motor maintenance shop support building, for an amount not to exceed \$800,000.00. Both of these capital projects were approved by the voters of the Fire District at the special referendum meeting. The 2015 adopted budget contained capital appropriations of \$770,000.00 and \$800,000.00, respectively, for the capital projects. As of the date of this report, the Fire District has not awarded any contracts for the aforementioned projects.

Additional information on the Fire District's capital assets can be found in note 5.

Debt

General Obligation Bonds. At the end of the current year, the Fire District had total bonded debt outstanding of \$12,635,000.00 from the 2007 General Obligation Bonds. The 2014 adopted budget had an appropriation of \$590,000.00 representing the payment of the annual principal (refer to audit exhibit I-1, schedule of general obligation bonds, for more detail).

Capital Leases Payable. At the end of the current year, the Fire District had two capital leases outstanding in the amount of \$293,539.60. The capital leases are for ambulances, with terms of four and five years (refer to audit exhibit I-2, schedule of obligations under capital leases, and note 6 for more detail).

Compensated Absences. At the end of the current year, the liability for compensated absences was \$489,768.43. Compensated absences are those absences for which employees will be paid, such as vacation leave, sick leave, personal leave, and compensation time. Additional information on compensated absences can be found in note 11.

Additional information on the Fire District's debt can be found in note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2014 year, the Fire District was able to sustain its budget through property taxes, emergency medical service billings, uniform fire safety act annual registration fees, interest on investments and deposits, and other miscellaneous revenue sources. Approximately eighty-seven percent (87%) of total revenue is from property taxes, while thirteen percent (13%) of the Fire District's revenue is from federal, state, and local sources. The 2015 budget was adopted January 8, 2015 by the Commissioners, and was subsequently approved by the voters at the annual fire district election on February 21, 2015.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township of Cherry Hill Fire District No. 13's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to John C. Foley, Chief Financial Officer, at the Township of Cherry Hill Fire District No. 13, 1100 Markkress Road, Cherry Hill, New Jersey 08003, or email at jfoley@chfd.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
Statement of Net Position
December 31, 2014

ASSETS:

Cash and Cash Equivalents	\$ 9,646,111.78
Accounts Receivable, Net	547,253.05
Restricted Assets:	
Cash and Cash Equivalents	88,696.75
Capital Assets, Net	<u>20,336,799.87</u>
Total Assets	<u>30,618,861.45</u>

LIABILITIES:

Accounts Payable	844,467.30
Accrued Interest Payable	47,147.40
Unearned Revenue	41,866.80
Noncurrent Liabilities:	
Due within One Year	741,720.40
Due beyond One Year	<u>12,676,587.63</u>
Total Liabilities	<u>14,351,789.53</u>

NET POSITION:

Net Investment in Capital Assets	7,408,260.27
Restricted for:	
Other Purposes	105,690.40
Unrestricted	<u>8,753,121.25</u>
Total Net Position	<u><u>\$ 16,267,071.92</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
Statement of Activities
For the Year Ended December 31, 2014

Expenses:	
Operating Appropriations:	
Administration	\$ 3,897,217.74
Cost of Operations and Maintenance	20,351,425.91
Operating Appropriations Offset with Revenues	351,174.51
Interest on Long-Term Debt	<u>582,960.36</u>
Total Program Expenses	25,182,778.52
Program Revenues:	
Charges for Services	2,939,669.66
Operating Grants and Contributions	<u>287,880.43</u>
Net Program Expenses	<u>21,955,228.43</u>
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	20,583,509.97
Property Taxes, Levied for Debt Service	1,168,675.03
Unrestricted Investment Earnings	12,764.55
Restricted Investment Earnings	210.69
Unrestricted Miscellaneous Income	111,843.12
Restricted Miscellaneous Income	<u>19,681.65</u>
Total General Revenues	<u>21,896,685.01</u>
Change in Net Position	(58,543.42)
Net Position, January 1	<u>16,325,615.34</u>
Net Position, December 31	<u><u>\$ 16,267,071.92</u></u>

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Governmental Funds
 Balance Sheet
 December 31, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 9,734,808.53				\$ 9,734,808.53
Interfund Accounts Receivable:					
Special Revenue Fund	61,649.71				61,649.71
Intergovernmental Accounts Receivable:					
Federal		\$ 103,516.51			103,516.51
Accounts Receivable, Net	<u>443,736.54</u>				<u>443,736.54</u>
Total Assets	<u><u>\$ 10,240,194.78</u></u>	<u><u>\$ 103,516.51</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$ 10,343,711.29</u></u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 658,931.26				\$ 658,931.26
Payroll Deductions Payable	139,864.29				139,864.29
Interfund Accounts Payable:					
General Fund		\$ 61,649.71			61,649.71
Intergovernmental Accounts Payable:					
State	820.00				820.00
Other	44,851.75				44,851.75
Unearned Revenue		41,866.80			41,866.80
Total Liabilities	<u>844,467.30</u>	<u>103,516.51</u>	<u>-</u>	<u>-</u>	<u>947,983.81</u>
Fund Balances:					
Restricted:					
New Jersey Unemployment Trust Fund	105,690.40				105,690.40
Assigned:					
Other Purposes	215,192.37				215,192.37
Designated for Subsequent Year's Expenditures	2,620,831.00				2,620,831.00
Unassigned	<u>6,454,013.71</u>				<u>6,454,013.71</u>
Total Fund Balances	<u>9,395,727.48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,395,727.48</u>
Total Liabilities and Fund Balances	<u><u>\$ 10,240,194.78</u></u>	<u><u>\$ 103,516.51</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	

(Continued)

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Governmental Funds
 Balance Sheet
 December 31, 2014

	Total Governmental <u>Funds</u>
Amounts reported for <i>governmental activities</i> 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 \$31,616,684.10, and the accumulated depreciation is \$11,279,884.23.	\$ 20,336,799.87
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as liabilities in the funds.	(47,147.40)
Long-term liabilities, including bonds payable, capital leases, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(13,418,308.03)</u>
Net position of governmental activities	<u>\$ 16,267,071.92</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Miscellaneous Anticipated Revenues	\$ 2,526,266.63				\$ 2,526,266.63
Operating Grant Revenue	27,104.00	\$ 260,776.43			287,880.43
Miscellaneous Revenues Offset with Appropriations	531,572.96				531,572.96
Amount to be Raised by Taxation to Support the District Budget	20,583,509.97			\$ 1,168,675.03	21,752,185.00
Non-Budgetary Revenues	21,759.08				21,759.08
Total Revenues	23,690,212.64	260,776.43	-	1,168,675.03	25,119,664.10
EXPENDITURES:					
Operating Appropriations:					
Administration	3,856,968.63				3,856,968.63
Cost of Operations and Maintenance	19,299,267.23	260,776.43			19,560,043.66
Operating Appropriations Offset with Revenues	344,117.35				344,117.35
Capital Appropriations	1,895,159.22				1,895,159.22
Debt Service:					
Principal				590,000.00	590,000.00
Interest and Other Charges				578,675.03	578,675.03
Total Expenditures	25,395,512.43	260,776.43	-	1,168,675.03	26,824,963.89
Excess (Deficiency) of Revenues over Expenditures	(1,705,299.79)	-	-	-	(1,705,299.79)
OTHER FINANCING SOURCES (USES):					
Sale of Capital Assets	4,571.00				4,571.00
Capitalized Leases	266,910.72				266,910.72
Total Other Financing Sources and (Uses)	271,481.72	-	-	-	271,481.72
Net Change in Fund Balances	(1,433,818.07)	-	-	-	(1,433,818.07)

(Continued)

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balance, January 1	\$ 10,446,214.18				\$ 10,446,214.18
Prior Period Adjustment	<u>383,331.37</u>				<u>383,331.37</u>
Fund Balance, January 1 (Restated)	<u>10,829,545.55</u>	-	-	-	<u>10,829,545.55</u>
Fund Balance, December 31	<u><u>\$ 9,395,727.48</u></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><u>\$ 9,395,727.48</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 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		\$ (1,433,818.07)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (991,855.53)	
Capitalized Leases	(266,910.72)	
Capital Outlays	<u>1,895,159.22</u>	
		636,392.97
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		679,472.29
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences, interest on debt), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).</p>		
		<u>59,409.39</u>
Change in Net Position of Governmental Activities		<u><u>\$ (58,543.42)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Notes to Financial Statements
For the Year Ended December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Cherry Hill Fire District No. 13 (the "Fire District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Fire District is a political subdivision of the Township of Cherry Hill (the "Township"), Camden County, New Jersey. The Township is comprised of an area of approximately twenty-four (24) square miles. It is bounded by the Township of Pennsauken to the north, the City of Camden to the west, The Township of Voorhees to the south and the Township of Evesham to the east. As of the 2010 United States Census, the Township's population was 71,045. The Fire District was formed on July 12, 1993 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. Fire District No. 13 of the Township of Cherry Hill has two volunteer fire companies within its jurisdiction, Cherry Hill Fire Police and Deer Park Fire Company. In addition, there are also six full-time fire stations within its jurisdiction, Erlton, North Kings Highway, Markkress Road, Springdale Road, Church Road, and Woodcrest.

Component Units

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Property taxes (ad valorem) are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available.

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

The Fire District is entitled to receive moneys under the following established payment 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Fire District reports the following major governmental funds:

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

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes and serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

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

Budgets / Budgetary Control

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

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

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

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

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

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

The budget, as detailed on exhibits C-1 and C-2 includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2014. At December 31, 2014, no prepaid expenses existed.

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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances.

Capital Assets

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

The Fire District's capitalization threshold is \$5,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated.

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

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 Years
Buildings and Improvements	15-40 Years
Apparatus / Vehicles / Ambulances	5-20 Years
Fire Equipment	7-15 Years
EMS Equipment	5-7 Years
Communications Equipment	8-10 Years
Hazardous Materials Equipment	3-20 Years
Heavy Rescue Equipment	10 Years
Tech Rescue Equipment	5-7 Years
SCBA Equipment	10 Years
Maintenance Equipment	10 Years
Computer Equipment	7 Years
Computer / Data 911	7 Years

The Fire District does not possess any infrastructure assets.

Unearned Revenue

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

Compensated Absences

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

Net Position

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

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

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

Fund Balance

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

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

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

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

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

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 chief financial officer, to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the chief financial officer is established by way of a 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.

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

Interfund Activity

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

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

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

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. The adoption of GASBS 70, however, does not have any impact on the Fire District's financial statements.

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

Recently Issued Accounting Pronouncements

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

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

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

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Fire District's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the Fire District's amount on deposit of \$9,780,569.02 as of December 31, 2014, \$250,000.00 was insured under FDIC and \$9,530,569.02 was collateralized under GUDPA.

Restricted Cash and Cash Equivalents - At December 31, 2014, the government-wide financial statements reported restricted cash and cash equivalents. This amount of \$88,696.75 represents cash and cash equivalents held for the New Jersey unemployment trust fund (note 9).

Note 3: PROPERTY TAX LEVIES

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

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2014	\$ 7,568,211,510.00	\$ 21,752,185.00	\$.288
2013 ⁽¹⁾	7,564,599,160.00	22,028,185.00	.292
2012	4,438,792,540.00	22,028,184.00	.497
2011	4,512,015,776.00	21,269,685.00	.472
2010	4,571,999,107.00	20,363,087.00	.446

⁽¹⁾ *revaluation*

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 consisted of the following: (1) amounts owed from federal agencies resulting from reimbursements of grant awards; (2) amounts owed from the providing of emergency medical services and (3) amounts owed from the closeout of a bank account. For receivables which future collection is not certain, the Fire District has established an allowance for doubtful accounts.

Accounts receivable as of year-end for the Fire District's government-wide and individual major funds, in the aggregate, are as follows:

	<u>Governmental Fund Types</u>			
	<u>Government- Wide</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Fund Types</u>
Intergovernmental:				
Federal	\$ 207,033.02		\$ 103,516.51	\$ 103,516.51
Other	361.90	\$ 180.95		180.95
Emergency Medical Services	887,111.19	887,111.19		887,111.19
Less: Allowance for Doubtful Accounts	(443,555.60)	(443,555.60)		(443,555.60)
Total	<u>\$ 650,950.51</u>	<u>\$ 443,736.54</u>	<u>\$ 103,516.51</u>	<u>\$ 547,253.05</u>

Note 5: CAPITAL ASSETS

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

	<u>Balance Jan. 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2014</u>
Capital Assets that are not being Depreciated:				
Land	\$ 2,392,152.32			\$ 2,392,152.32
Total Capital Assets not being Depreciated	<u>2,392,152.32</u>	<u>-</u>	<u>-</u>	<u>2,392,152.32</u>
Capital Assets that are being Depreciated:				
Land Improvements	31,818.00			31,818.00
Buildings and Improvements	19,010,681.05			19,010,681.05
Apparatus / Vehicles / Ambulances	7,310,482.21	\$ 1,796,140.32	\$ 18,500.00	9,088,122.53
Fire Equipment	65,690.00	17,985.00		83,675.00
EMS Equipment	154,475.00	33,867.40		188,342.40
Communications Equipment	61,270.00			61,270.00
Hazardous Materials Equipment	331,874.12			331,874.12
Heavy Rescue Equipment	197,918.90	25,980.00		223,898.90
Tech Rescue Equipment	26,410.00	10,179.00		36,589.00
SCBA Equipment	17,765.00			17,765.00
Maintenance Equipment	19,400.00			19,400.00
Computer Equipment	10,649.00			10,649.00
Computer / Data 911	109,439.28	11,007.50		120,446.78
Total Capital Assets being Depreciated	<u>27,347,872.56</u>	<u>1,895,159.22</u>	<u>18,500.00</u>	<u>29,224,531.78</u>
Total Capital Assets, Cost	<u>29,740,024.88</u>	<u>1,895,159.22</u>	<u>18,500.00</u>	<u>31,616,684.10</u>

Note 5: CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2014 is as follows (cont'd):

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ (21,212.00)	\$ (3,181.80)		\$ (24,393.80)
Buildings and Improvements	(4,215,420.28)	(457,713.90)		(4,673,134.18)
Apparatus / Vehicles / Ambulances	(5,481,401.89)	(442,695.91)	\$ 18,500.00	(5,905,597.80)
Fire Equipment	(33,954.29)	(9,255.18)		(43,209.47)
EMS Equipment	(15,676.90)	(29,091.88)		(44,768.78)
Communications Equipment	(25,259.68)	(5,612.00)		(30,871.68)
Hazardous Materials Equipment	(196,329.12)	(18,056.46)		(214,385.58)
Heavy Rescue Equipment	(165,969.15)	(7,122.50)		(173,091.65)
Tech Rescue Equipment	(26,410.00)	(1,526.85)		(27,936.85)
SCBA Equipment	(10,194.13)	(776.50)		(10,970.63)
Maintenance Equipment	(16,110.00)	(940.00)		(17,050.00)
Computer Equipment	(10,649.00)			(10,649.00)
Computer / Data 911	(87,942.26)	(15,882.55)		(103,824.81)
Total Accumulated Depreciation	<u>(10,306,528.70)</u>	<u>(991,855.53) *</u>	<u>18,500.00</u>	<u>(11,279,884.23)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>17,041,343.86</u>	<u>903,303.69</u>	<u>-</u>	<u>17,944,647.55</u>
Capital Assets, Net	<u>\$ 19,433,496.18</u>	<u>\$ 903,303.69</u>	<u>-</u>	<u>\$ 20,336,799.87</u>

* Depreciation expense was charged to functions / programs of the Fire District as follows:

Administration	\$ 17,036.45
Cost of Operations and Maintenance	974,819.08
Total Depreciation Expense	<u>\$ 991,855.53</u>

Note 6: LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Due within</u> <u>One Year</u>
General Obligation Bonds	\$ 13,225,000.00		\$ (590,000.00)	\$ 12,635,000.00	\$ 615,000.00
Obligations under Capital Lease	116,101.17	\$ 266,910.72	(89,472.29)	293,539.60	126,720.40
Compensated Absences	560,349.39	2,244,094.33	(2,314,675.29)	489,768.43	292,348.96
Total Government-wide Long-Term Debt	<u>\$ 13,901,450.56</u>	<u>\$ 2,511,005.05</u>	<u>\$ (2,994,147.58)</u>	<u>\$ 13,418,308.03</u>	<u>\$ 1,034,069.36</u>

General Obligation Bonds - Bonds and loans are authorized in accordance with State law by the voters of the Fire District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Fire District are to be paid from property taxes.

Note 6: LONG-TERM LIABILITIES (CONT'D)

General Obligation Bonds (Cont'd) - As of December 31, 2014, the Fire District had the following outstanding fire district bonds:

On August 1, 2007, the Fire District issued \$15,600,000.00 of general obligation bonds at interest rates ranging from 4.375% to 4.500% for the construction of a fire and emergency response station facility, major repairs to and reconstruction of existing fire and emergency response station facilities, and for the purchase of fire and emergency response vehicles to support the Fire District's long-range fleet replacement plan. The final maturity of these bonds is June 1, 2037. The bonds will be paid from property taxes.

Principal and interest due on the fire district bonds outstanding is as follows:

<u>Year Ending Dec. 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 615,000.00	\$ 552,315.63	\$ 1,167,315.63
2016	635,000.00	524,971.88	1,159,971.88
2017	665,000.00	496,534.38	1,161,534.38
2018	330,000.00	474,768.75	804,768.75
2019	345,000.00	459,787.50	804,787.50
2020-2024	1,960,000.00	2,047,950.00	4,007,950.00
2025-2029	2,510,000.00	1,548,000.00	4,058,000.00
2030-2034	3,220,000.00	906,750.00	4,126,750.00
2035-2037	2,355,000.00	162,562.50	2,517,562.50
	<u>\$ 12,635,000.00</u>	<u>\$ 7,173,640.64</u>	<u>\$ 19,808,640.64</u>

Bonds Authorized but not Issued - As of December 31, 2014, the Fire District did not have any authorizations for the issuance of debt.

Capital Leases Payable - The Fire District is leasing two (2) modular ambulances totaling \$217,654.94 under a capital lease. The capital lease is for a term of four (4) years, with final payment on December 1, 2015, at an interest rate of 6.75%.

In addition, the Fire District entered into a capital lease during 2014 for two (2) additional modular ambulances totaling \$266,910.72. The capital lease is for a term of four (4) years, with final payment on June 1, 2018.

The following is a schedule of the remaining future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at December 31, 2014:

<u>Year Ending Dec. 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 126,720.40	\$ 2,552.12	\$ 129,272.52
2016	66,727.68		66,727.68
2017	66,727.68		66,727.68
2018	33,363.84		33,363.84
	<u>\$ 293,539.60</u>	<u>\$ 2,552.12</u>	<u>\$ 296,091.72</u>

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 11 for a description of the Fire District's policy.

Note 7: PENSION PLANS

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

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

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase was effective with the payroll period that began immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years.

The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by Fire District</u>
2014	\$ 48,459.00	\$ 213,057.00	\$ 261,516.00	\$ 4,448.00	\$ 265,964.00
2013	71,752.00	171,561.00	243,313.00	14,481.00	257,794.00
2012	86,751.00	173,501.00	260,252.00	16,581.00	276,833.00

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

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

Note 7: PENSION PLANS (CONT'D)

Police and Firemen's Retirement System (Cont'd) - The Fire District is billed annually for its normal contribution plus any accrued liability. The Fire District's contributions, equal to the required contribution for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by Fire District</u>
2014	\$ 703,963.00	\$ 1,141,457.00	\$ 1,845,420.00	\$ 70,866.00	\$ 1,916,286.00
2013	921,417.00	1,205,607.00	2,127,024.00	88,395.00	2,215,419.00
2012	1,013,439.00	1,129,411.00	2,142,850.00	78,931.00	2,221,781.00

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

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

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

The Fire District's contributions, equal to the required contribution for each year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by Fire District</u>
2014	\$ 8,033.16	\$ 8,033.16
2013	6,663.74	6,663.74
2012	3,958.46	3,958.46

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Fire District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Plan Description (Cont'd) - The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Fire District authorized participation in the SHBP's post-retirement benefit program through resolution number 12-10-04-03. The Fire District pays eighty percent (80%) of the cost of postemployment health care benefits for all firefighters, fire officers, and emergency medical technicians who at the date of retirement have not less than twenty-five (25) years of service credit in a state locally administered retirement system and attained the age of sixty-two prior to retirement or receives disability retirement. Benefits provided include health insurance, prescription coverage, and dental insurance for retirees and their dependents until the age of sixty-five.

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

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Fire District on a monthly basis. The Fire District funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits.

The Fire District's contributions to SHBP for the years ended December 31, 2014 and 2013 were \$224,806.06 and \$195,238.83, respectively, which equaled the required contributions for each year. The Fire District's first year of participation in the SHBP was during the year ended December 31, 2013; therefore, there were no contributions to the SHBP for the year ended December 31, 2012. There were approximately twenty-five (25) and twenty-two (22) retired participants eligible at December 31, 2014 and 2013, respectively.

Note 9: RISK MANAGEMENT

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

Property and Liability Insurance - The Fire District is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with coverages such as:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

Note 9: RISK MANAGEMENT (CONT'D)

Property and Liability Insurance (Cont'd) - The Fund provides the Fire District with the following coverage:

Property
General Liability / Auto Liability
Workers Compensation
Environmental Liability
Public Officials / Employment Practices Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Fund publishes its own financial report for the year ended December 31, 2014, which can be obtained from:

Camden County Municipal Joint Insurance Fund
Park 80 West, Plaza One
Saddle Brook, New Jersey 07663

New Jersey Unemployment Compensation Insurance - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Fire District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Fire District is billed quarterly for amounts due to the State.

The following is a summary of Fire District contributions, reimbursements to the State for benefits paid and the ending balance of the Fire District's fund for the current and previous two years:

<u>Year Ended</u> <u>Dec. 31,</u>	<u>Contributions *</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014	\$ 19,892.34	\$ 2,688.00	\$ 105,690.40
2013	14,585.27	17,671.00	88,486.06
2012	16,460.34	99.16	91,571.79

** includes interest earned on deposits, amounts provided for in the Fire District budget, and applicable employee payroll withholdings.*

As of December 31, 2014, \$5,707.00 unreimbursed unemployment claims exist.

Note 10: DEFERRED COMPENSATION

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

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

Note 11: COMPENSATED ABSENCES

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

Non-uniformed personnel are entitled to twelve sick days a year. Sick days not used may be carried forward. Up to one half of personal time, vacation time, and holiday time not used during the current year may be carried forward and must be used by August 31st of the succeeding year; otherwise they will be lost.

Uniformed personnel, with certain exceptions, are governed by a collective bargaining agreement with the Fire District and the I.A.F.F. ALF-CIO Local No.'s 2663, 3198, and 3249. There exist other personnel who are governed under individual contractual agreements and they are entitled to one hundred hours of sick leave per year.

For all full-time, uniformed personnel, sick leave hours may be carried forward. Payment for the accumulated sick leave is based upon a stipulated cap as stated in the employees' contractual agreement. In order to receive compensation, employees must have been employed with the district for at least twenty years. Up to one half of vacation time and holiday time not used during the current year may be carried forward and must be used by August 31st of the succeeding year; otherwise they will be lost. Part-time employees are not entitled to compensated absences.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2014, the liability for compensated absences in the governmental fund types was \$489,768.43.

Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at December 31, 2014 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 61,649.71	
Special Revenue		\$ 61,649.71
	<u>\$ 61,649.71</u>	<u>\$ 61,649.71</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the year 2015, the Fire District expects to liquidate such interfunds, depending upon the availability of cash flow.

During the year ended December 31, 2014, no transfers among funds occurred.

Note 13: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Fire District expects such amount, if any, to be immaterial.

Note 13: CONTINGENCIES (CONT'D)

Litigation - The Fire District is a defendant in a legal proceeding that was in various stages of litigation. It is believed that the outcome and potential loss from such litigation is not be material to the financial statements.

Note 14: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2015 annual budget of the Fire District was adopted on January 8, 2015, and subsequently approved by the voters at the annual election held on February 21, 2015. The adopted budget utilized \$2,620,831.00 of fund balance in the general fund.

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilization in Subsequent Budget</u>
2014	\$ 9,395,727.48	\$ 2,620,831.00
2013	10,829,545.55	3,032,154.00
2012	9,287,790.56	420,040.00
2011	7,145,163.91	445,660.00
2010	6,328,221.76	800,000.00

Note 15: FUND BALANCES**RESTRICTED**

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

General Fund -

New Jersey Unemployment Trust Fund - In accordance with the State of New Jersey, Department of Labor, the Board of Fire Commissioners has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method" (see note 9). As a result, there exists at December 31, 2014 a restricted fund balance in the amount of \$105,690.40 for future unemployment claims.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2015 \$2,620,831.00 of general fund balance at December 31, 2014.

Other Purposes - As of December 31, 2014, the Fire District had \$215,192.37 of encumbrances outstanding for purchase orders and contracts signed by the Fire District, but not completed, as of the close of the year.

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

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

General Fund - As of December 31, 2014, \$6,454,013.71 of general fund balance was unassigned.

Note 16: RESTATEMENT OF PRIOR YEAR FUND BALANCE

The fund balance of the general fund has been restated as of December 31, 2013 as follows:

Fund Balance, January 1, 2014	\$ 10,446,214.18
Prior Period Adjustment:	
Establishment of Allowance for Doubtful Accounts	<u>383,331.37</u>
Fund Balance, January 1, 2014 (Restated)	<u>\$ 10,829,545.55</u>

Note 17: SUBSEQUENT EVENTS

Capital Referendum - On November 21, 2014, the governing body of the Fire District held a special referendum meeting to seek voter approval for the construction of a new burn building training facility and approve the lease purchase financing relative to the project, for an amount not to exceed \$2,000,000.00. In addition, voter approval was sought for the construction of a motor maintenance shop support building, for an amount not to exceed \$800,000.00. Both of these capital projects were approved by the voters of the Fire District at the special referendum meeting. The 2015 adopted budget contained capital appropriations of \$770,000.00 and \$800,000.00, respectively, for the capital projects. As of the date of this report, the Fire District has not awarded any contracts for the aforementioned projects.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Miscellaneous Anticipated Revenues:					
Rental Income	\$ 72,000.00		\$ 72,000.00	\$ 105,194.69	\$ 33,194.69
Interest on Investments and Deposits	4,700.00		4,700.00	12,975.24	8,275.24
Other Revenue	<u>2,275,793.00</u>		<u>2,275,793.00</u>	<u>2,347,872.48</u>	<u>72,079.48</u>
Total Miscellaneous Anticipated Revenues	<u>2,352,493.00</u>	<u>-</u>	<u>2,352,493.00</u>	<u>2,466,042.41</u>	<u>113,549.41</u>
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>	<u>27,104.00</u>	<u>2,104.00</u>
Miscellaneous Revenues Offset with Appropriations					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	<u>450,000.00</u>	<u>-</u>	<u>450,000.00</u>	<u>531,572.96</u>	<u>81,572.96</u>
Amount to be Raised by Taxation to Support the District Budget	<u>20,583,510.00</u>	<u>-</u>	<u>20,583,510.00</u>	<u>20,583,509.97</u>	<u>(0.03)</u>
Total Anticipated Revenues	<u>23,411,003.00</u>	<u>-</u>	<u>23,411,003.00</u>	<u>23,608,229.34</u>	<u>197,226.34</u>
Non-Budgetary Revenues:					
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,759.08</u>	<u>21,759.08</u>
Total Revenues	<u>23,411,003.00</u>	<u>-</u>	<u>23,411,003.00</u>	<u>23,629,988.42</u>	<u>218,985.42</u>

(Continued)

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary and Wages:					
Commissioners	\$ 37,000.00		\$ 37,000.00	\$ 35,249.73	\$ 1,750.27
Fire Director	151,500.00	\$ (520.00)	150,980.00	150,636.36	343.64
Assistant Fire Chief (Administration)	136,322.00	3,700.09	140,022.09	140,011.49	10.60
Assistant Fire Chief (Operations)	135,697.00	519.72	136,216.72	136,214.13	2.59
Executive Assistant (Office of the Fire Chief)	79,977.00	(0.11)	79,976.89	79,976.80	0.09
Director - EMS	138,286.00	0.52	138,286.52	138,286.46	0.06
Captain - Motor Maintenance	68,640.00	0.64	68,640.64	68,640.49	0.15
Chief Financial Officer	100,828.00	9,000.14	109,828.14	109,803.98	24.16
Motor Maintenance Civilian Mechanics	125,831.00	22,999.66	148,830.66	143,110.89	5,719.77
Part Time Civilian Mechanics	15,600.00	(15,000.00)	600.00		
Logistics Officer	93,261.00	(0.30)	93,260.70	93,260.70	
Logistics Personnel	44,343.00	0.36	44,343.36	44,343.28	0.08
Director of Office of OEM	48,000.00	60,000.00	108,000.00	74,195.10	33,804.90
GIS Analyst	53,000.00		53,000.00	924.23	52,075.77
Technology Staff	20,000.00		20,000.00	8,930.00	11,070.00
Administrative Assistant	55,968.00	0.44	55,968.44	55,968.37	0.07
Clerical - Office of the Fire Chief	35,700.00	0.25	35,700.25	35,700.10	0.15
Department Clerk - Administration	45,116.00	(0.18)	45,115.82	45,115.74	0.08
Base Pay Increases	20,800.00	(20,700.25)	99.75		99.75
Training - Clerical	37,227.00	(0.47)	37,226.53		37,226.53
Director - Community Education	60,000.00	(60,000.00)			
Training Officer	103,573.00	(1.18)	103,571.82	103,167.89	403.93
Fringe Benefits	1,776,598.00	488,820.82	2,265,418.82	2,065,974.76	199,444.06

(Continued)

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses:					
Fire District Elections	\$ 9,475.00		\$ 9,475.00	\$ 3,311.11	\$ 6,163.89
Insurance	69,341.00	\$ 16,370.36	85,711.36	79,734.45	5,976.91
Memberships Dues	4,500.00		4,500.00	2,696.45	1,803.55
Office Expenses	34,000.00		34,000.00	23,781.10	10,218.90
Professional Services	318,053.00		318,053.00	261,430.93	56,622.07
Business Travel Expenses	10,000.00		10,000.00	1,379.36	8,620.64
Community Education Expenses	19,000.00		19,000.00	10,132.33	8,867.67
Total Administration	<u>3,847,636.00</u>	<u>505,190.51</u>	<u>4,352,826.51</u>	<u>3,911,976.23</u>	<u>440,250.28</u>
Cost of Operations and Maintenance:					
Salary and Wages:					
Battalion Chiefs	496,215.00	(2,699.68)	493,515.32	490,225.75	3,289.57
Captains	682,620.00	2,699.86	685,319.86	685,271.73	48.13
Lieutenants	1,247,891.00	9,499.94	1,257,390.94	1,257,387.77	3.17
Firefighters	6,372,305.00	64,099.54	6,436,404.54	6,396,190.07	40,214.47
Medical Services Officers	363,252.00	(362,999.70)	252.30		
EMTs Full-Time	922,787.00	326,000.12	1,248,787.12	1,248,446.70	340.42
EMTs Part-Time	664,716.00	124,999.90	789,715.90	788,878.54	837.36
Longevity (Fire & EMS)		43,000.00	43,000.00	42,953.66	46.34
Overtime (Fire & EMS)	450,000.00	342,500.00	792,500.00	784,749.26	7,750.74
Actor's Pay	45,000.00	(25,070.00)	19,930.00	19,192.62	737.38
EMT Certifications	80,250.00	2,570.00	82,820.00	81,701.54	1,118.46
Paramedic Certifications	27,300.00	1,600.00	28,900.00	28,800.00	100.00
Compensation Time Payable	100,000.00	50,000.00	150,000.00	149,585.19	414.81
Retirement Payouts	100,000.00	(25,000.00)	75,000.00	61,598.58	13,401.42
Wellness Initiative	135,000.00	(4,000.00)	131,000.00	130,904.75	95.25
Minimum Staffing	75,000.00	(75,000.00)			
Carry Over PTO Payouts	285,000.00	(134,600.00)	150,400.00	112,319.88	38,080.12

(Continued)

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Fringe Benefits	\$ 4,833,822.00	\$ (826,321.44)	\$ 4,007,500.56	\$ 3,998,800.46	\$ 8,700.10
Other Expenses:					
Insurance	624,068.00	16,827.40	640,895.40	640,472.48	422.92
Rentals / Leases	191,320.00	(8,200.00)	183,120.00	122,777.82	60,342.18
Utilities	365,220.00	(11,770.00)	353,450.00	281,566.36	71,883.64
Fire Hydrants	641,875.00	(43,999.80)	597,875.20	596,757.40	1,117.80
Supplies	458,948.32	19,610.00	478,558.32	333,737.74	144,820.58
EMS Division Expenses	122,974.96	(8,659.00)	114,315.96	86,875.49	27,440.47
Training Expenses (Fire)	75,589.00	23,799.00	99,388.00	86,128.40	13,259.60
Physicals Inoculations (Fire)	55,559.00	3,200.00	58,759.00	26,118.15	32,640.85
Maintenance Repairs	643,820.00	(114,177.00)	529,643.00	460,455.56	69,187.44
Other Assets - Non-Bondable	162,677.51	107,000.00	269,677.51	259,113.59	10,563.92
Total Cost of Operations and Maintenance	<u>20,223,209.79</u>	<u>(505,090.86)</u>	<u>19,718,118.93</u>	<u>19,171,009.49</u>	<u>546,857.14</u>
Operating Appropriations Offset with Revenues:					
Salary and Wages:					
Fire Official / Fire Marshal	123,624.00	600.04	124,224.04	124,196.02	28.02
Fire Inspectors	137,280.00	1.78	137,281.78	137,280.98	0.80
Fire Official / Fire Marshal Office: Clerical	46,626.00	0.53	46,626.53	46,625.54	0.99
Smoke Detector Inspectors	30,000.00	610.00	30,610.00	30,599.95	10.05
Other Expenses:					
UFSA	6,800.00	(710.00)	6,090.00	5,414.86	675.14
Contingent Expenses	1,000.00	(602.00)	398.00		398.00
Total Operating Appropriations Offset with Revenues	<u>345,330.00</u>	<u>(99.65)</u>	<u>345,230.35</u>	<u>344,117.35</u>	<u>1,113.00</u>

(Continued)

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Capital Appropriations:					
Capital Improvements (N.J.S 40A:14-84):					
Firefighting Equipment					
Light Duty Vehicle Purchases	\$ 1,753,474.00		\$ 1,753,474.00	\$ 1,477,769.57	\$ 275,704.43
Capital Facility	520,000.00		520,000.00	223,729.07	296,270.93
Capitalized Leases:					
(2) 2014 Ford E-450 AEV Type III Ambulances				266,910.72	(266,910.72)
Total Capital Appropriations	<u>2,273,474.00</u>	<u>-</u>	<u>2,273,474.00</u>	<u>1,968,409.36</u>	<u>305,064.64</u>
Total Expenditures	<u>26,689,649.79</u>	<u>-</u>	<u>26,689,649.79</u>	<u>25,395,512.43</u>	<u>1,293,285.06</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,278,646.79)	-	(3,278,646.79)	(1,765,524.01)	1,512,270.48
OTHER FINANCING SOURCES (USES):					
Sale of Capital Assets				4,571.00	4,571.00
Capitalized Leases				266,910.72	266,910.72
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,481.72</u>	<u>271,481.72</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (3,278,646.79)</u>	<u>-</u>	<u>\$ (3,278,646.79)</u>	(1,494,042.29)	<u>\$ 1,783,752.20</u>
Fund Balance, January 1				<u>10,446,214.18</u>	
Fund Balance, December 31				<u>\$ 8,952,171.89</u>	
Recapitulation:					
Restricted				\$ 105,690.40	
Assigned				2,836,023.37	
Unassigned				<u>6,010,458.12</u>	
				<u>\$ 8,952,171.89</u>	

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Operating Grant Revenue:					
U.S. Department of Homeland Security:					
Federal Emergency Management Agency:					
Assistance to Firefighters Grant Programs:					
Fire Prevention and Safety Grant	\$ 103,350.00	\$ (32,964.00)	\$ 70,386.00	\$ 28,519.20	\$ 41,866.80
Staffing for Adequate Fire and Emergency Response - Hiring Program	305,396.32 *		305,396.32	177,744.73	127,651.59
U.S. Department of Transportation:					
Passed-through New Jersey Department of Law and Public Safety:					
Hazardous Materials Emergency Preparedness Grant Program	<u>55,281.50 *</u>		<u>55,281.50</u>	<u>54,512.50</u>	<u>769.00</u>
Total Operating Grant Revenue	<u>464,027.82</u>	<u>(32,964.00)</u>	<u>431,063.82</u>	<u>260,776.43</u>	<u>170,287.39</u>
Total Revenues	<u>464,027.82</u>	<u>(32,964.00)</u>	<u>431,063.82</u>	<u>260,776.43</u>	<u>170,287.39</u>
EXPENDITURES:					
Operating Appropriations:					
Cost of Operations and Maintenance:					
Salary and Wages:					
Personnel	135,496.04 *	46,206.00	181,702.04	155,198.22	26,503.82
Fringe Benefits	169,900.28 *	(46,206.00)	123,694.28	22,546.51	101,147.77
Other Expenses:					
Consultants / Contracts	55,281.50 *		55,281.50	54,512.50	769.00
Equipment	<u>103,350.00</u>	<u>(32,964.00)</u>	<u>70,386.00</u>	<u>28,519.20</u>	<u>41,866.80</u>
Total Cost of Operations and Maintenance	<u>464,027.82</u>	<u>(32,964.00)</u>	<u>431,063.82</u>	<u>260,776.43</u>	<u>170,287.39</u>
Total Expenditures	<u>464,027.82</u>	<u>(32,964.00)</u>	<u>431,063.82</u>	<u>260,776.43</u>	<u>170,287.39</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, January 1				-	
Fund Balance, December 31				<u>-</u>	

* represents the carry-over of the prior year grant award.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Year Ended December 31, 2014

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "total revenue" from the budgetary comparison schedule(s).	\$ 23,629,988.42	\$ 260,776.43
Due to uncertainty of collection, certain revenues are net of an allowance for doubtful accounts; therefore, these revenues are not recorded in the budgetary comparison schedule(s).	<u>60,224.22</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 23,690,212.64</u>	<u>\$ 260,776.43</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule(s).	<u>\$ 25,395,512.43</u>	<u>\$ 260,776.43</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 25,395,512.43</u>	<u>\$ 260,776.43</u>

OTHER SUPPLEMENTARY INFORMATION

LONG-TERM DEBT

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13

Schedule of General Obligation Bonds

For the Year Ended December 31, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance Jan. 1, 2014	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
General Obligation Bonds, 2007	08/01/07	\$ 15,600,000.00	06/01/15	\$ 615,000.00	4.375%				
			06/01/16	635,000.00	4.375%				
			06/01/17	665,000.00	4.375%				
			06/01/18	330,000.00	4.375%				
			06/01/19	345,000.00	4.500%				
			06/01/20	355,000.00	4.500%				
			06/01/21	375,000.00	4.500%				
			06/01/22	390,000.00	4.500%				
			06/01/23	410,000.00	4.500%				
			06/01/24	430,000.00	4.500%				
			06/01/25	455,000.00	4.500%				
			06/01/26	475,000.00	4.500%				
			06/01/27	500,000.00	4.500%				
			06/01/28	525,000.00	4.500%				
			06/01/29	555,000.00	4.500%				
			06/01/30	580,000.00	4.500%				
			06/01/31	610,000.00	4.500%				
			06/01/32	645,000.00	4.500%				
			06/01/33	675,000.00	4.500%				
			06/01/34	710,000.00	4.500%				
06/01/35	745,000.00	4.500%							
06/01/36	785,000.00	4.500%							
06/01/37	825,000.00	4.500%							
						\$ 13,225,000.00		\$ 590,000.00	\$ 12,635,000.00
						\$ 13,225,000.00	-	\$ 590,000.00	\$ 12,635,000.00

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Schedule of Obligations under Capital Leases
 For the Year Ended December 31, 2014

<u>Description</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding Jan. 1, 2014 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding Dec. 31, 2014 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
Two (2) 2011 Freightliner Sprinter Type III modular ambulances	12/28/11	4 Years	\$ 217,654.94	\$ 32,524.42	6.750%	\$ 116,101.17		\$ 56,108.45	\$ 59,992.72
Two (2) 2014 E-450 AEV Type III ambulances	06/24/14	5 Years	266,910.72	-	-		\$ 266,910.72	33,363.84	233,546.88
						<u>\$ 116,101.17</u>	<u>\$ 266,910.72</u>	<u>\$ 89,472.29</u>	<u>\$ 293,539.60</u>

(a) future interest payments removed from carrying value of leases.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Amount to be Raised by Taxation to Support the District Budget	\$ 1,168,675.00	\$ 0.10	\$ 1,168,675.10	\$ 1,168,675.03	\$ (0.07)
EXPENDITURES:					
Principal Payments:					
General Obligation Bonds	590,000.00	-	590,000.00	590,000.00	-
Interest Payments:					
General Obligation Bonds	578,675.00	0.10	578,675.10	578,675.03	0.07
Total Expenditures	1,168,675.00	0.10	1,168,675.10	1,168,675.03	0.07
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, January 1				-	
Fund Balance, December 31				-	

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
Schedule of Findings and Recommendations
For the Year Ended December 31, 2014

Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF CHERRY HILL FIRE DISTRICT NO. 13
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

None.

APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

