

**FIRE DISTRICT NO. 1
OF THE TOWNSHIP OF TABERNACLE**

Financial Statements

For the year ended December 31, 2014

(With Independent Auditor's Report thereon)

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Financial Statements
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Tabernacle
County of Burlington
Tabernacle, New Jersey

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 Tabernacle Fire District No. 1, County of Burlington, 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 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.

Basis for Qualified Opinion on Generally Accepted Accounting Principles

As discussed in Note 6, the financial statements of the Length of Service Award Program Fund (“LOSAP”) has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District’s financial statements as of and for the year ended December 31, 2014.

Opinions

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited as described in the “Basis for Qualified Opinion on Generally Accepted Accounting Principles” paragraph, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tabernacle Fire District No. 1, County of Burlington, State of New Jersey, as of December 31, 2014, 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 15 and 40 through 41 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 Tabernacle Fire District No. 1’s basic financial statements. The accompanying comparative totals for December 31, 2013 are presented for purposes of additional analysis and are not a required part of the financial statements. The comparative totals 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Township of Tabernacle passed dissolution ordinance 2014-80 on December 8, 2014, acquiring Fire District No. 1 of the Township of Tabernacle. As of December 31, 2014, Fire District No. 1 of the Township of Tabernacle transferred the assets and liabilities comprising its fire service operations to the Township. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2015 on our consideration of the Tabernacle 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.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 16, 2015
Toms River, New Jersey



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

The Honorable Mayor and Members
of the Township Committee
Township of Tabernacle
County of Burlington
Tabernacle, New Jersey

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 Tabernacle Fire District No. 1, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Tabernacle Fire District No. 1’s basic financial statements, and have issued our report thereon dated July 16, 2015.

Internal Control Over Financial Reporting

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

July 16, 2015
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

The District provides fire protection services to Tabernacle Township. 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 and fiduciary); 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.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This is 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 Governmental Fund Balance Sheet to the Government-wide Statement of Net Position (Exhibit B-1) explains the differences between the two balance sheets. 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-2A.

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-flow of spendable resources, as well as on balances of spendable resources available at the end of the year.

The District maintains two 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 and capital projects fund, both of which are considered major funds.

Fiduciary Fund

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Expendable Trust Fund

An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include: Length of Service Award Program

Condensed Government-wide Financial Data

	<u>2014</u>	<u>2013</u>
ASSETS:		
Current Assets	\$ 4,646	\$ 374,920
Fixed Assets, Net of Accumulated Depreciation	<u>-</u>	<u>1,283,843</u>
Total Assets	<u>4,646</u>	<u>1,658,763</u>
LIABILITIES:		
Current Liabilities	<u>4,646</u>	<u>35,509</u>
Total Liabilities	<u>4,646</u>	<u>35,509</u>
NET POSITION:		
Net investment in capital assets	-	1,283,843
Restricted net position:		
Capital	-	141,000
Unreserved net position	<u>-</u>	<u>198,411</u>
Total Net Position	<u>-</u>	<u>1,623,254</u>
Total Liabilities and Net Position	<u>\$ 4,646</u>	<u>\$ 1,658,763</u>

	<u>2014</u>	<u>2013</u>
Expenditures Governmental Activities,		
Net of Program Revenues	\$(431,631)	\$(353,349)
Transfer to Township	(1,755,625)	-
General Revenues:		
Property Taxes	477,000	478,680
Other Income	<u>87,002</u>	<u>12,942</u>
Total General Revenues	<u>564,002</u>	<u>491,622</u>
Change in Net Position	<u>\$(1,623,254)</u>	<u>\$ 138,223</u>

Financial Analysis of the District as a Whole

The District's net position decreased by \$1,623,254 for the fiscal year ended December 31, 2014, due to the transfer of unrestricted funds to the Township.

The District dissolved into the Township as of December 31, 2014. All assets and liabilities were transferred to the Township on that date.

Budgetary Highlights

Total revenues were \$84,376 or 17.59% more than budgeted due to an insurance payout for a truck involved in a motor vehicle collision.

Total expenditures were \$126,277 or 28.07% less than the amount budgeted. This was primarily due to reservation of fund balance for future capital needs and budgeted length of service award program which was not paid due to the dissolution of the District.

Economic Factors

The District's main source of revenue is property taxes.

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 Township of Tabernacle at 163 Carranza Rd. Tabernacle, NJ 0808.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Statement of Net Position
December 31, 2014
(With comparative totals for December 31, 2013)

	Governmental Activities	
	<u>2014</u>	(Memorandum Only) <u>2013</u>
Assets:		
Current assets:		
Cash	\$ 4,646	\$ 374,920
Total current assets	<u>4,646</u>	<u>374,920</u>
Capital assets (net of depreciation)	<u>-</u>	<u>1,283,843</u>
Total assets	<u>4,646</u>	<u>1,658,763</u>
Liabilities:		
Current liabilities:		
Due to Township	4,646	-
Accounts payable	<u>-</u>	<u>35,509</u>
Total current liabilities	<u>4,646</u>	<u>35,509</u>
Noncurrent liabilities:		
Compensated absences	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>4,646</u>	<u>35,509</u>
Net position:		
Net investment in capital assets	-	1,283,843
Restricted net position:		
Capital	-	141,000
Unreserved net position	<u>-</u>	<u>198,411</u>
Total net position	<u>\$ -</u>	<u>\$ 1,623,254</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Statement of Activities
For the year ended December 31, 2014
(With comparative totals for the year ended December 31, 2013)

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u> (Memorandum Only)	
			<u>2014</u>	<u>2013</u>
Government activities:				
Operation appropriations:				
Administration	\$ 73,341	\$ -	\$ (73,341)	\$ (29,620)
Costs of operations and maintenance	357,781	-	(357,781)	(288,925)
Interest expense	-	-	-	-
Length of service award program	509	-	(509)	(30,661)
Debt service - interest	-	-	-	(6,819)
Transfer to Township	1,755,625	-	(1,755,625)	-
	<u>2,187,256</u>	<u>-</u>	<u>(2,187,256)</u>	<u>(356,025)</u>
Total government activities				
General revenues:				
Miscellaneous revenue			87,002	12,942
Operating grant revenues			-	2,626
Amount raised by taxation			477,000	478,680
			<u>564,002</u>	<u>494,248</u>
Total general revenues				
Change in net position			(1,623,254)	138,223
Net position, January 1			1,623,254	1,485,031
Net position, December 31			<u>\$ -</u>	<u>\$ 1,623,254</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Balance Sheet
Governmental Funds
December 31, 2014
(With comparative totals for December 31, 2013)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>	
			<u>December 31, 2014</u>	<u>(Memorandum Only) December 31, 2013</u>
Assets:				
Cash	\$ 4,646	\$ -	\$ 4,646	\$ 374,920
Total assets	<u>4,646</u>	<u>-</u>	<u>4,646</u>	<u>374,920</u>
Liabilities, equity and other credits:				
Accounts payable	-	-	-	35,509
Due to Township	<u>4,646</u>	<u>-</u>	<u>4,646</u>	<u>-</u>
Total liabilities	<u>4,646</u>	<u>-</u>	<u>4,646</u>	<u>35,509</u>
Fund balances				
Restricted for:				
Capital			-	141,000
Committed for:				
Other purposes			-	
Unassigned, reported in:				
General fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,411</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,411</u>
Total liabilities and fund balance	<u>\$ 4,646</u>	<u>\$ -</u>		
Amounts reported for governmental activities in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,664,039 and the accumulated depreciation is \$1,458,478. December 31, 2014, all fixed assets were liquidated to the Township			-	<u>1,283,843</u>
Net position of governmental activities			<u>\$ -</u>	<u>\$ 1,623,254</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2014
(With comparative totals for the year ended December 31, 2013)

	Totals			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>December 31, 2014</u>	<u>(Memorandum Only) December 31, 2013</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 823	\$ -	\$ 823	\$ -
Other revenue	86,179	-	86,179	12,942
Total miscellaneous revenues	<u>87,002</u>	<u>-</u>	<u>87,002</u>	<u>12,942</u>
Operating grant revenues:				
Supplemental fire service act	-	-	-	2,626
Total operating grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,626</u>
Total revenues	<u>87,002</u>	<u>-</u>	<u>87,002</u>	<u>15,568</u>
Amount raised by taxation to support district budget	<u>357,000</u>	<u>120,000</u>	<u>477,000</u>	<u>478,680</u>
Total anticipated revenues	<u>444,002</u>	<u>120,000</u>	<u>564,002</u>	<u>494,248</u>
Expenditures:				
Operating appropriations:				
Administration:				
Other expenditures:	-	-	-	29,620
Professional fees	61,486	-	61,486	-
Elections	891	-	891	-
Office supplies and postage	9,243	-	9,243	-
Advertising	1,421	-	1,421	-
Membership and dues	300	-	300	-
Total administration	<u>73,341</u>	<u>-</u>	<u>73,341</u>	<u>29,620</u>
Cost of operations and maintenance:				
Other expenditures:	-	-	-	-
Contracted services	24,900	-	24,900	24,900
Insurance	52,085	-	52,085	46,934
Utilities	25,871	-	25,871	26,119
Maintenance and repairs	143,091	-	143,091	58,333
Other non-bondable assets	5,666	-	5,666	4,873
Other expenses	23,541	-	23,541	34,484
Total cost of operations and maintenance	<u>279,499</u>	<u>-</u>	<u>279,499</u>	<u>195,643</u>
Length of service award program	509	-	509	30,661
Debt service for capital appropriations:				
Bond principal	-	-	-	205,608
Interest on bonds	-	-	-	7,619
Total debt service for capital appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,227</u>
Total operating appropriations	<u>353,349</u>	<u>-</u>	<u>353,349</u>	<u>469,151</u>
Other financing sources:				
Transfer of unrestricted funds to Township	<u>(430,064)</u>	<u>(120,000)</u>	<u>(550,064)</u>	<u>-</u>
Total other financing sources	<u>(430,064)</u>	<u>(120,000)</u>	<u>(550,064)</u>	<u>-</u>
Excess (efficiency) of revenues over (under) expenditures	<u>(339,411)</u>	<u>-</u>	<u>(339,411)</u>	<u>25,097</u>
Fund balance, January 1	<u>339,411</u>	<u>-</u>	<u>339,411</u>	<u>314,314</u>
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,411</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance in
the Governmental Funds to the Statement of Activities
December 31, 2014

Total net changes in Fund Balance-Governmental Funds (B-2)	\$	(339,411)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Depreciation Expense		(78,282)
Liquidation of capital assets to Township		<u>(1,205,561)</u>
		<u>(1,283,843)</u>
Changes in net position of governmental activities	\$	<u><u>(1,623,254)</u></u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Fiduciary Funds
Statement of Net Position
December 31, 2014
(With comparative totals for December 31, 2013)

	<u>Length of Service Award Program</u>	<u>Totals</u>	
		<u>December 31, 2014</u>	<u>(Memorandum Only) December 31, 2013</u>
Assets:			
Investments	\$ 355,184	\$ 355,184	\$ -
Other receivable		-	-
Total assets	<u>355,184</u>	<u>355,184</u>	<u>-</u>
Net position:			
Reserved:			
For Length of Service Award Program	<u>355,184</u>	<u>355,184</u>	<u>-</u>
Total net position	<u>\$ 355,184</u>	<u>\$ 355,184</u>	<u>\$ -</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position (Unaudited)
Length of Service Award
For the year ended December 31, 2014
(With comparative totals for the year ended December 31, 2013)

	Totals	
	December 31, 2014	(Memorandum Only) December 31, 2013
Revenues and Other Financing Sources:		
District contributions	\$ 509	\$ -
Appreciation of investments	23,902	-
Total revenues and other financing sources	24,411	-
Expenditures:		
Administrative fees and refunds	1,751	-
Withdrawals	24,841	-
Total expenditures	26,592	-
Change in net position	(2,181)	-
Net position, January 1	-	-
Prior period adjustment	357,365	-
Net position, January 1 (adjusted)	357,365	-
Net position, December 31	\$ 355,184	\$ -

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements
For the year ended December 31, 2014

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1 of the Township of Tabernacle is a political subdivision of the Township of Tabernacle, County of Burlington, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District.

Fire Districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

Fire District No. 1 of the Township of Tabernacle 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 No. 14.

As of December 31, 2014, the District was dissolved and all assets and liabilities were transferred to the Township. See Note 9 for additional information.

B. District Officials

The District was governed by a board of five commissioners. The following were in office until the date of dissolution on December 8, 2014:

<u>Officials</u>	<u>Title</u>
John Burger	Chairman
Michael Callaghan	Secretary
Nancy Freeman	Treasurer
Jules Krause	Commissioner
Rudolph Saldan	Commissioner

C. Accounting Records

The official accounting records of the Fire District No. 1 of the Township of Tabernacle are maintained in the office of the District.

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. Component Units

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 1: GENERAL INFORMATION (continued)

E . Component Units (continued)

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization's board
- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

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-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 M) 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."

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

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 fire fighting 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.

Fiduciary Funds:

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds.

C. District Wide and Fund Financial Statements

District Wide Financial Statements

The district-wide financial statements (A-1 and A-2) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. District Wide and Fund Financial Statements (continued)

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The fund financial statements provide detail of the governmental and fiduciary funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Tabernacle Fire District No. 1 No. 1 follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Tabernacle Fire District No. 1 No. 1's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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 adopt 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 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.

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.

F. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks. 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 the public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

G. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and Improvements	20 Years
Trucks, Vehicles and Equipment	5 to 36.5 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. 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 unmatured interest on general long-term debt, which is recognized when due.

M. 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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fire District Taxes (continued)

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.

N. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District No. 1 of the Township of Tabernacle 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.

O. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in 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 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 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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASB 65 does not have any impact on the District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves 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 inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

R. 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, 2014, the unrealized gains for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Fair Value Measurement

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values. Subsequent to initial recognition, the District may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

Fixed Account Investment Contract: Valued at the contract's market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table in Note 4 sets forth by level, within the fair value hierarchy, the LOSAP's assets at fair value as of December 31, 2014.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Subsequent Events

Tabernacle Fire District No. 1 has evaluated subsequent events occurring after December 31, 2014 through the date of July 16, 2015, which is the date the financial statements were available to be issued. See Note 9 for additional information.

NOTE 3: CASH

The Fire District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2014, and reported at fair value are as follows:

<u>Carrying Type</u>	<u>Value</u>
Deposits:	
Demand deposits	\$ <u>4,646</u>
Total deposits	\$ <u><u>4,646</u></u>
Reconciliation to Governmental and Fiduciary Fund Statements:	
Governmental Funds	\$ <u>4,646</u>
Total	\$ <u><u>4,646</u></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, 2014, the District's bank balance of \$4,646 was insured or collateralized as follows:

Insured	\$ <u>4,646</u>
Total	\$ <u><u>4,646</u></u>

NOTE 4: INVESTMENTS

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 4: INVESTMENTS (continued)

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2014, are provided in the below schedule.

C. Investment Credit Risk

The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 4: INVESTMENTS (continued)

C. Investment Credit Risk

The following table sets forth by level, within the value hierarchy, the District's assets at fair value at December 31, 2014.

	<i>Assets at Fair Value as of December 31, 2014</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
LOSAP:				
Mutual funds:				
Growth	\$ 69,763	\$ -	\$ -	\$ 69,763
International	15,631	-	-	15,631
Mid-Cap Blend/Growth	103,632	-	-	103,632
Large Growth/Value	104,285	-	-	104,285
Emerging Markets	239	-	-	239
Utilities	5,941	-	-	5,941
Small Blend/Value	6,289	-	-	6,289
Total mutual funds	305,780	-	-	305,780
Fixed Account Investment Contract	-	-	49,404	49,404
Total LOSAP	305,780	-	49,404	355,184

Level III Gains and Losses

The following table sets forth a summary of changes in the fair value of the LOSAP's Level III assets for the year ended December 31, 2014.

<i>Level 3 Assets</i>	
<i>Year Ended December, 2014</i>	
	<i>Fixed Account</i>
Balance, beginning of year	\$ 51,889
Purchases, sales, issuances, and settlements (net)	(4,164)
Gain and (losses)	1,679
Balance, end of year	\$ 49,404

NOTE 5: CAPITAL ASSETS

N.J.S.A. 40A: 14-84 governs the procedures for the acquisition of property and equipment for fire districts, and the N.J.S.A. 40A: 14-85-87 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land, and buildings to house such property in an amount not exceeding five mills on the dollar of the least assessed

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 5: CAPITAL ASSETS (continued)

valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger.

Fixed assets consisted of the following at December 31, 2014:

All capital assets were transferred to the Township upon dissolution on December 31, 2014. See Note 9 for additional information.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Capital Assets Transferred to Township</u>	<u>Ending Balance</u>
Governmental activities:					
Land, buildings and improvements	\$ 1,138,400	\$ -	\$ -	\$ 1,138,400	\$ -
Trucks, vehicles and equipment	1,525,639	-	-	1,525,639	-
Totals at historical cost	<u>2,664,039</u>	<u>-</u>	<u>-</u>	<u>2,664,039</u>	<u>-</u>
Less accumulated depreciation					
Land, buildings and improvements	(449,700)	(52,970)	-	(502,670)	-
Trucks, vehicles and equipment	(930,496)	(25,312)	-	(955,808)	-
Total accumulated depreciation	<u>(1,380,196)</u>	<u>(78,282)</u>	<u>-</u>	<u>(1,458,478)</u>	<u>-</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 1,283,843</u>	<u>\$ (78,282)</u>	<u>\$ -</u>	<u>\$ 1,205,561</u>	<u>\$ -</u>

NOTE 6: LENGTH OF SERVICE AWARDS PROGRAM (unaudited)

The District has a contractual agreement with volunteer firefighters to reward them based on length of continued service. This is not a pension plan as described under the Employee Retirement Security Act, and therefore is not guaranteed to the volunteers until they reach the age 65. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

NOTE 7: FUNDING

The activities of the fire district are primarily funded by the striking of the fire tax on the property owners of the fire district, as provided for by the state statute. For the year ended December 31, 2014, the fire tax rate on the Fire District No. 4 was approximately \$.072 per \$100 of assessed valuation.

NOTE 8: PRIOR PERIOD ADJUSTMENT

In 2014, it was determined that the District's fiduciary funds as of December 31, 2013 had understated assets of the Length of Service Award Program. This resulted in an adjustment to net assets of \$357,365.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Notes to Financial Statements (continued)
For the year ended December 31, 2014

NOTE 9: DISSOLUTION

On December 8th, 2014, the Township of Tabernacle passed dissolution ordinance 2014-80, acquiring Fire District No. 1 of the Township of Tabernacle. The dissolution was put in motion following a petition submitted pursuant to NJSA 40A:14-91 and a decision handed down by the Local Finance Board on November 12, 2014. Under NJSA 40A:5A-20, any municipal governing body which has established a Fire District, is empowered to dissolve the Fire District by ordinance, provided said ordinance is approved by the Local Finance Board within the Department of Community Affairs.

As of December 31st, 2014, Fire District No. 1 of the Township of Tabernacle transferred the assets and liabilities comprising its fire service operations to the Township. The Fire District transferred a fire station, engines, trucks and various other equipment having a carrying value of \$1,205,561. The Township will also assume any liabilities relating to fire service operations including the length of service award program. There are no deferred outflows of resources or deferred inflows of resources associated with the District's fire service operations.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TABERNACLE
Budgetary Comparison Schedule
For the year ended December 31, 2014

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ -	\$ -	\$ 823	\$ 823
Other revenue	-	-	86,179	86,179
Total miscellaneous revenues	-	-	87,002	87,002
Operating grant revenues:				
Supplemental fire service act	2,626	2,626	-	(2,626)
Total operating grant revenue	2,626	2,626	-	(2,626)
Total revenues	2,626	2,626	87,002	84,376
Amount raised by taxation to support district budget	477,000	477,000	477,000	-
Total anticipated revenues	479,626	479,626	564,002	84,376
Expenditures:				
Operating appropriations:				
Administration:				
Other expenditures:				
Professional fees	25,200	67,655	61,486	6,169
Elections	2,500	2,500	891	1,609
Office supplies and postage	20,000	20,000	9,243	10,757
Advertising	3,000	3,000	1,421	1,579
Membership and dues	300	300	300	-
Total administration	51,000	93,455	73,341	20,114
Cost of operations and maintenance:				
Other expenditures:				
Contracted services	24,900	24,900	24,900	-
Insurance	47,500	47,500	52,085	(4,585)
Training and education	15,000	3,000	4,345	(1,345)
Utilities	34,000	34,000	25,871	8,129
Maintenance and repairs	71,000	82,615	143,091	(60,476)
Other non-bondable assets	15,000	5,918	5,666	252
Other expenses	56,600	23,612	23,541	71
Total cost of operations and maintenance	264,000	221,545	279,499	(57,954)
Operating appropriations offset with revenues:				
USFA supplies	2,626	2,626	-	2,626
Total operating appropriations offset with revenues	2,626	2,626	-	2,626
Length of service award program	42,000	42,000	509	41,491
Capital appropriations	120,000	120,000	-	120,000
Total operating appropriations	479,626	479,626	353,349	126,277
Other financing sources and uses:				
Transfer of unrestricted funds to Township	-	-	(550,064)	(550,064)
Total other financing sources and uses	-	-	(550,064)	(550,064)
Excess (efficiency) of revenues over (under) expenditures	-	-	(339,411)	(339,411)
Fund balance, January 1	339,411	339,411	339,411	-
Fund balance, December 31	\$ 339,411	\$ 339,411	\$ -	\$ (339,411)



The Honorable Mayor and Members
of the Township Committee
Township of Tabernacle
County of Burlington
Tabernacle, New Jersey

We have audited the basic financial statements of the Fire District No. 1 of the Township of Tabernacle, County of Burlington, State of New Jersey for the year ended December 31, 2014. 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 \$36,000, 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 \$5,400 "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.

Examination of Cash Receipts

A test check of cash receipts was made. There were no exceptions noted.

Acknowledgment

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.
Certified Public Accountants

July 16, 2015
Toms River, New Jersey