

**Jackson Township Fire District No. 2  
County of Ocean  
Jackson, New Jersey**

**Financial Statements  
and  
Reports on Audit**

**December 31, 2014**

**Jackson Township Fire District No 2  
December 31, 2014**

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**Jackson Township Fire District No. 2  
December 31, 2014**

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**Jackson Township Fire District No. 2  
Roster of Commissioners  
December 31, 2014**

**Jason Symons**  
President

**Keith Wickham, Sr.**  
Vice President

**Vincent Rubio**  
Secretary

**John Ryan**  
Treasurer

**John Poppe II**  
Commissioner



**MARTHA C. CARROLL, CPA, LLC**  
**Audit and Accounting Services**  
**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Jackson Township Fire District No. 2  
Jackson, New Jersey

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Commissioners, Jackson Township Fire District No. 2 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***

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

An audit involves performing procedures to obtain audit evidence about 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Board of Commissioners, Jackson Township Fire District No. 2 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 management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

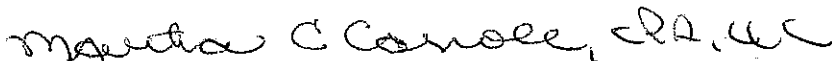
### ***Other Supplementary Information***

The other supplementary information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated September 14, 2015 on my consideration of the Board of Commissioners, Jackson Township Fire District No. 2's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Fire Commissioners, Jackson Township Fire District No. 2's internal control over financial reporting and compliance.

Respectfully submitted,



Martha C. Carroll, CPA, LLC

Toms River, New Jersey  
September 14, 2015



**MARTHA C. CARROLL, CPA, LLC**  
**Audit and Accounting Services**

**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**

Board of Commissioners  
Jackson Township Fire District No. 2  
Jackson, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey, the financial statements of the governmental activities and each major fund of the Board of Commissioners, Jackson Township Fire District No. 2, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Board of Commissioners, Jackson Township Fire District No. 2's basic financial statements and have issued my report thereon dated September 14, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, I do not express an opinion on the effectiveness of the Board'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 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 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations,


## Compliance and Other Matters (continued)

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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Respectfully submitted,



Martha C. Carroll, CPA, LLC

Toms River, New Jersey  
September 14, 2015



**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART 1**

**JACKSON TOWNSHIP FIRE DISTRICT NO. 2  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

As management of Jackson Township Fire District No. 2, we offer readers of the Jackson Fire District No. 2 financial statements this narrative overview and analysis of the financial activities of the Jackson Township Fire District No. 2 for the year ended December 31, 2014. The intent of this narrative is to look at Jackson Township Fire District No. 2's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 2 and the District's financial statements which begin on page 15. Notes to the financial statements will provide the reader with additional useful information and they begin on page 22.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at December 31, 2014 by approximately \$2.22 million. In 2013 the excess was approximately \$2.18 million. This is an increase of approximately \$36,400 or 2%.
- During 2014 Jackson Township Fire District No. 2 operated at a surplus of approximately \$36,400. The surplus in 2013 was approximately \$199,100. This is an decrease of approximately \$162,700 or 81%.
- The District's liabilities decreased by 21.4% in 2014. This is a decrease of approximately \$126,000.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. Jackson Township Fire District No. 2's basic financial statements are comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

**Reporting on the District as a Whole**

Our analysis of the District as a whole begins on page 8. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Jackson Township Fire District No. 2. The difference between the two is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District.

The Statement of Activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or paid out. As a result, there could be activities that result in cash flow in a future period.

The district-wide financial statements report on the financial data by function. Jackson Township Fire District No. 2 has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. Jackson Township Fire District No. 2 provides firefighting services to the citizens of Jackson Township.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Jackson Township Fire District No. 2 uses fund accounting to document compliance with finance-related legal matters. Jackson Township Fire District No. 2 has two types of fund groups, governmental funds and fiduciary funds.

### **Governmental Funds**

Jackson Township Fire District No. 2's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

Jackson Township Fire District No. 2 maintains three separate governmental funds, the government fund, the capital fund, and the fiduciary fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Jackson Township Fire District No. 2 adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements

### **Fiduciary Funds**

A fiduciary fund is used to hold and report funds that are being held in trust. The District maintains an agency fund for the accumulation of monies as the custodian for the volunteer firefighters' Length of Service Awards Program (LOSAP).

### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

### **DISTRICT-WIDE FINANCIAL ANALYSIS**

Jackson Township Fire District No. 2's net position is a useful indicator of the District's financial condition. At the end of 2014 the District's assets exceeded the liabilities by approximately \$2.22 million. The largest portion of Jackson Township Fire District No. 2's net position (44.1%) is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Jackson Township Fire District No. 2's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

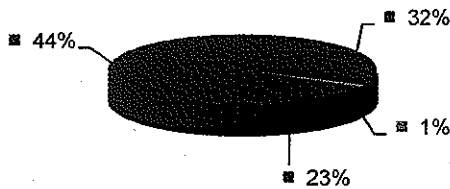
### **Statement of Net Position**

**JACKSON TOWNSHIP FIRE DISTRICT NO. 2  
NET POSITION  
DECEMBER 31, 2014**

	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$1,386,851	\$1,409,832	(22,981)	(1.6%)
Capital Assets	<u>1,294,482</u>	<u>1,361,160</u>	(66,678)	(4.9%)
<b>Total Assets</b>	<b>2,681,333</b>	<b>2,770,992</b>	<b>(89,659)</b>	<b>(3.2%)</b>
Other Liabilities	<u>( 462,642)</u>	<u>( 588,694)</u>	(126,052)	(21.4%)
<b>Net Position</b>	<b><u>\$2,218,691</u></b>	<b><u>\$2,182,298</u></b>	<b>36,393</b>	<b>1.7%</b>

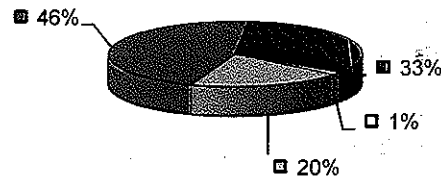
	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
<b>Analysis of Net Position</b>				
Invested in Capital Assets Net of Related Debt . \$	978,516	\$1,005,104	(26,588)	(2.6%)
Restricted for Capital Projects	718,534	718,056	478	.1%
Restricted for Dedicated Penalties	22,452	32,251	(9,799)	(30.4%)
Unrestricted	<u>499,189</u>	<u>426,887</u>	72,302	16.9%
Total Net Position	<u>\$2,218,691</u>	<u>\$2,182,298</u>	36,393	1.7%

2014 Net Position



■ Invested in Net Position   ■ Capital Projects  
 ■ Dedicated Penalties   ■ Unrestricted

2013 Net Position



■ Invested in Net Position   ■ Capital Projects  
 ■ Dedicated Penalties   ■ Unrestricted

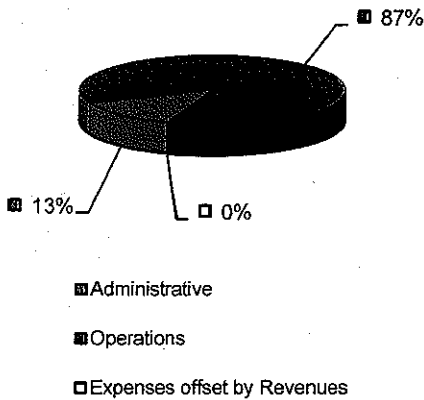
The net position of Jackson Township Fire District No. 2 increased approximately \$36,400 during the 2014 period. This increase was due primarily to the District's excess of revenues over expenditures. Other major changes in net position at December 31, 2014 were a \$61,500 decrease in accounts payable and accrued expenses and a \$43,100 decrease in debt service. The District added approximately \$58,100 of capital assets during the year. In 2014 the net capital assets were decreased by approximately \$66,700.

## Governmental Activities

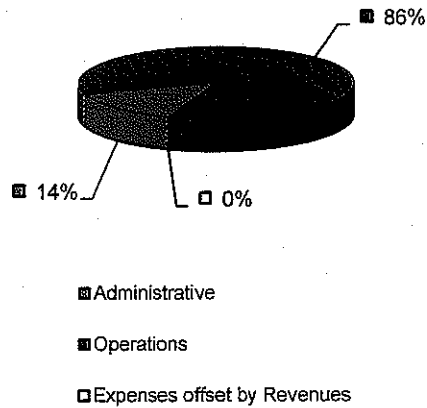
The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
<b>Expenses</b>				
<b>Program Expenses</b>				
Administrative Expenses	\$ 150,814	\$ 146,544	4,270	2.9%
Cost of Operations & Maintenance	989,930	876,041	113,889	13.0%
Operating Appropriations Offset With Revenues	<u>- 0 -</u>	<u>- 0 -</u>	- 0 -	- 0 -
<b>Total Program Expenses</b>	<b>1,140,744</b>	<b>1,022,585</b>	<b>118,159</b>	<b>11.6%</b>

2014 Program Expenses



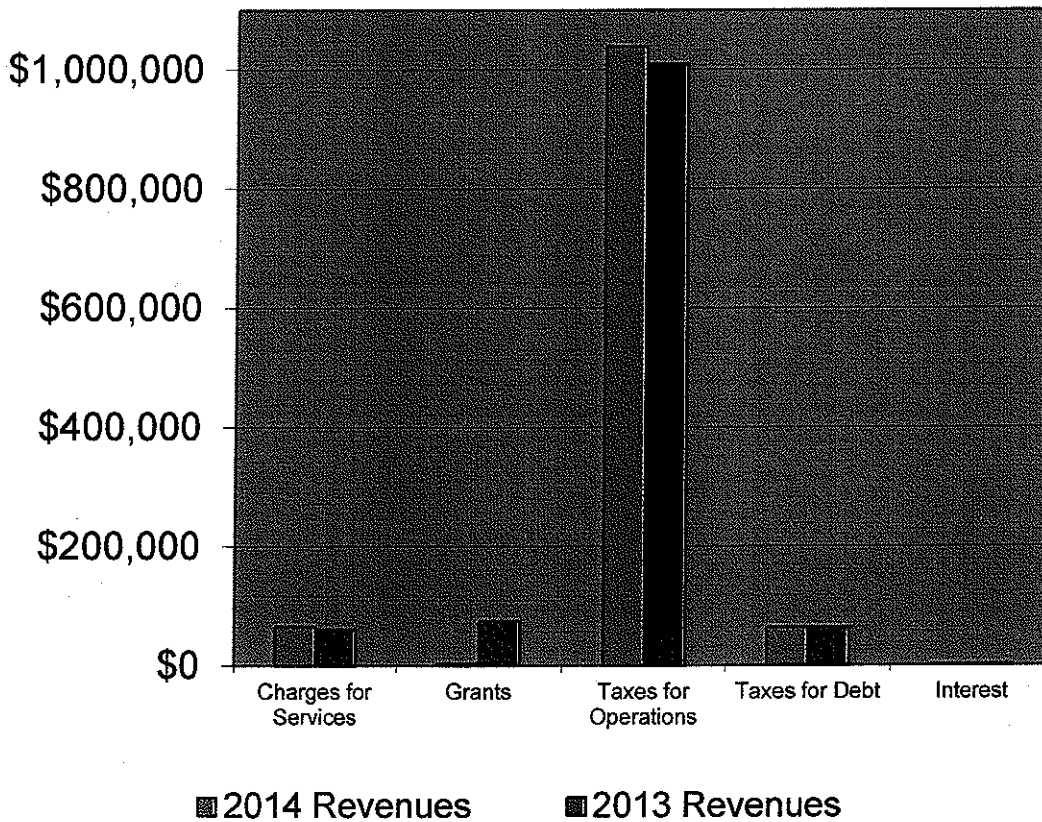
2013 Program Expenses



	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
<b>Program Revenues</b>				
Charges for Services	65,209	61,362	3,847	6.3%
Operating Grants & Contributions	<u>3,257</u>	<u>74,547</u>	(71,290)	(95.6%)
<b>Net Program Expenses</b>	<b><u>1,072,278</u></b>	<b><u>886,676</u></b>	<b>185,602</b>	<b>20.9%</b>

	2014	2013	\$ Increase (Decrease)	% Increase (Decrease)
<b>General Revenues</b>				
Property Taxes Levied for General Purposes	\$1,038,732	\$1,009,160	29,572	2.9%
Property Taxes Levied for Debt Service	63,771	63,771	- 0 -	- 0 -
Unrestricted Investment Earnings	2,005	1,709	296	17.3%
Miscellaneous Income	<u>4,163</u>	<u>11,164</u>	(7,001)	(62.7%)
<b>Total General Revenues</b>	<u><b>1,108,671</b></u>	<u><b>1,085,804</b></u>	<b>22,867</b>	<b>2.1%</b>
Increase in Net Position	36,393	199,128	(162,735)	(81.7%)
Net Position, January 1	<u>2,182,298</u>	<u>1,983,170</u>	199,128	10.0%
Net Position, December 31	<u><b>\$2,218,691</b></u>	<u><b>\$2,182,298</b></u>	<b>36,393</b>	<b>1.7%</b>

### Revenues



Property tax revenue constituted 93% of the total governmental activities revenues received by Jackson Township Fire District No. 2 in 2014. In 2013 the property tax revenue constituted 88% of total revenues.

The Cost of Operations & Maintenance was 87% and 86% of the District's total net expenses in 2014 and 2013 respectively. Administration expenses equaled 13% and 14% of the total net expenses in 2014 and 2013.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

Jackson Township Fire District No. 2 uses fund accounting to document compliance with finance-related legal requirements.

### **Government Fund**

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2014, the combined balance of the governmental cash funds of Jackson Township Fire District No. 2 was approximately \$1,344,700. This balance is approximately \$20,600 lower than last year's combined governmental cash funds balance. The decrease is due primarily to the reduction of liabilities in the General Fund.

The combined balance of the governmental funds of Jackson Township Fire District No. 2 was approximately \$1,105,200.

The general fund is the main operating fund of Jackson Township Fire District No. 2. At the end of 2014, the total fund balance of the general fund was approximately \$479,500.

During 2014 the general fund balance of Jackson Township Fire District No. 2 increased by approximately \$54,800. The primary reasons for this increase are as follows:

- The District decreased their payables by approximately \$83,000.
- The Board's receivables decreased by approximately \$7,100.
- The Board's general fund operated at a surplus of approximately \$54,800.

At the end of 2014, the District had a capital projects fund balance of approximately \$718,500. This balance increased by approximately \$500 from the previous year. The major changes in this fund balance were:

- Interest income on deposits of \$500.



## General Fund Budgetary Highlights

The 2014 Budget was balanced and there was no need to utilize any accumulated surplus.

Overall, the District spent approximately \$78,300 less than originally anticipated in the budget for 2014. The District received approximately \$16,000 more in revenue than was included in the budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2014 Jackson Township Fire District No. 2 had invested in capital assets for government activities \$1,294,482 (net of accumulated depreciation). Capital assets consist of firehouse improvements, fire apparatus, fire equipment, and office equipment. They purchased approximately \$58,100 and disposed of approximately \$25,000 of equipment in 2014.

JACKSON TOWNSHIP FIRE DISTRICT NO. 2  
CAPITAL ASSETS  
(NET OF ACCUMULATED DEPRECIATION)  
DECEMBER 31, 2014

	2014	2013	\$ Increase (Decrease)
Firehouse & Land	\$ 1,557,058	\$ 1,557,058	- 0 -
Vehicles & Apparatus	1,881,213	1,874,451	6,762
Equipment	<u>377,072</u>	<u>350,711</u>	26,361
Total Capital Assets	3,815,343	3,782,220	33,123
Accumulated Depreciation	<u>2,520,861</u>	<u>2,421,060</u>	99,801
Investment in Capital Assets – net	<u>\$ 1,294,482</u>	<u>\$ 1,361,160</u>	(66,678)

Additional information on Jackson Township Fire District No. 2's capital assets can be found in note 4 in the notes to the financial statements.

## **Long-Term Obligations**

Jackson Township Fire District No. 2 entered into a lease purchase for a 2008 Rosenbauer Fire Apparatus in 2010. The lease purchase is for ten annual payments of \$63,771.88. The current balance of the lease payments is \$315,966.

## **ECONOMIC FACTORS AND NEXT YEARS BUDGET**

In 2014, Jackson Township Fire District No. 2 was able to cover all its appropriations through the fire tax levy and other revenues. In 2014 the fire tax levy amounted to 93% of total revenue collected.

In 2015, Jackson Township Fire District No. 2 adopted their 2015 budget on January 21, 2015. The voters subsequently approved the budget at the February election. The 2015 budget reflects an increase of \$29,429 in the 2015 tax levy.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Jackson Township Fire District No. 2's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to John Ryan, Jackson Township Fire District No. 2, P.O. Box 47, Jackson, New Jersey, 08527.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Jackson Township Fire District No. 2**  
**Statement of Net Position** —  
**December 31, 2014**

## Assets

Cash and cash equivalents	\$ 603,680
Prepaid insurance	42,185
Restricted assets:	
Restricted cash and cash equivalents	740,986
Capital assets, net	<u>1,294,482</u>
 Total Assets	 <u>2,681,333</u>

## Liabilities

Accounts payable and accrued expenses	109,224
LOSAP payable	15,000
Due to fire company	22,452
Noncurrent liabilities	
Due within one year	45,572
Due beyond one year	<u>270,394</u>
 Total Liabilities	 <u>462,642</u>

## Net Position

Invested in capital assets, net of related debt	978,516
Restricted for:	
Capital projects	718,534
Dedicated penalties	22,452
Unrestricted	<u>499,189</u>
 Total Net Position	 <u>\$ 2,218,691</u>

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

**Jackson Township Fire District No. 2**  
**Statement of Activities**  
**For the Year Ended December 31, 2014**

## Expenses

Operating	\$ 1,120,063
Interest	<u>20,681</u>
Total Program Expenses	1,140,744

## Program Revenues

Charges for services	65,209
Operating grants	<u>3,257</u>
Net Program Expenses	<u>1,072,278</u>

## General Revenues

Taxes	
Property taxes levied for general purposes	1,038,732
Property taxes levied for debt service	63,771
Investment earnings	2,005
Other	<u>4,163</u>
Total General Revenues	<u>1,108,671</u>

Change in Net Position	36,393
Net Position, January 1	<u>2,182,298</u>
Net Position, December 31	<u><u>\$ 2,218,691</u></u>

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

**FUND FINANCIAL STATEMENTS**

**Jackson Township Fire District No. 2  
Balance Sheet  
Governmental Funds  
December 31, 2014**

	General Fund	Capital Projects Fund	Debt Service	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,105,204	\$ 239,462	\$ -	\$ 1,344,666
Deferred charges to future taxation			315,966	315,966
Interfund receivable		479,072		479,072
Total Assets	<u>\$ 1,105,204</u>	<u>\$ 718,534</u>	<u>\$ 315,966</u>	<u>\$ 2,139,704</u>
 <b>Liabilities and Fund Balances</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 109,224	\$ -	\$ -	\$ 109,224
LOSAP payable	15,000			15,000
Due to fire company	22,452			22,452
Interfund payable	479,072			479,072
Capital lease short term		-	45,572	45,572
Total Current Liabilities	<u>625,748</u>	<u>-</u>	<u>45,572</u>	<u>625,748</u>
<b>Other Liabilities</b>				
Capital lease long term			270,394	270,394
Total Liabilities	<u>625,748</u>	<u>-</u>	<u>315,966</u>	<u>941,714</u>
 <b>Fund Balances</b>				
<b>Restricted for:</b>				
Capital		718,534		718,534
Unassigned	479,456			479,456
Total Fund Balances	<u>479,456</u>	<u>718,534</u>	<u>-</u>	<u>1,197,990</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 1,105,204</u>	 <u>\$ 718,534</u>	 <u>-</u>	

(Continued)



Jackson Township Fire District No. 2  
 Balance Sheet  
 Governmental Funds  
 December 31, 2014

	Total Governmental Funds <hr/> (Continued)
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	
Payments made to vendors for services that will benefit periods beyond fiscal year end that are recorded as expenditures at the time of payment in the governmental funds. (Prepaid insurance)	\$ 42,185
Payments not made in current period (Capital Lease)	(315,966)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,815,343 and the accumulated depreciation is \$2,520,861	1,294,482
	<hr/>
Net position of governmental activities	<u>\$ 2,218,691</u>

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

**Jackson Township Fire District No. 2**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**

	General	Capital Projects	Debt Service	Total Governmental Funds
<b>Revenues</b>				
District taxes	\$ 1,038,732	\$ -	\$ 63,771	\$ 1,102,503
Supplemental Fire Service Grant	3,257			3,257
Charges for services	65,209			65,209
Other revenues	4,163			4,163
Interest on deposits and investments	1,527	478		2,005
<b>Total Revenues</b>	<b>1,112,888</b>	<b>478</b>	<b>63,771</b>	<b>1,177,137</b>
<b>Expenditures</b>				
Operating appropriations	1,058,112			1,058,112
Debt Service:				
Principal			43,090	43,090
Interest			20,681	20,681
<b>Total Expenditures</b>	<b>1,058,112</b>		<b>63,771</b>	<b>1,121,883</b>
<b>Net Change in Fund Balances</b>	<b>54,776</b>	<b>478</b>	<b>-</b>	<b>55,254</b>
Fund balances, January 1	424,680	718,056	-	1,142,736
Fund balances, December 31	<u>\$ 479,456</u>	<u>\$ 718,534</u>	<u>\$ -</u>	<u>\$ 1,197,990</u>

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

**Jackson Township Fire District No. 2**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Government Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2014**

Total Net Change in Fund Balances - Governmental Funds	\$	55,254
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Amounts reported for governmental activities in the Statement of Activities (A-2) are difference because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$124,796 exceeded capital outlays of \$58,118.		(66,678)
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) 42185-37,458 prepaid insurance and principal payment of (+) \$43,090.		<u>47,817</u>
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Change in Net Position of Governmental Activities	\$	<u><u>36,393</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**Jackson Township Fire District No 2  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2014**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ -
Investments, at fair value	
Mutual funds	<u>161,546</u>
<b>Total Assets</b>	<u>161,546</u>
 <b>Liabilities</b>	
Length of Service Award Program contributions	<u>161,546</u>
<b>Total Liabilities</b>	<u>161,546</u>
 <b>Net Position</b>	
Unrestricted	<u>-</u>
<b>Total Net Position</b>	<u><u>\$ -</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies**

**A. Description of Reporting Entity**

The Board of Commissioners, Jackson Township Fire District No. 2 (the District) is an instrumentality of the State of New Jersey, established to function as a special district. The Board consists of five elected Commissioners and is responsible for the fiscal control of the District. Jackson Township Fire District No. 2 was created by the governing body of the Township of Jackson. The length of each Commissioner's term is three years with the annual election held the third Saturday of every February.

**B. Basis of Presentation**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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 District's accounting policies are described below.

The District's basic financial statements consist of district-wide statements (reporting the District as a whole) including a Statement of Net Position and a Statement of Activities, and fund financial statements (reporting the District's major funds).

**District-wide Financial Statements** - The Statement of Net Position presents the financial condition of the government activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. The policy of the District is to not allocate indirect expenses to functions in the Statement of Activities. This District-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

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

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

**General Fund** – The general fund is the general operating fund of the District and is used to account for the inflows and outflows of its 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 and report financial resources that are restricted, committed, or assigned to capital outlays, including the acquisition or construction of major capital facilities such as fire houses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the utilization of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Fiduciary Funds** – Fiduciary funds are those used to report assets held in a trustee or agency capacity for others and cannot be used to address activities or obligations of the District. Therefore, these funds are not incorporated into the government-wide statements. The following is the District's fiduciary fund:

**Agency Fund** – The Agency Fund is used by the District to report funds that are being held for individuals in a purely custodial capacity. These funds represent monies accumulated in the Length of Service Awards Program (LOSAP) for eligible volunteer fire fighters. For that reason, in the Statement of Fiduciary Net Position, agency fund assets should equal liabilities.

**C. Measurement Focus**

**District-wide Financial Statements** – The district-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

**Fiduciary Fund Financial Statements** – Because of the custodial nature of agency funds the concept of measurement focus, which centers on operations, is not applicable to agency funds.

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-Exchange Transactions** – Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include ad valorem (property) taxes, grants, entitlements and donations. Ad valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district current year. The District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The District is entitled to receive monies under the following established payment schedule: on or before April 1, an amount equal to 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 equaling the difference between the total of all monies so assessed and the total amount of monies previously paid over. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants, fees and rentals.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**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.



**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued):**

**E. Encumbrances (continued)**

Encumbrances are a component of fund balance at year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds which have not been previously restricted, committed, or assigned, should be included with committed or assigned fund balance, as appropriate.

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

**F. Cash, Cash Equivalents and Investments**

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

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

Additionally, the District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). The Act was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**G. Prepaid Expenses**

Prepaid expenses recorded in the governmental fund types, which benefit future periods, are recorded as expenditures during the year of purchase. Prepaid expenses recorded on the district-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2014.

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued):**

**H. Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Fire District and that are due within one year. These amounts are eliminated in the governmental column of the Statement of Net Position.

**I. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities district-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The District adopted a Fixed Asset Management Plan wherein assets having a useful life greater than five years and a unit cost greater than \$2,000 are considered capital assets. Assets having a useful life greater than one year but less than five years with a unit cost greater than \$500 but less than \$2,000 are considered non-bondable assets. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Estimated Lives</u>
Building and improvements	10-25 Years
Vehicles	5-25 Years
Equipment	5-15 Years

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for fire districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation 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 taxable property in the district, whichever is larger.

**J. Compensated Absences**

Compensated absences are those absences for which employees will be paid such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued):**

**J. Compensated Absences (continued)**

is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The entire compensated absence liability is reported on the district-wide financial statements. For government funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources.

**K. Accrued Liabilities and Long-Term Obligations**

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

**L. Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

**Net Investment in capital assets** - consists of capital assets net of accumulated depreciation, net of outstanding balances of any related debt obligations attributable to the acquisition, construction or improvement of those assets.

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

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

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

**M. Fund Balance**

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

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

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued):**

**M. Fund Balance (continued)**

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

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

**Assigned** – The assigned fund balance classification includes amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Commissioners or by the chief financial officer, to which the Board of Commissioners has delegated authority to assign amounts to be used for specific purposes. Such authority of the chief financial officer is established by way of a formal job description for the position, approved by the Board of Commissioners.

**Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**N. Estimates**

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

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 - Summary of Significant Accounting Policies (continued):**

**O. Subsequent Events**

Subsequent events were evaluated through September 14, 2015 which is the date the financial statements were available to be issued.

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents as of December 31, 2014, consisted of the following:

Deposits with financial institutions	<u><b>\$1,375,909</b></u>
--------------------------------------	---------------------------

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the District's amount on deposit of \$1,375,909 as of December 31, 2014, \$250,000 was insured under FDIC and \$1,125,909 was collateralized under GUDPA.

**Restricted cash** on the Statement of Net Position of \$740,986 represents \$718,534 that must be spent on capital projects and \$22,452 of dedicated penalties required by enabling legislation.

**Note 3 - Prepaid Expenses**

Prepaid expenses at December 31, 2014 consisted of prepaid insurance of \$42,185.

**Note 4 - Capital Assets**

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

	<u>Balance</u> <u>1/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/14</u>
Building & Improvements	\$1,407,058	\$ -0-	\$ -	\$1,407,058
Vehicles & Apparatus	1,874,451	31,757	(24,995)	1,881,213
Equipment	<u>350,711</u>	<u>26,361</u>	<u>-0-</u>	<u>377,072</u>
Total Capital Assets				
Being depreciated:	3,632,220	58,118	(24,995)	3,665,343
Less: Accumulated Depreciation:				
Building & Improvements	\$(1,294,556)	\$ (9,351)	\$ -	\$(1,303,907)
Vehicles & Apparatus	(894,115)	(81,666)	24,995	(950,786)
Equipment	<u>(232,389)</u>	<u>(33,779)</u>	<u>-0-</u>	<u>(266,168)</u>
Total Acc. Depreciation	<u>(2,421,060)</u>	<u>(124,796)</u>	<u>24,995</u>	<u>(2,520,861)</u>

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 4 – Capital Assets (continued)**

	<u>1/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/14</u>
Total Capital Assets being				
Depreciated – net	1,211,160	(66,678)	-	1,144,482
Land	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
<b>Capital Assets- Net</b>	<b><u>\$1,361,160</u></b>	<b><u>\$(66,678)</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,294,482</u></b>

Depreciation expense was charged to governmental functions as follows:

Cost Of Operations and Maintenance     **\$ 124,796**

**Note 5 – Length of Service Awards Program (LOSAP)**

The District maintains a Length of Service Awards Program for members of the volunteer firefighting organization that serves the citizens of the District. The general requirements for a LOSAP are set forth in State Law (N.J.S.A. 40A:14-183 et seq.) An appropriation of \$15,000 was budgeted for 2014.

**Note 6 – Accounts Payable and Accrued Expenses**

At December 31, 2014 major categories of accounts payable and accrued expenses were:

Due to vendors	\$ 30,007
Due to PERS & PFRS	59,102
Accrued professional fees	14,000
Accrued vacation	<u>6,115</u>
Total	<b><u>\$109,224</u></b>

**Note 7 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District maintains commercial insurance coverage for property, liability, and surety bonds. Settled claims did not exceed commercial insurance in any of the past three years.

**Note 8 – Interfund Receivables and Payables**

At December 31, 2014, an interfund payable from the general fund and an interfund receivable to the capital projects fund of \$479,072 existed to be used for capital projects.

**Note 9 – Related Parties**

The District entered into a lease agreement with the fire company to rent the premises wherein it makes quarterly payments to the fire company for providing facilities. The total rent paid to the fire company during 2014 was \$30,000.

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 10 – Fund Balances**

**General Fund** – All of the \$479,456 general fund balance at December 31, 2014 is unassigned.  
**Capital Projects Fund** – All of the \$718,534 capital projects fund balance at December 31, 2014 is restricted for capital projects.

**Note 11 – Property Tax Levies**

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

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2014	\$1,520,827,300	\$1,102,503	\$0.072
2013	1,527,737,065	1,072,931	0.070
2012	1,522,456,165	1,051,154	0.069
2011	1,524,456,188	1,024,022	0.067
2010	1,520,642,200	998,447	0.066

**Note 12 – Pension Plans**

Employees of Jackson Township Fire District No. 2 contribute to two cost-sharing multiple-employer defined benefit pension plans, the Public Employee’s Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS), which are both administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B for PERS and N.J.S.A. 43:16A and 43:3B for PFRS. Each plan has a Board of Trustees that is primarily responsible for its administration.

The State of New Jersey Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

The contribution requirements of plan members are determined by state statute. In accordance with Statute, plan members enrolled in PERS are required to contribute 6.5%, effective October 1, 2011, of their annual covered salary. The rate will increase over the next seven years to 7.5%. Plan members enrolled in the PFRS are required to contribute 10%, effective October 1, 2011, of their annual covered salary. Employers are required to contribute at an actuarially determined rate in both PERS and PFRS. The District is billed annually for its normal contribution plus any accrued liability. The District’s actuarial determined contributions to the plans, equal to the required contributions for the last three years were as follows:

**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 12 – Pension Plans (continued)**

<u>PERS</u>	Net	Accrued	Interest &	Net
Year	Normal	Liability	Life Ins	Pension
<u>Ending</u>	<u>Contribution</u>	<u>Liability</u>	<u>Premium</u>	<u>Obligation</u>
12/31/14	\$1,230	\$ 5,692	\$ 469	\$ 7,391
12/31/13	3,114	13,693	320	17,127
12/31/12	4,883	11,675	985	17,543
<u>PERS</u>	Net	Accrued	Interest &	Net
Year	Normal	Liability	Life Ins	Pension
<u>Ending</u>	<u>Contribution</u>	<u>Liability</u>	<u>Premium</u>	<u>Obligation</u>
12/31/14	\$17,738	\$31,653	\$2,320	\$51,711
12/31/13	16,335	26,891	1,705	44,931
12/31/12	11,738	15,534	1,126	28,398

It should be noted that two new pension Government Accounting Standards, *Statement No. 68 Accounting and Financial Reporting for Pensions* and *Statement No. 71 Pension Transition for Contributions made Subsequent to the Measurement Date – and amendment of GASB Statement No. 68* will become effective for fiscal years beginning after June 15, 2014 and are expected to have a material impact on the District's financial statements.

**Note 13 – Compensated Absences**

The District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16) "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Employees may accrue up to 30 vacation days and shall be paid for all unused and accrued vacation days upon termination. Employees may accrue up to 80 sick days which will be paid upon retirement only at the rate of one-half the prevailing salary for each day accrued. As of December 31, 2014, the liability for compensated absences in the governmental fund types was \$6,115.

**Note 14 – Long Term Obligations**

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

	<u>Principal</u> <u>Outstanding</u> <u>1/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Principal</u> <u>Outstanding</u> <u>12/31/13</u>	<u>Due Within</u> <u>One Year</u>
Obligations under					
Capital Leases	\$ 359,056	\$ -0-	\$43,090	\$315,966	\$45,572

**Capital Leases Payable** - On February 8, 2010 the District entered into a capital lease agreement with Kansas State Bank of Manhattan to lease/purchase a 2008 Rosenbauer Fire Truck for \$474,750. The terms of the lease require annual principal and interest payments of \$63,771.88 to be paid in ten annual installments, beginning March 15, 2011 at a fixed interest rate of 5.760%.



**Jackson Township Fire District No. 2**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 14 – Long Term Obligations (continued)**

**Capital Leases Payable (continued)**

The following schedule details the required lease payments:

Year Ending <u>March 15</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$45,572.26	\$18,199.62	\$63,771.88
2016	48,197.22	15,574.66	63,771.88
2017	50,973.38	12,798.50	63,771.88
2018	53,909.45	9,862.43	63,771.88
2019	57,014.63	6,757.25	63,771.88
Thereafter	<u>60,298.67</u>	<u>3,473.21</u>	<u>63,771.88</u>
Total	<u>\$315,965.61</u>	<u>\$66,665.67</u>	<u>\$382,631.28</u>

Interest expense for 2014 was \$20,681.

**Note 15 – Operating Lease**

On March 15, 2012, the District entered into a lease purchase agreement with Leaf Capital Funding, LLC to lease a Copystar CS 3050ci copier system for a term of 60 months at \$203 a month. The lease contains an end of lease purchase option at fair market value, plus taxes.

Future minimum lease payments under this lease are:

Year ending December 31:

2015	2,436
2016	2,436
2017	<u>406</u>
	<u>\$ 5,278</u>

Rental expense for 2013 was approximately \$2,436.

**Note 16 – Subsequent Event**

On July 22, 2015 the District sold their rights to cell tower income from the American Tower Corporation for approximately \$1.1 million dollars.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES**

Jackson Township Fire District No. 2  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2014

Revenues	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Miscellaneous Anticipated Revenues					
Rental income	\$ 50,000	\$ -	\$ 50,000	\$ 65,209	\$ 15,209
Sales of assets	2,000	-	2,000	-	(2,000)
Interest on investments and deposits	1,500	-	1,500	1,527	27
Total Miscellaneous Anticipated Revenues	53,500	-	53,500	66,736	13,236
Operating Grant Revenue					
Supplemental Fire Services Grant	4,648	-	4,648	3,257	(1,391)
Miscellaneous Revenues Offset With Appropriations					
FEMA reimbursements	-	-	-	-	-
Fines and penalties	-	-	-	-	-
Other revenues	-	-	-	4,163	4,163
Total Miscellaneous Revenues Offset With Appropriations	-	-	-	4,163	4,163
Amount to be Raised by Taxation to Support the District Budget	1,038,732	-	1,038,732	1,038,732	-
Total Anticipated Revenues	1,096,880	-	1,096,880	1,112,888	16,008
<b>Total Revenues</b>	<b>1,096,880</b>	<b>-</b>	<b>1,096,880</b>	<b>1,112,888</b>	<b>16,008</b>

(Continued)

Jackson Township Fire District No. 2  
 Budgetary Comparison Schedule  
 General Fund

For the Year Ended December 31, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
					(Positive) Negative Final to Actual
<b>Expenditures</b>					
Operating Appropriations					
Administration					
Salary and Wages					
Commissioners	\$ 8,750		\$ 8,750	\$ 8,458	\$ (292)
Secretary	68,554	(4,900)	63,654	63,205	(449)
Fringe benefits	27,561	-	27,561	26,605	(956)
Other Expenses					
Elections	1,200	500	1,700	1,629	(71)
Membership/dues	300	(300)	-	-	-
Office expenses	3,000	1,400	4,400	4,366	(34)
Professional services	50,000	(3,400)	46,600	46,551	(49)
Travel expenses	200	(200)	-	-	-
Total Administration	159,565	(6,900)	152,665	150,814	(1,851)
Cost of Operations and Maintenance					
Salary and Wages					
Firefighters	288,569	-	288,569	287,122	(1,447)
Fringe benefits	170,098	(14,300)	155,798	155,140	(658)
Other Expenses					
Advertising	3,000		3,000	2,761	(239)
Insurance	90,000	61,200	151,200	150,486	(714)
Maintenance & repairs	100,000	24,800	124,800	122,239	(2,561)
Rental charges	18,000		18,000	16,520	(1,480)
Supplies expense	35,000		35,000	28,133	(6,867)
Training & education	20,000		20,000	3,854	(16,146)
Uniforms	25,000		25,000	17,268	(7,732)
Utilities	50,000	(5,800)	44,200	30,056	(14,144)
Other rentals	30,000		30,000	30,000	-
SFSG expenses	4,648		4,648		(4,648)
Contingent expenses	2,500		2,500		(2,500)
Joint District expenses	50,000	(43,200)	6,800		(6,800)
Other Assets - Non bondable	75,000	(20,000)	55,000	44,519	(10,481)
Total Cost of Operations and Maintenance	961,815	2,700	964,515	888,098	(76,417)

(Continued)

**Jackson Township Fire District No. 2**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2014**

Expenditures (continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance (Positive) Negative Final to Actual
Operating Appropriations Offset with Revenues					
Salary and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Appropriations Offset with Revenues	-	-	-	-	-
Other Budgeted Appropriations					
Length of Service Award Program	15,000	4,200	19,200	19,200	-
Total Other Budgeted Appropriations	15,000	4,200	19,200	19,200	-
<b>Total Expenditures</b>	<u>1,136,380</u>	<u>-</u>	<u>1,136,380</u>	<u>1,058,112</u>	<u>(78,268)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (39,500)</u>	<u>\$ -</u>	<u>\$ (39,500)</u>	<u>54,776</u>	<u>\$ 94,276</u>
Fund Balance, January 1				<u>424,680</u>	
Fund Balance, December 31				<u>\$ 479,456</u>	
Recapitulation:					
Unreserved Fund Balance				<u>\$ 479,456</u>	

**Jackson Township Fire District No. 2**  
**Note to Budgetary Comparison Schedule**  
**December 31, 2013**

**Note A. Budgets/ Budgetary Control**

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

The Commissioners must introduce and adopt the annual budget not later than sixty days prior to the annual election. At introduction, the Commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the District. The public hearing must not be held less than twenty-eight days after the date the budget was approved. After the hearing has been held, the Commissioners may, by majority vote, adopt the budget.

Amendments may be made to the 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 District budget, the amount of money to be raised by taxation in support of the 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 District's basic fund financial statements.

Amounts reported under "final budget" on Exhibit C-1, D-2 and E-2 include modifications to the adopted budget that were made during the year as approved by the Commissioners.

**OTHER SUPPLEMENTARY INFORMATION**



**CAPITAL PROJECTS FUND**

Jackson Township Fire District No. 2  
 Summary Statement of Project Expenditures  
 For the Year Ended December 31, 2014

Issue/Project Title	Authorized Appropriations		Expenditures/Cancellations to Date		Unexpended Balance
	Date	Amount	Prior Years	Current Year	
Building Improvements	12/28/2011	\$ 210,000	\$ 38,209	\$ -	\$ 171,791
Roof Replacement	12/13/2007	35,000			35,000
Parking Lot Paving	12/13/2007	90,000	87,001		2,999
Curbing/Apron Replacement	12/13/2007	50,000			50,000
Total		\$ 385,000	\$ 125,210	\$ -	\$ 259,790

Jackson Township Fire District No. 2  
 Budgetary Comparison Schedule  
 Capital Fund  
 For the Year Ended December 31, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance (Positive) Negative Final to Actual
<b>Revenues</b>					
Amount to be raised by taxation to Support the District Budget	\$ -	\$ -	\$ -	\$ -	-
Interest earned	-	-	-	478	(478)
<b>Total Revenues</b>	-	-	-	478	(478)
<b>Expenditures</b>					
Capital expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	478	(478)
Fund balance January 1	-	-	-	718,056	(718,056)
Fund balance, December 31	\$ -	\$ -	\$ -	\$ 718,534	\$ (718,534)

**LONG-TERM DEBT**

Jackson Township Fire District No. 2  
 Schedule of Obligations Under Capital Leases  
 For the Year Ended December 31, 2014

Description	Date of Lease	Original Issue	Annual Principal Payments			Interest Rate	Balance Jan. 1, 2014	Additions	Retired	Balance Dec. 31, 2014
			Date	Amount						
2008 Fire Truck	2/8/10	\$ 474,750	03/15/15	45,572		5.76%	\$ 359,056	\$ -	\$ 43,090	\$ 315,966
			03/15/16	48,197			\$ 359,056	\$ -	\$ 43,090	\$ 315,966
			03/15/17	50,973						
			03/15/18	53,909						
			03/15/19	57,015						
			Thereafter	60,300						
				\$ 315,966						

**Jackson Township Fire District No. 2**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended December 31, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Revenues</b>					
Amount to be raised by taxation to Support the District Budget	\$ 63,771	\$ -	\$ 63,771	\$ 63,771	\$ -
<b>Expenditures</b>					
Regular Debt Service					
Lease purchase interest	20,681	-	20,681	20,681	-
Lease purchase principal	43,090	-	43,090	43,090	-
<b>Total Expenditures</b>	<b>63,771</b>	<b>-</b>	<b>63,771</b>	<b>63,771</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balances, January 1	-	-	-	-	-
Fund balances, December 31	\$ -	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Jackson Township Fire District No. 2  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2014**

**Schedule of Financial Statement Findings**

**NONE**



**Jackson Township Fire District No. 2  
Schedule of Prior Year  
Findings and Recommendations  
For the Year Ended December 31, 2014**

**Schedule of Prior Year Financial Statement Findings**

**NONE**