

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**(With Independent Auditor's Report Thereon)**

# DELRAN TOWNSHIP FIRE DISTRICT No. 1

## CONTENTS

	PAGE
Independent Auditor's Report	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	4
Management's Discussion and Analysis	6
A. District-wide Financial Statements:	
A-1 Statement of Net Position	9
A-2 Statement of Activities	10
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	11
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	12
B-3 Reconciliation of Statement of Revenues, Expenditures & Changes Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – Statement of Revenues and Expenditures General Fund	27
C-2 Budgetary Comparison Schedule – Statement of Revenues and Expenditures Debt Service Fund	29
D. Long-Term Debt	
D-1 Schedule of Serial Bonds Payable	30
D-2 Schedule of Obligations Under Capital Leases	31
General Comments:	
Contracts & Agreement Required to be Advertised	32
Follow-up on Prior Year Findings & Acknowledgement	33



## INDEPENDENT AUDITORS' REPORT

Delran Township Board of Fire Commissioners  
Fire District No. 1  
Delran, New Jersey 08075

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Delran Township Fire District No. 1, County of Burlington, State of New Jersey, as of and for the fiscal year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the 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 from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delran Fire District No. 1, County of Burlington, State of New Jersey, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 8 and 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delran Fire District No. 1's basic financial statements. The long-term debt - schedule of serial bonds payable and of obligations under capital leases, on pages 30 & 31, is presented for purposes of additional analysis and is not a required part of the financial statements.

The long-term debt - schedule of serial bonds payable and of obligations under capital leases is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 long-term debt schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The comparative totals for December 31, 2012 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated on our consideration of the Delran Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delran Fire District No. 1's internal control over financial reporting and compliance.

  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 16, 2014  
Medford, New Jersey



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**INDEPENDENT AUDITOR'S 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**

Delran Township Board of Fire Commissioners  
Fire District No. 1  
Delran, New Jersey 08077

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of Delran Fire District No. 1, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Delran Fire District No. 1's basic financial statements, and have issued our report thereon dated April 16, 2014 .

**Internal Control Over Financial Reporting**

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

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

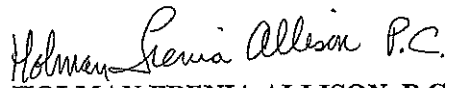
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Delran Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 16, 2014  
Medford, New Jersey

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### UNAUDITED

The District provides fire protection services to a 7.5 square mile area of Delran Township. The population of the District is approximately 18,000. The District is a separate government body known as a Special District and is governed by an elected board of Commissioners. Fire districts are governed by *N.J.S.A.40A:14-70* et al. and organized as a taxing authority charged with the responsibility of providing resources necessary to provide fire-fighting services to the residents within its territorial location. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended.

#### **Description of the Basic Financial Statements**

The financial statements consist of the following parts: Management's discussion and analysis; the basic financial statements consisting of government-wide financial statements, and fund financial statements (governmental); notes to the financial statements; and required supplementary information.

The basic government-wide and fund financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position (Exhibit A-1) and Statement of Activities (Exhibit A-2). The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term of the District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash is received or paid. This form of reporting is new this fiscal year and will continue in the future.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This the traditional form for our financial statements. The required financial statements are: Balance Sheet (Exhibit B-1) and Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit B-2). The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during or soon after the end of the year.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities, traces the change in fund balances to the change in net position report in Exhibit B-3.

#### **Governmental Funds**

Governmental Funds are used to account for essentially the same functions reported as governmental activities as the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term in-flows and out-flows of spendable resources, as well as on balances of spendable resources available at the end of the year.



The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund and debt service fund all of which are considered major funds.

**Condensed Government-wide Financial Data**

	2013	2012
Unrestricted Current Assets	\$ 702,398	689,003
Capital Assets, Net of Accumulated Depreciation	7,005,139	7,138,142
Deferred Outflow of Resources	<u>                    </u>	<u>104,480</u>
Total Assets and Deferred Outflow of Resources	<u>7,707,537</u>	<u>7,931,625</u>
Current Liabilities	535,211	456,809
Noncurrent Liabilities	<u>3,161,755</u>	<u>3,504,134</u>
Total Liabilities	<u>3,696,966</u>	<u>3,996,943</u>
Net Position:		
Invested in Capital Assets, Net of Accumulated Depreciation & Related Debt	3,465,005	3,234,277
Restricted Net Position	251,141	368,735
Unrestricted Net Position	<u>294,425</u>	<u>331,670</u>
Total Net Position	<u>4,010,571</u>	<u>3,934,682</u>
Total Liabilities and Net Position	<u>\$7,707,537</u>	<u>7,931,625</u>
Expenditures Governmental Activities, Net of Program Revenues	\$(1,744,660)	(1,591,955)
General Revenues:		
District Taxes	1,882,052	1,787,461
Permit Fees & Penalties	24,352	12,035
Interest Income	701	1,237
Supplemental Fire Services	5,162	5,162
Miscellaneous Revenue	<u>12,687</u>	<u>17,105</u>
Change in Net Position	<u>\$ 180,369</u>	<u>231,045</u>

**Financial Analysis of the District as a Whole**

The District's net position increased by \$180,369 for the fiscal year ended December 31, 2013, or approximately 4.58%, to a total of \$4,010,571. Of the \$4,010,571 in net position, \$3,465,005 is invested in capital assets (net of accumulated depreciation and related debt).

**Budgetary Highlights**

Interest earnings revenue was \$549 less than budgeted. This was caused by the decrease in the interest rates earned.

Total General Fund expenditures were \$38,844 less than the amount budgeted.

### **Capital Assets**

As of December 31, 2013, the District has invested \$9,901,120 in a broad range of capital assets including a new building, fire fighting vehicles, and equipment.

### **Capital Leases and Bonds Payable**

During the year ended December 31, 2013, the District decreased the capital leases payable by \$133,731 and also paid off \$230,000 in principal towards the balance of the 2004 Bonds.

### **Economic Factors and Next Year's Budget**

The District's main source of revenue is property taxes. The District expects property tax revenues to decrease by 1.29% to \$1,858,123 for the fiscal year ending December 31, 2014.

Budgeted expenditures are expected to decrease by 1.13% to \$2,043,123 for the fiscal year ending December 31, 2014.

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

This financial statement is designed to provide a general overview of the District's finances. If you have questions about this financial statement or need additional financial information, contact the District's office at 900 Chester Avenue, P.O. Box 1007, Delran, New Jersey 08075.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**  
(With Comparative Totals for December 31, 2012)

ASSETS	GOVERNMENTAL ACTIVITIES	
	(Memorandum Only)	
	DECEMBER 31, 2013	DECEMBER 31, 2012
Current Assets:		
Cash	\$ 702,398	\$ 689,003
Total Current Assets	702,398	689,003
Property, Plant & Equipment (See Note 5):		
Property, Plant & Equipment (Net)	7,005,139	7,138,142
Total Assets	7,707,537	7,827,145
DEFERRED OUTFLOW OF RESOURCES		
Bond Issuance Costs, net of accumulated amortization	-	104,480
Total Deferred Outflow of Resources	-	104,480
Total Assets and Deferred Outflow of Resources	7,707,537	7,931,625
LIABILITIES		
Current Liabilities:		
Accounts Payable	90,946	20,098
Deferred Revenue	6,759	6,447
Accrued Interest Payable	59,127	66,533
Current Portion of Long-Term Liabilities	378,378	363,731
Total Current Liabilities	535,210	456,809
Non Current Liabilities:		
Long-Term Liabilities Due Beyond One Year	3,161,756	3,540,134
Total Noncurrent Liabilities	3,161,756	3,540,134
Total Liabilities	3,696,966	3,996,943
NET POSITION		
Invested in Capital Assets, Net of Accumulated Depreciation & Related Debt	3,465,005	3,234,277
Restricted Net Position:		
Capital Outlay	310,268	435,268
Debt Service	(59,127)	(66,533)
Unrestricted Net Position	294,425	331,670
Total Net Position	\$ 4,010,571	\$ 3,934,682

The accompanying notes are an integral part of these financial statements.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(With Comparative Totals for December 31, 2012)**

FUNCTION/PROGRAM	EXPENSES	CHARGES FOR SERVICES	GOVERNMENTAL ACTIVITIES	
			DECEMBER 31, 2013	(Memorandum Only) DECEMBER 31, 2012
<b>Governmental Activities:</b>				
Fire Protection:				
Administration	\$ 253,211	\$ -	\$ (253,211)	\$ (249,777)
Cost of Providing Services	1,160,412	44,958	(1,115,454)	(949,588)
Interest on Long-Term Liabilities	158,980	-	(158,980)	(172,898)
Unallocated Amortization	-	-	-	(8,707)
Depreciation	217,015	-	(217,015)	(210,985)
	<hr/>			
Total Governmental Activities	1,789,618	44,958	(1,744,660)	(1,591,955)
<hr/>				
<b>General Revenues:</b>				
District Tax			1,882,052	1,787,461
Permit Fees & Penalties			24,352	12,035
Interest Income			701	1,237
Supplemental Fire Services			5,162	5,162
Miscellaneous			12,762	17,105
			<hr/>	<hr/>
Total General Revenues			1,925,029	1,823,000
<hr/>				
Changes in Net Position			180,369	231,045
Net Position Beginning of the Year, as previously stated			3,934,682	3,703,637
<hr/>				
Adjustment due to Restatement (See Note 12)			(104,480)	-
Net Position Beginning of the Year, restated			3,830,202	-
<hr/>				
Net Position, End of the Year			<u>\$ 4,010,571</u>	<u>\$ 3,934,682</u>

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

**DELTRAN TOWNSHIP FIRE DISTRICT No. 1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**  
**(With Comparative Totals for December 31, 2012)**

	GENERAL FUND	CAPITAL PROJECTS	TOTALS	
			DECEMBER 31, 2013	(Memorandum Only) DECEMBER 31, 2012
<b>Assets:</b>				
Cash	\$ 702,398	\$ -	\$ 702,398	\$ 689,003
Interfund Receivable	-	3,498	3,498	3,498
<b>Total Assets</b>	<b>\$ 702,398</b>	<b>\$ 3,498</b>	<b>\$ 705,896</b>	<b>\$ 692,501</b>
<b>Liabilities &amp; Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 90,946	\$ -	\$ 90,946	\$ 20,098
Interfund Payable	3,498	-	3,498	3,498
Deferred Revenue	6,759	-	6,759	6,447
<b>Total Liabilities</b>	<b>101,203</b>	<b>-</b>	<b>101,203</b>	<b>30,043</b>
<b>Fund Balances:</b>				
Restricted for:				
Capital Projects	-	3,498	3,498	3,498
Assigned:				
Capital Outlay	310,268	-	310,268	435,268
Designated for Subsequent Year's Expenditures	125,000	-	125,000	125,000
Unassigned	165,927	-	165,927	98,692
<b>Total Fund Balances</b>	<b>601,195</b>	<b>3,498</b>	<b>604,693</b>	<b>662,458</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 702,398</b>	<b>\$ 3,498</b>		

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

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net position. The bond issuance costs are statement of net position.

- 104,480

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,901,120 and the accumulated depreciation is \$2,895,981.

7,005,139 7,138,142

Accrued interest not recorded in current financial statements

(59,127) (66,533)

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

(3,540,134) (3,903,865)

\$ 4,010,571 \$ 3,934,682

The accompanying notes are an integral part of these financial statements.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(With Comparative Totals for December 31, 2012)**

	GOVERNMENTAL FUND TYPES			TOTALS	
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	DECEMBER 31, 2013	(Memorandum Only) DECEMBER 31, 2012
Miscellaneous Revenues:					
Permit Fees & Penalties	\$ 24,352	\$ -	\$ -	\$ 24,352	\$ 12,035
Registration Fees	44,958	-	-	44,958	40,024
Interest on Investments	701	-	-	701	1,237
Other	12,762	-	-	12,762	17,105
Supplemental Fire Services	5,162	-	-	5,162	5,162
<b>Total Miscellaneous Revenues</b>	<b>87,935</b>	<b>-</b>	<b>-</b>	<b>87,935</b>	<b>75,563</b>
<b>Total Revenues</b>	<b>87,935</b>	<b>-</b>	<b>-</b>	<b>87,935</b>	<b>75,563</b>
Amount to be Raised by Taxation to Support the District Budget	1,351,935	-	530,117	1,882,052	1,787,461
<b>Total Anticipated Revenues</b>	<b>1,439,870</b>	<b>-</b>	<b>530,117</b>	<b>1,969,987</b>	<b>1,863,024</b>
Expenditures:					
Administration	253,211	-	-	253,211	249,777
Cost of Operations	1,123,527	-	-	1,123,527	978,264
Capital Outlay	120,897	-	-	120,897	76,245
Debt Service	-	-	530,117	530,117	541,735
<b>Total Expenditures</b>	<b>1,497,635</b>	<b>-</b>	<b>530,117</b>	<b>2,027,752</b>	<b>1,846,021</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(57,765)	-	-	(57,765)	17,003
Fund Balance, January 1	658,960	3,498	-	662,458	645,455
Fund Balance, December 31	\$ 601,195	\$ 3,498	\$ -	\$ 604,693	\$ 662,458

The accompanying notes are an integral part of these financial statements.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES IN THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (57,765)

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

Government funds report Capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year.

Fixed Asset Additions	\$ 84,012	
Less: Current Year Depreciation Expense	<u>(217,015)</u>	(133,003)

Accrued Interest on Long Term debt is not accrued in the governmental fund financial statements:

Prior Year	66,533	
Current Year	<u>(59,127)</u>	7,406

Repayment of principal on long-term liabilities is an expenditure for governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principal payments made on long-term liabilities during the year ended December 31, 2013 consist of the following:

2004 Bonds	230,000	
Capital Leases	<u>133,731</u>	<u>363,731</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 180,369

The accompanying notes are an integral part of these financial statements.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 1. General Information**

**Description of Reporting Entity**

Fire District #1 of the Township of Delran is a political subdivision of the Township of Delran, Burlington County, New Jersey. It was formed through the adoption of a Township ordinance. A Board of 5 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. are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire-fighting services to the residents within its territorial location. Fire District #1 of the Township of Delran has two fire companies within its jurisdiction.

Delran Township Fire District #1 is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement #14.

**District Officials**

The District is governed by a board of five directors. The following were in office at December 31, 2013:

<b>Officials</b>	<b>Term Expires March</b>
Charles S. Kendra, Sr. – President	2015
David Kinney – Vice President	2016
James C. Bauer – Secretary	2014
James T. Turcich – Treasurer	2015
Mark Mann – Assistant Treasurer	2016

**Accounting Records**

The official accounting records of the District are maintained in the office of Delran Township Fire District #1.

**Minutes**

Minutes were recorded for meetings and contained approvals for disbursements.

**NOTE 2: Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The financial statements of the Fire District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard-



**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2: Summary of Significant Accounting Policies (continued):**

**A. Basis of Presentation (continued):**

setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 2 N) while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

**B. Fund Accounting**

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

Governmental Funds:

*General Fund*

The General Fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of financial resources. 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.

*Capital Projects Fund*

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

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2: Summary of Significant Accounting Policies (continued):**

**B. Fund Accounting (continued):**

*Debt Service Fund*

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

**C. District Wide and Fund Financial Statements**

*District Wide Financial Statements*

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments as of January 1, 2004. The District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, Statement of Net Position as of January 1, 2012. The District’s basic financial statements reflect the implementation.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No.65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

*Fund Financial Statements*

The fund financial statements provide detail of the governmental funds.

**D. Budgets and Budgetary Accounting**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A: 14-78.1 et al.

The fire commissioners must introduce and approve the annual budget no 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

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2: Summary of Significant Accounting Policies (continued):**

**D. Budgets and Budgetary Accounting (continued):**

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.

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

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

**E. Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. The District had no encumbrances at December 31, 2013.

**F. Cash**

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. Fire districts are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of investments that may be purchased by fire districts.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If a public

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2: Summary of Significant Accounting Policies (continued):**

**F. Cash (continued):**

depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**G. Prepaid Expenses**

Prepaid expenses that benefit future periods are recorded as an expenditure during the year of purchase.

**H. Debt Limitation**

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

**I. Capital Assets**

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000. Depreciation is recorded on the straight-line method over the useful lives of the assets as follows:

Building and Improvements	5 to 30 Years
Equipment	5 to 15 Years
Apparatus	5 to 25 Years

**J. Inventory, Materials and Supplies**

The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

**K. Interfund Receivable/Payable**

Interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the periods in which the transaction is executed.

**L. Compensated Absences**

Fire District employees are entitled to vacation and sick leave. Five days of unused vacation time may be carried over to the following year with board approval. Unused sick leave is paid back to employees at the beginning of the following year. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2: Summary of Significant Accounting Policies (continued):**

**M. Revenues and Expenditures**

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for un-matured interest on general long-term debt, which is recognized when due.

**N. Fire District Taxes**

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, and amount equaling 21.25% of all monies assessed, on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

**O. Fund Equity**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Delran Fire District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2: Summary of Significant Accounting Policies (continued):**

**P. Use of Estimates (continued):**

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Q. Unrealized Gains and Losses**

Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2013, the unrealized gains for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, has not been reflected in the financial statements.

**R. Subsequent Events**

Delran Fire District has evaluated subsequent events occurring after December 31, 2013 through the date of April 16, 2014, which is the date the financial statements were available to be issued.

**S. Comparative Totals** - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position. This information has not been subjected to the audit procedures applied in the audit of the basic financial statements and has been marked as memorandum only.

**Note 3. Cash**

The Fire District is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2013, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand Deposits	<u>\$702,398</u>
Total Deposits	<u>\$702,398</u>

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2013, the District's bank balance of \$710,159 was insured or collateralized as follows:

Insured	\$338,169
Collateralized in the District's Name Under GUDPA	<u>371,992</u>
Total	<u>\$710,161</u>

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 4. Property Tax Levies**

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

<b>Year</b>	<b>Assessed Valuations</b>	<b>Total Tax Levy</b>	<b>Property Tax Rates</b>
2013	\$1,410,600,858	\$1,882,050	.134
2012	1,408,575,370	1,787,461	.127
2011	1,565,016,051	1,774,497	.114

**Note 5. Changes in Fixed Assets**

Fixed assets as of December 31, 2013 consisted of the following:

	<b>Balance December 31, 2012</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2013</b>
Land	\$ 343,900	\$ -	\$ -	\$ -	\$ 343,900
Vehicle	3,276,604		35,635	(32,000)	3,280,239
Building	5,677,342		33,583		5,710,925
Equipment	551,262		14,794		566,056
Subtotal	9,849,108		84,012	(32,000)	9,901,120
Less:					
Accumulated Depreciation	(2,710,966)		(217,015)	32,000	(2,895,981)
Total	<u>\$7,138,142</u>	<u>\$ -</u>	<u>\$(133,003)</u>	<u>\$ -</u>	<u>\$7,005,139</u>

**Note 6. Changes in Long-Term Debt**

During the fiscal year ended December 31, 2013 the following changes occurred in long-term debt:

	<b>Balance December 31, 2012</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance December 31, 2013</b>	<b>Due Within One Year</b>
Capital Leases Payable	\$ 512,864	\$ -	\$133,731	\$ 379,134	\$139,379
Bonds Payable	3,391,000		230,000	3,161,000	239,000
Capital Leases Payable	<u>\$3,903,864</u>	<u>\$ -</u>	<u>\$361,558</u>	<u>\$3,540,134</u>	<u>\$378,379</u>

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 6. Changes in Long-Term Debt (continued):**

**A. Bonds Payable:**

During 2004, voters of the District approved a Bond Ordinance amounting to \$4,898,000 for the construction of firehouses and purchase of additional fire apparatus. Principal and interest due on outstanding Bonds is as follows:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 239,000	\$ 136,634	\$ 375,634
2015	249,000	127,074	376,074
2016	259,000	117,114	376,114
2017	269,000	106,754	375,754
2018	280,000	95,994	375,994
2019-2023	1,521,000	292,638	1,813,638
2024	<u>344,000</u>	<u>15,910</u>	<u>359,910</u>
<b>Total</b>	<b><u>\$3,161,000</u></b>	<b><u>\$ 892,118</u></b>	<b><u>\$4,053,118</u></b>

**B. Capital Leases Payable:**

The following is a summary of property held under capital leases:

2009 Ford F-550 Cascade Truck  
2009 Pierce Arrow XT Pumper

The following is a schedule of future minimum lease payments under the capital lease for the above items at December 31, 2013:

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	139,379	14,905	154,284
2015	76,988	9,015	86,003

**B. Capital Leases Payable:**

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	79,882	6,120	86,002
2017	<u>82,885</u>	<u>3,117</u>	<u>86,002</u>
<b>Total</b>	<b><u>\$379,134</u></b>	<b><u>\$33,157</u></b>	<b><u>\$412,191</u></b>



**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 7. Risk Management**

The District is exposed to various risks of loss relation to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Insurance coverage as of December 31, 2013 is as follows:

	<b>Coverage</b>
<b>Property:</b>	
Real Property, including code upgrades	Replacement Cost
Building Contents	\$65,000
Electronic Data Processing:	
Business Personal Property Included	\$53,768
Equipment	Included
Software	\$25,000
Emergency Services Commandeered Property	Replacement Cost
Scheduled Equipment Floater:	
Miscellaneous Portable Equipment	Blanket
Public Employee Dishonesty/Fidelity Bond	\$1,000
Employee Benefits Liability	\$1,000
Automobile Comprehensive	\$500,000
<b>Liability:</b>	
Commercial/General Liability Package	\$1,000,000
Automobile Coverage:	
Combined Single Limit	\$500,000
Uninsured Motorists	\$500,000
Excess Liability Coverage –	
Officers Errors & Omissions, Occurrence	\$500,000
Valuable Papers/Records	Actual Cost Incurred
<b>Personnel:</b>	
Worker’s Compensation	Statutory
PERS Health	\$1,000,000/2,000,000
Accident & Dismemberment	\$150,000

**Note 8. Pension:**

**A. Plan Description**

The Delran Township Fire District #1 contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees’ Retirement System (P.E.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries. The State of New Jersey P.E.R.S. program was established as of January 1, 1955. The program was established under the provisions of *N.J.S.A.43:15A* and *N.J.S.A.43:16A* which assigns authority to establish and amend benefit provisions to the plan’s board of trustees. P.E.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 8. Pension (continued):**

to: State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

**B. Vesting and Benefit Provisions**

The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 9C below.

**C. Significant Legislation**

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30,

1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 8. Pension (continued):**

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

**D. Contribution Requirements**

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The District's contributions to P.E.R.S. for the years ending December 31, 2012, 2011 and 2010 were \$20,821, \$15,038 and \$12,180, equal to the required contributions for each year. The Fire District presently has four employees enrolled in the Public Employees Retirement System.

**Note 9. Interfunds**

As of December 31, 2013, the following interfund balances remained on the balance sheet:

Fund	Interfund Receivable	Interfund Payable
General		\$3,948
Capital Projects	<u>\$3,948</u>	_____
Total	<u>\$3,948</u>	<u>\$3,948</u>

**Note 10. Fund Balances Appropriated**

The 2013 annual budget of the Fire District was adopted on December 18, 2012 and subsequently approved by the voters at the annual election. The budget utilized \$125,000 of fund balance in the general fund.

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

Year	Balance December 31,	Utilized in Subsequent Budget
2013	\$601,195	\$125,000
2012	658,960	125,000
2011	641,957	160,000

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**Note 11. Fund Balance Disclosures**

**General Fund** – Of the \$601,195 General Fund fund balance at December 31, 2013, \$125,000 has been assigned to be designated for subsequent year’s expenditures, \$310,268 has been assigned as designated for Capital Outlay; and \$165,927 is unassigned.

**Capital Projects Fund** – Of the \$3,498 Capital Projects Fund balance at December 31, 2013, the entire balance is restricted for Capital.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

**Note 12. Restatement of Beginning Net Position**

In accordance with GASB Statement No. 65, the District’s Net Position as of January 1, 2013 has been restated to present Bond Issuance Costs as fully expended in the prior period. Bond Issuance Costs had been shown on the District’s balance sheet and was being amortized over the life of the bond issue before the implementation of GASB No. 65. Delran Township Fire District No. 1’s financial statements are not presented as comparative, as a result in accordance GASB No. 65, the restatement of net position is reflected at the beginning of the current reporting period and not as a prior period adjustment. Below illustrates the restatement.

Net Position Beginning of the Year, as previously stated	\$3,934,682
Adjustment to Net Position (GASB No. 65)	<u>(104,480)</u>
Net Position Beginning of the Year, restated	<u>\$3,830,202</u>

**DELRAN TOWNSHIP FIRE DISTRICT No. 1  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE -  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE FAVORABLE/ (UNFAVORABLE)
Fund Balance	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Miscellaneous Revenues:				
Permit Fees & Penalties	2,000	2,000	24,352	22,352
Registration Fees	33,794	33,794	44,958	11,164
Interest on Investments	1,250	1,250	701	(549)
Other	17,000	17,000	12,762	(4,238)
Supplemental Fire Services	5,500	5,500	5,162	(338)
Total Miscellaneous Revenues Anticipated	59,544	59,544	87,935	28,391
Amount to be Raised by Taxation to Support the District Budget	1,351,935	1,351,935	1,351,935	-
Total Revenues	1,536,479	1,536,479	1,564,870	28,391

**EXPENDITURES**

Operating Appropriations:				
Administration:				
Salaries & Wages	50,500	50,500	40,500	10,000
Employee Benefits	4,509	4,509	5,074	(565)
Election	1,500	1,500	1,080	420
Insurance Premiums	47,000	47,000	46,695	305
Membership Dues & Subscriptions	2,500	2,500	1,337	1,163
Office Supplies & Postage	10,000	10,000	11,935	(1,935)
Office Operations	7,500	7,500	28,441	(20,941)
Advertising	3,000	3,000	965	2,035
Utilities	18,000	18,000	1,094	16,906
Professional Services	60,000	60,000	94,477	(34,477)
Office Rent	10,000	10,000	11,700	(1,700)
Promotion	5,000	5,000	9,913	(4,913)
Total Administration	219,509	219,509	253,211	(33,702)

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE -**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>Cost of Operations:</b>				
Employee Benefits	48,900	48,900	55,030	(6,130)
Maintenance & Repair	75,000	75,000	139,061	(64,061)
Membership Dues & Subscriptions	2,500	2,500	1,302	1,198
Rental Charges	30,000	30,000	30,000	-
Utilities	80,000	80,000	104,710	(24,710)
Professional Services	25,000	25,000	29,238	(4,238)
Other Operating Materials & Supplies	125,000	125,000	87,757	37,243
Personal Protective Equipment	35,000	35,000	37,733	(2,733)
Fire Hydrant Rentals or Services	156,000	156,000	164,939	(8,939)
Training & Education	30,000	30,000	15,683	14,317
Pagers	12,000	12,000	9,892	2,108
Uniform & Personal Equipment	10,000	10,000	9,768	232
Aid to Emergency Squad	33,000	33,000	28,000	5,000
Reimbursement for Expenses	125,000	125,000	125,942	(942)
Contingent Expenses	10,000	10,000	-	10,000
<b>Uniform Fire Safety Act:</b>				
Salary and Wages	209,520	209,520	208,449	1,071
Employee Benefits	63,050	63,050	70,954	(7,904)
Other Expenses	40,000	40,000	5,069	34,931
<b>Total Cost of Operations</b>	<b>1,109,970</b>	<b>1,109,970</b>	<b>1,123,527</b>	<b>(13,557)</b>
<b>Capital Outlay</b>				
Capital Improvements	207,000	207,000	120,897	86,103
<b>Total Capital Outlay</b>	<b>207,000</b>	<b>207,000</b>	<b>120,897</b>	<b>86,103</b>
<b>Total Expenditures</b>	<b>1,536,479</b>	<b>1,536,479</b>	<b>1,497,635</b>	<b>38,844</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>67,235</b>	<b>67,235</b>
Fund Balances, January 1	658,960	658,960	658,960	-
Less: Fund Balance utilized	(125,000)	(125,000)	(125,000)	-
<b>Fund Balances, December 31</b>	<b>\$ 533,960</b>	<b>\$ 533,960</b>	<b>\$ 601,195</b>	<b>\$ 67,235</b>

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE -**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

REVENUES	ORIGINAL BUDGET	ADJUSTED FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Amount to be Raised by Taxation to Support the District Budget	\$ 530,117	\$ 530,117	\$ 530,117	\$ -
Total Revenues	530,117	530,117	530,117	-
<b>EXPENDITURES</b>				
Principal Payments:				
2004 Bonds	230,000	230,000	230,000	-
Capital Leases	133,731	133,731	133,731	-
Interest Payments:				
2004 Bonds	145,834	145,834	145,834	-
Capital Leases	20,552	20,552	20,552	-
Total Expenditures	530,117	530,117	530,117	-
Fund Balances, December 31	\$ -	\$ -	\$ -	\$ -

**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**LONG-TERM DEBT**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Issue	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2012	ISSUED	RETIRED	BALANCE DECEMBER 31, 2013
			DATE	AMOUNT					
General Obligation Bonds, 2004	7/19/04	\$ 4,898,000	8/15/14	\$ 239,000	4.000%	\$ 3,391,000	\$ -	\$ 230,000	\$ 3,161,000
			8/15/15	249,000	4.000%				
			8/15/16	259,000	4.000%				
			8/15/17	269,000	4.000%				
			8/15/18	280,000	4.125%				
			8/15/19	292,000	4.250%				
			8/15/20	287,000	4.375%				
			8/15/21	300,000	4.625%				
			8/15/22	314,000	4.625%				
			8/15/23	328,000	4.625%				
		8/15/24	344,000	4.625%					
Total						\$ 3,391,000	\$ -	\$ 230,000	\$ 3,161,000



**DELRAN TOWNSHIP FIRE DISTRICT No. 1**  
**LONG-TERM DEBT**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Description	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL PRINCIPAL	INTEREST RATE PAYABLE	AMOUNT OUTSTANDING JANUARY 1, 2012	AMOUNT OUTSTANDING DECEMBER 31, 2013	DUE IN 1 YEAR
Fire/Emergency Vehicles- Lease 2009	1/10/10	5 years	\$ 298,000	4.50%	\$ 127,402	\$ 62,222	\$ 65,180
Fire Truck - Lease 2010	7/19/10	7 years	520,801	3.75%	385,463	71,509	74,198
Total					\$ 512,865	\$ 133,731	\$ 139,378



Board of Fire Commissioners  
Delran Township Fire District No. 1  
Delran, New Jersey 08075

We have audited the basic financial statements of the Delran Township Fire District No. 1 in the County of Burlington for the year ended December 31, 2013. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### GENERAL COMMENTS

#### *Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)*

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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

#### *Contracts and Agreements Requiring Solicitation of Quotations*

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

#### **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

**Follow-up of Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year findings. There were no findings in the previous year.

**Acknowledgment**

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

During our review, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please contact us.

*Holman Frenia Allison P.C.*  
**HOLMAN FRENIA ALLISON, P. C.**  
Certified Public Accountants

Medford, New Jersey  
April 16, 2014