

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2014**

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## **FINANCIAL SECTION**

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1**

**ROSTER OF OFFICIALS**

**FIRE DISTRICT MEMBERS**

Nick Vacarino  
Kevin Howarth  
Joseph Hauss  
Leonard Campbell  
Charles Jones, Sr.

**POSITION**

Chairman  
Vice Chairman  
Treasurer  
Commissioner  
Secretary

**OTHER OFFICIALS**

Gayle L. Tschopp  
Richard M. Braslow, Esq.

Chief Financial Officer  
Solicitor

## **FINANCIAL SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members  
of the Fire District  
Mantua Fire District No. 1  
155 Union Avenue  
Sewell, New Jersey 08080

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the, Mantua Fire District No. 1, as of December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Mantua Fire District No. 1'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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mantua Fire District No. 1, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

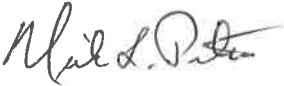
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mantua Fire District No. 1's basic financial statements. The combining and individual non-major fund financial statements is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual non-major fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2015, on our consideration of the Mantua Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mantua Fire District No. 1's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

April 3, 2015



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**INTRODUCTION**

The Mantua Township Board of Fire Commissioners for Mantua Fire District No. 1, hereinafter referred to as the "District" is pleased to present the Annual Financial Report developed in accordance with State of Governmental Accounting Standard No. 34 entitled, "Basic Financial Statement - Management's Discussion and Analysis - For State & Local Governments" (hereinafter "GASB 34") and related standards.

**MISSION**

The mission of the Mantua Township Fire District No. 1 is to serve our citizens when an emergency occurs. We will respond safely and quickly with trained, skilled, and compassionate members, and using the best available equipment, neutralize or reverse any situation of those in need. We will continue aggressive planning and response preparation, and will strive to prevent the need for our emergency services through education and community interaction. Our services shall be delivered by a dedicated family of members committed to exceeding the needs and expectations of those we serve anytime, anyplace, any need.

**RESPONSIBILITY AND CONTROL**

The District has prepared and is responsible for the financial statements and related information in this report. The opinion of the independent auditors, Petroni & Associates LLC, is included in this report. In management's opinion the financial statements represent fairly and in all material aspects, financial position, and results of operations of the District for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**SUMMARY OF ORGANIZATION AND BUSINESS**

The District is a taxing authority charged with the duty to prevent and extinguish fires and regulate fire hazards, (NJSA 40A:14-81).

The District was created for the purpose of fire suppression and prevention and operating a fire department for said purpose. The District's responsibilities are carried out by a combination of full-time and part-time paid professional firefighters (Volunteer District Chief, Deputy Chief one full-time captain Fire Marshall, one part-time secretary, and three fire fighters) as well as a large volunteer force.

**MANAGEMENT OVERSIGHT**

The Mantua Township Board of Fire Commissioners consists of five board members who are elected by the residents of Mantua Township for 3 years in alternate time periods.

**DESCRIPTION OF THE FIRE SUPPRESSIONS AND PREVENTION SERVICES PROVIDED**

The District's responsibilities are carried out under the operational direction of the district Chief. The Chief oversees the District's entire operation, that includes one full-time paid Deputy Fire Chief and one full-time paid Fire Marshall. The District is proactive in diligently conducting fire inspections of the Township's commercial buildings, enforcing the fire code, and seeing that violations are corrected either via Court Order or through collaborative efforts with the community.

The District utilizes two (2) stations located throughout the community in order to permit an efficient and prompt response to any fire hazard. Continuing training of all personnel is mandated for the District's firefighters making them a highly regarded fire fighting force in the county.

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL HIGHLIGHTS**

Mantua Township Fire District No. 1's Net Position

|                            | 2014            | 2013            |
|----------------------------|-----------------|-----------------|
| <b>ASSETS</b>              |                 |                 |
| Current and Other Assets   | \$ 1,187,469.74 | \$ 999,558.45   |
| Capital Assets             | 2,165,623.90    | 1,643,843.48    |
| Total Assets               | 3,353,093.64    | 2,643,401.93    |
| <b>LIABILITIES</b>         |                 |                 |
| Noncurrent Liabilities     | 905,719.00      | 407,864.18      |
| Other Liabilities          | 47,384.21       | 63,775.07       |
| Total Liabilities          | 953,103.21      | 471,639.25      |
| <b>NET POSITION</b>        |                 |                 |
| Invested in Capital Assets |                 |                 |
| Net of Related Debt        | 1,283,806.90    | 1,255,568.51    |
| Restricted                 | 85,000.00       |                 |
| Assigned                   | 44,922.63       | 41,805.84       |
| Unassigned                 | 986,260.90      | 874,388.33      |
| Total Net Position         | \$ 2,399,990.43 | \$ 2,171,762.68 |

The District's combined net position on December 31, 2014 and 2013, was \$2,399,990.43 and \$2,171,762.68, respectively. This was an increase of \$228,227.75.

The tax rate for 2014, 2013, and 2012 was \$.067, \$.059, and \$.060, respectively, per \$100.00 of assessed valuation.

The budget utilized fund balance in 2014, 2013, and 2012, of \$40,000.00, \$35,000.00, and \$30,000.00, respectively. There was an increase of \$5,000.00 over 2013.

The actual debt service in 2014, 2013, and 2012, was \$112,720.19, \$166,249.19, and \$189,964.01, respectively. The current year amount was \$53,529.00 less than in 2013.

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

Change in Fund Balance

|  | Actual               |                      | Increase<br>(Decrease) |
|--|----------------------|----------------------|------------------------|
|  | 2014                 | 2013                 |                        |
| Revenues:  |                      |                      |                        |
| Fund Balance                                       | \$ 40,000.00         | \$ 35,000.00         | \$ (5,000.00)          |
| Miscellaneous Revenue                              | 62,400.05            | 146,095.50           | 83,695.45              |
| Capital Lease                                      | 599,100.00           |                      | (599,100.00)           |
| Amount to be Raised by Taxation                    | 883,020.00           | 785,451.00           | (97,569.00)            |
| Total Revenues                                     | <u>1,584,520.05</u>  | <u>966,546.50</u>    | <u>(617,973.55)</u>    |
| Appropriations:                                    |                      |                      |                        |
| Administrative                                     | 75,864.83            | 63,160.31            | (12,704.52)            |
| Cost of Operations and Maintenance                 | 528,974.28           | 541,873.29           | 12,899.01              |
| Total Operating Appropriations                     | <u>604,839.11</u>    | <u>605,033.60</u>    | <u>194.49</u>          |
| Other Appropriations:                              |                      |                      |                        |
| Capital Appropriations                             | 621,914.98           | 14,694.40            | (607,220.58)           |
| Debt Service                                       | 112,720.19           | 166,249.19           | 53,529.00              |
| Total Other Appropriations                         | <u>734,635.17</u>    | <u>180,943.59</u>    | <u>(553,691.58)</u>    |
| Total Appropriations                               | <u>1,339,474.28</u>  | <u>785,977.19</u>    | <u>(553,497.09)</u>    |
| Excess of Revenues over Expenditures               | 245,045.77           | 180,569.31           | (64,476.46)            |
| Decreased by Utilization as Anticipated<br>Revenue | 40,000.00            | 35,000.00            | (5,000.00)             |
| Net Change in Fund Balance                         | <u>\$ 205,045.77</u> | <u>\$ 145,569.31</u> | <u>\$ (59,476.46)</u>  |

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

Change in Net Position

|                                     | <u>2014</u>          | <u>2013</u>          | <u>Increase<br/>(Decrease)</u> |
|-------------------------------------|----------------------|----------------------|--------------------------------|
| Revenues:                           |                      |                      |                                |
| Program Revenues:                   |                      |                      |                                |
| Charges for Services                | \$ 30,544.37         | \$ 23,981.12         | \$ 6,563.25                    |
| General Revenue:                    |                      |                      |                                |
| Taxes:                              |                      |                      |                                |
| Property Tax Revenue - General      | 770,300.00           | 619,200.00           | 151,100.00                     |
| Taxes Levied for Debt Service       | 112,720.00           | 166,251.00           | (53,531.00)                    |
| Unrestricted Misc. Income           | 27,862.52            | 103,398.48           | (75,535.96)                    |
| Unrestricted Investment Earnings    | 876.37               | 880.32               | (3.95)                         |
| Dedicated Penalties                 | 3,116.79             | 200.00               | 2,916.79                       |
| Total Revenue                       | <u>945,420.05</u>    | <u>913,910.92</u>    | <u>31,509.13</u>               |
| Expenses:                           |                      |                      |                                |
| Operating Appropriations:           |                      |                      |                                |
| Administration                      | 75,864.83            | 63,160.31            | 12,704.52                      |
| Cost of Operations and Maintenance  | 507,835.62           | 515,194.49           | (7,358.87)                     |
| Interest on Debt                    | 16,128.29            | 20,929.57            | (4,801.28)                     |
| Unallocated Depreciation            | 117,363.56           | 128,320.15           | (10,956.59)                    |
| Total Expenses                      | <u>717,192.30</u>    | <u>727,604.52</u>    | <u>(10,412.22)</u>             |
| Increase (Decrease) in Net Position | <u>\$ 228,227.75</u> | <u>\$ 186,306.40</u> | <u>\$ 41,921.35</u>            |

**CAPITAL ASSETS**

The Mantua Township Fire District No.1's investment in capital assets for its governmental activities as of December 31, 2014 and 2013, were \$2,165,623.90 and \$1,643,843.48 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, equipment and furniture (more detailed information about capital assets can be found in Note 3 to the financial statements).

|                          | <u>Governmental Activities</u> |                        |
|--------------------------|--------------------------------|------------------------|
|                          | <u>2014</u>                    | <u>2013</u>            |
| Land                     | \$ 137,680.00                  | \$ 137,680.00          |
| Construction in Progress | 576,000.00                     |                        |
| Buildings & Improvements | 924,119.15                     | 924,617.02             |
| Equipment                | 10,704.75                      | 3,390.00               |
| Vehicles                 | 517,120.00                     | 578,156.46             |
|                          | <u>\$ 2,165,623.90</u>         | <u>\$ 1,643,843.48</u> |

**MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**LONG-TERM DEBT**

At December 31, 2014 and 2013, the District had outstanding capital leases of \$590,910.33 and \$8,998.30, respectively. At December 31, 2014 and 2013, the District had outstanding principal due on a Shared Service loan with the Township of Mantua of \$290,906.67 and \$379,276.67, respectively.

**FINAL COMMENTS**

The District has budgeted its expenses and revenues conservatively in the past and will continue to do so in the future. Maintaining or lowering tax rates while providing quality service are the primary goals of the District. Constant internal monitoring of financial data ensures that these goals can be met.

**CONTACTING THE DISTRICT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have any questions about this report or need additional financial information, contact Gayle Tschopp, Chief Financial Officer, at Mantua Township Fire District No.1, 401 Main Street, Mantua, NJ 08051, or email at [gtschopp@mantuatownship.com](mailto:gtschopp@mantuatownship.com).

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**



MANTUA FIRE DISTRICT NO. 1  
STATEMENT OF NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

|   | Governmental Activities |                        |
|---|-------------------------|------------------------|
|   | 2014                    | 2013                   |
| <b>ASSETS</b>                                   |                         |                        |
| Cash and Cash Equivalents                       | \$ 1,168,522.03         | \$ 979,131.01          |
| Prepaid Expenses                                | 2,536.33                | 2,503.55               |
| Restricted Cash and Cash Equivalents            | 4,922.63                | 1,805.84               |
| Capital Assets:                                 |                         |                        |
| Non-Depreciated Assets                          | 713,680.00              | 137,680.00             |
| Assets Net of Depreciation                      | 1,451,943.90            | 1,506,163.48           |
| Due From Township of Mantua                     | 11,488.75               | 16,118.05              |
| Total Assets                                    | <u>3,353,093.64</u>     | <u>2,643,401.93</u>    |
| <b>LIABILITIES</b>                              |                         |                        |
| Accounts Payable                                | 41,959.17               | 59,126.43              |
| Accrued Interest Payable                        | 1,263.81                | 487.41                 |
| Other Liabilities                               | 139.23                  | 139.23                 |
| Security Deposit                                | 4,022.00                | 4,022.00               |
| Noncurrent Liabilities:                         |                         |                        |
| Due Within One Year                             | 131,163.60              | 97,368.30              |
| Due Beyond One Year                             | 774,555.40              | 310,495.88             |
| Total Liabilities                               | <u>953,103.21</u>       | <u>471,639.25</u>      |
| <b>NET POSITION</b>                             |                         |                        |
| Invested in Capital Assets, Net of Related Debt | 1,283,806.90            | 1,255,568.51           |
| Restricted for:                                 |                         |                        |
| Capital Projects                                | 85,000.00               |                        |
| Assigned:                                       |                         |                        |
| Dedicated Penalties                             | 4,922.63                | 1,805.84               |
| Designated for Subsequent Budget                | 40,000.00               | 40,000.00              |
| Unassigned                                      | 986,260.90              | 874,388.33             |
| Total Net Position                              | <u>\$ 2,399,990.43</u>  | <u>\$ 2,171,762.68</u> |

See accompanying notes to the basic financial statements.

MANTUA FIRE DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

| <b>Functions/Programs</b>  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| Governmental Activities:   |                                    |
| Administrative   | \$ 75,864.83                       |
| Cost of Operations & Maintenance   | 507,835.62                         |
| Interest on Long-Term Debt   | 16,128.29                          |
| Unallocated Depreciation   | 117,363.56                         |
|  | <hr/>                              |
| Total Governmental Activities  | 717,192.30                         |
|  | <hr/>                              |
| General Revenues:  |                                    |
| Annual Registration Fees   | 30,544.37                          |
| Taxes:   |                                    |
| Property Taxes, Levied for General Purpose                                   | 770,300.00                         |
| Taxes Levied for Debt Service  | 112,720.00                         |
| Miscellaneous Income   | 3,604.71                           |
| Interest on Investments  | 876.37                             |
| Rental Income  | 24,132.00                          |
| Dedicated Penalties  | 3,116.79                           |
| Prior Year Refunds   | 125.81                             |
|  | <hr/>                              |
| Total General Revenues, Special Items, Extraordinary Items,<br>and Transfers | 945,420.05                         |
|  | <hr/>                              |
| Change in Net Position   | 228,227.75                         |
|  | <hr/>                              |
| Net Position - Beginning   | 2,171,762.68                       |
|  | <hr/>                              |
| Net Position - End   | <u>\$ 2,399,990.43</u>             |

See accompanying notes to the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

MANTUA FIRE DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014 AND 2013

|  | 2014            | 2013          |
|--|-----------------|---------------|
| <b>ASSETS</b>                          |                 |               |
| Cash and Cash Equivalents              | \$ 1,168,522.03 | \$ 979,131.01 |
| Intergovernmental Accounts Receivable: |                 |               |
| Other                                  | 11,488.75       | 16,118.05     |
| Restricted Assets:                     |                 |               |
| Cash and Cash Equivalents              | 4,922.63        | 1,805.84      |
| Total Assets                           | \$ 1,184,933.41 | \$ 997,054.90 |
| <b>LIABILITIES AND FUND BALANCES</b>   |                 |               |
| Liabilities:                           |                 |               |
| Accounts Payable                       | \$ 34,893.65    | \$ 35,299.86  |
| Other Liabilities                      | 139.23          | 139.23        |
| Security Deposit                       | 4,022.00        | 4,022.00      |
| Intergovernmental Accounts Payable     | 7,065.52        | 23,826.57     |
| Total Liabilities                      | 46,120.40       | 63,287.66     |
| Fund Balances:                         |                 |               |
| Restricted for:                        |                 |               |
| Capital Projects                       | 85,000.00       |               |
| Assigned Fund Balance:                 |                 |               |
| Other Purposes                         | 79,354.58       | 29,022.01     |
| Dedicated Penalties                    | 4,922.63        | 1,805.84      |
| Designated for Subsequent Budget       | 40,000.00       | 40,000.00     |
| Unassigned:                            |                 |               |
| General Fund                           | 929,535.80      | 862,939.39    |
| Total Fund Balances                    | 1,138,813.01    | 933,767.24    |
| Total Liabilities and Fund Balances    | \$ 1,184,933.41 | \$ 997,054.90 |

See accompanying notes to the basic financial statements.

MANTUA FIRE DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014 AND 2013

|   | <u>2014</u>                   |
|---|-------------------------------|
| Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:  |                               |
| Payments made to vendors for services that will benefit periods beyond year end are recorded as expenditures at the time of payment in the funds.   | \$ 2,536.33                   |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The costs of assets are \$3,018,063.08 and the accumulated depreciation is \$852,439.18. | 2,165,623.90                  |
| Accrued interest payable is not due and payable in the current period and therefore, is not reported as a liability in the funds.   | (1,263.81)                    |
| Long-term liabilities, including leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.  | <u>(905,719.00)</u>           |
| Net Position of Governmental Activities   | <u><u>\$ 2,399,990.43</u></u> |

See accompanying notes to the basic financial statements.

MANTUA FIRE DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

|   | General<br>Fund        | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|---|------------------------|-------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                        |                         |                                |
| Annual Registration Fees                          | \$ 30,544.37           |                         | \$ 30,544.37                   |
| Amount to be Raised by Taxation                   | 770,300.00             | \$ 112,720.00           | 883,020.00                     |
| Miscellaneous Income                              | 3,604.71               |                         | 3,604.71                       |
| Interest on Investments                           | 876.37                 |                         | 876.37                         |
| Rental Income                                     | 24,132.00              |                         | 24,132.00                      |
| Dedicated Penalties                               | 3,116.79               |                         | 3,116.79                       |
| Prior Year Refunds                                | 125.81                 |                         | 125.81                         |
| Total Revenues                                    | <u>832,700.05</u>      | <u>112,720.00</u>       | <u>945,420.05</u>              |
| <b>EXPENDITURES</b>                               |                        |                         |                                |
| Administrative                                    | 75,864.83              |                         | 75,864.83                      |
| Cost of Operations & Maintenance                  | 528,974.28             |                         | 528,974.28                     |
| Capital Appropriations                            | 621,914.98             |                         | 621,914.98                     |
| Debt Service:                                     |                        |                         |                                |
| Intergovernmental Loans:                          |                        |                         |                                |
| Principal   |                        | 88,370.00               | 88,370.00                      |
| Interest  |                        | 14,767.00               | 14,767.00                      |
| Capital Leases:                                   |                        |                         |                                |
| Principal   |                        | 8,998.30                | 8,998.30                       |
| Interest  |                        | 584.89                  | 584.89                         |
| Total Expenditures                                | <u>1,226,754.09</u>    | <u>112,720.19</u>       | <u>1,339,474.28</u>            |
| Excess (Deficiency) of Revenues Over Expenditures | (394,054.04)           | (0.19)                  | (394,054.23)                   |
| Other Financing Sources (Uses)                    |                        |                         |                                |
| Capital Leases (Non-Budgeted)                     | 599,100.00             |                         | 599,100.00                     |
| Transfers   | (0.19)                 | 0.19                    |                                |
| Total Other Financing Sources (Uses)              | <u>599,099.81</u>      |                         | <u>599,100.00</u>              |
| Excess to Fund Balance                            | <u>205,045.77</u>      |                         | <u>205,045.77</u>              |
| Fund Balance January 1                            | <u>933,767.24</u>      |                         | <u>933,767.24</u>              |
| Fund Balance December 31                          | <u>\$ 1,138,813.01</u> |                         | <u>\$ 1,138,813.01</u>         |

See accompanying notes to the basic financial statements.

MANTUA FIRE DISTRICT NO. 1  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT  
 OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

|   | 2014          |
|---|---------------|
| Total Net Change in Fund Balances - Governmental Funds (from B-2)   | \$ 205,045.77 |
| <br>  |               |
| Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.  |               |
| Depreciation Expense  | (117,363.56)  |
| Capital Outlays   | 639,143.98    |
| <br>  |               |
| Payments made to vendors for services that will benefit periods beyond year-end are recorded as expenditures at the time of payment in the fund:  | 32.78         |
| <br>  |               |
| Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.   |               |
| Debt Service Principal Payment:   | 88,370.00     |
| Capital Lease Obligation Proceeds   | (599,100.00)  |
| Capital Lease Principal Payments  | 17,187.97     |
| <br>  |               |
| Interest on long-term debt in the Statement of Activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was an increase.                           | (776.40)      |
| <br>  |               |
| In the Statement of Activities, certain operating expenses e.g. compensated absences are measured by the amounts earned during the year. In 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. | (4,312.79)    |
| Change in Net Position of Governmental Activities   | \$ 228,227.75 |

See accompanying notes to the basic financial statements.



## **NOTES TO FINANCIAL STATEMENTS**

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

The Mantua Township Fire District No. 1 is a political subdivision of the Township of Mantua, Gloucester County, New Jersey. It was formed on January 1, 2007, through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February. The Chairman and other officers of the Board of the Fire District are selected from amongst the members of the Board.

The governing body of any municipality which does not have a paid or part-time fire department may, upon application of at least twenty voters or at least five percent of the registered voters, whichever is greater, by ordinance, designate a territorial location (or locations) for use as a fire district(s).

The Fire District is responsible for the prevention and suppression of fire within the Township. The Fire District encompasses approximately twenty (20) square miles of territory and is coterminous with the boundaries of the Township. Rescue and ambulance services are provided by separate first aid squads within the Township.

Fire districts are governed by NJSA 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services. The Fire District operates two separate volunteer fire stations within its jurisdiction, the Jackson Road station and the Union Avenue station. The volunteer companies are staffed by approximately 30 trained volunteers.

**Basis of Presentation**

The financial statements of the Fire District conform to accounting principles generally accepted in the United States of America applicable to governmental funds of state and local governments in accordance with the provisions of NJAC 5:31-7.1. The Fire District's financial statements include all the accounts of all the Fire District's operations. The primary criterion for including activities within the reporting entity, as set forth in Section 2100 of the GASB, Codification of Governmental Accounting and Financial Reporting Standards is whether:

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

Based on the above criterion, the Fire District is a component unit of the Township of Mantua. The Fire District does issue separate financial statements from the Township. However, if the Township presented its financial statements in accordance with GAAP, these financial statements would be included in the Township's on a blended basis. Based on the aforementioned criteria, the Fire District has no component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14.

Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting. Accordingly, the Fire District accounts for its transactions through the use of funds and account groups:

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Descriptions of Funds:**

**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 its financial resources except those required to be accounted for in another fund. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for 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 reservation of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Basis of Accounting**

The financial statements of the Mantua Fire District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described below.

**Basis of Accounting, Measurement Focus and Basis of Presentation**

The Fire District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and a fund financial statement which provide a more detailed level of financial information.

**District-Financial Statements** - The Statement of Net Position and Statement of Activities display information about the Fire District as a whole. These statements include the financial activities of the overall Fire District except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

**Statement of New Position**

The Statement of Net Position presents the financial condition of the governmental activity of the Fire District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Fire District's governmental activities. Fire Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are

MANTUA FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Statement of New Position (Continued)**

presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Fire District.

**Net Position** - Net position represent the difference between assets and liabilities. Net position includes amounts invested in capital assets; net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the budget. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and as accounts payable. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted, to the extent permitted or required by law. Appropriations for principal payments on outstanding bonds and notes are provided on the cash basis; interest is also on the cash basis.

**Encumbrances** - Encumbrance accounting is used for the General Fund, and Capital Projects Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as reservations of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

**Income Taxes** - As a public body, under existing statutes, the Fire District is exempt from both federal and state taxes.

**Capital Assets** - The Fire District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at estimated fair market value on the date received. The cost of normal repairs and maintenance are not capitalized. The capitalization threshold used by the Fire District is \$5,000.00.

| <u>Asset Class</u>      | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Building & Improvements | 40 Years                      |
| Machinery & Equipment   | 5 Years                       |
| Vehicles                | 5-20 Years                    |

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)** - NJSA 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts and NJSA 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire District's may purchase firefighting 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 Fire District upon the approval of the legal voters. Debt may be issued up to \$60,000.00 or two (2%) percent of the assessed valuation of property, whichever is larger.

**Property Taxes** - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the Fire District's tax to them.

**Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Recent Accounting Pronouncements Not Yet Effective**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the District's financial reporting is not presently determinable.

**NOTE 2: BUDGETARY INFORMATION**

**Budgets and Budgetary Accounting** - The Fire District must adopt an annual budget in accordance with NJSA 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Township.

The public hearing must not be held less than twenty-eight days after the date the budget is introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)** - Amendments may be made to the Fire District budget in accordance with NJSA 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 voters.

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

**NOTE 3: CASH**

**Custodial Credit Risk - Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The Fire District's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2014 and 2013, the carrying amount of the Fire District's deposits was \$1,173,444.66 and \$980,936.85, respectively. As of December 31, 2014 and 2013, \$0 of the Fire District's bank balance of \$1,187,185.21 and \$786,373.13, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2014 or 2013, the Fire District's did not have any investments.

**Interest Rate Risk** - The Fire District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The Fire District places no limit on the amount the Fire District may invest in any one issuer.

MANTUA FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 5: FUND BALANCES APPROPRIATED – GENERAL FUND**

The following presents the fund balances as of the end of the current and preceding four years and the amount utilized in the subsequent year's budget.

| Year | Balance<br>Dec. 31 | Utilized in<br>Subsequent<br>Budget | Percentage<br>Utilized |
|------|--------------------|-------------------------------------|------------------------|
| 2014 | \$ 1,138,813.01    | \$ 40,000.00                        | 3.51%                  |
| 2013 | 933,767.24         | 40,000.00                           | 4.28%                  |
| 2012 | 788,197.93         | 35,000.00                           | 4.44%                  |
| 2011 | 570,908.27         | 30,000.00                           | 5.25%                  |
| 2010 | 562,802.36         | 100,000.00                          | 17.77%                 |

**NOTE 6: FIXED ASSETS**

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

|                                | Balance<br>Dec. 31, 2013 | Additions            | Deletions | Balance<br>Dec. 31, 2014 |
|--------------------------------|--------------------------|----------------------|-----------|--------------------------|
| Land                           | \$ 137,680.00            |                      |           | \$ 137,680.00            |
| Construction in Progress       |                          | \$ 576,000.00        |           | 576,000.00               |
| Buildings & Improvements       | 1,036,699.40             | 30,108.98            |           | 1,066,808.38             |
| Equipment                      | 19,335.72                | 9,935.00             |           | 29,270.72                |
| Vehicles                       | 1,185,203.98             | 23,100.00            |           | 1,208,303.98             |
| Total at Historical Cost       | <u>2,378,919.10</u>      | <u>639,143.98</u>    |           | <u>3,018,063.08</u>      |
| Less: Accumulated Depreciation |                          |                      |           |                          |
| Buildings & Improvements       | (112,082.38)             | (30,606.85)          |           | (142,689.23)             |
| Equipment                      | (15,945.72)              | (2,620.25)           |           | (18,565.97)              |
| Vehicles                       | (607,047.52)             | (84,136.46)          |           | (691,183.98)             |
| Total Accumulated Depreciation | <u>(735,075.62)</u>      | <u>(117,363.56)</u>  |           | <u>(852,439.18)</u>      |
| Capital Assets, Net            | <u>\$ 1,643,843.48</u>   | <u>\$ 521,780.42</u> | None      | <u>\$ 2,165,623.90</u>   |

**NOTE 7: COMPENSATED ABSENCES**

Full-time employees of the Fire District are entitled to receive paid vacation, sick leave, personal leave, and compensation time per the Gloucester County Uniformed Firefighters Association International Association of Fire Fighters Local 3592 union contract. Upon termination or retirement, employees are compensated at their current rate of pay for unused sick and vacation time in accordance with the above mentioned union contract.

Unused sick leave may be accumulated and carried forward to the subsequent year. Full-time employees may also carry five days of vacation time over to the next year.

The Fire District compensates employees for unused vacation leave upon termination or retirement. The current policy provides that sick time accumulated for the years of service shall be sold back at the time of retirement at that year's rate.

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 7: COMPENSATED ABSENCES (CONTINUED)**

The liability for vested compensated absences of the governmental fund types is recorded as long-term debt. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The value for accrued benefits at December 31, 2014 and 2013, is \$23,902.00 and \$19,589.21, respectively.

**NOTE 8: ECONOMIC DEPENDENCY**

The Township of Mantua Fire District No. 1 is not economically dependent on any one business or industry within the Township since a significant portion of the revenue is derived from taxation.

**NOTE 9: SHARED SERVICE AGREEMENT**

The Fire District has a shared service agreement with the Township of Mantua to provide Financial Services at a cost of \$20,000.00 per annum. The Township of Mantua also provides fuel for vehicles, liability insurance and medical benefits to the Fire District's three full-time employees at cost.

**NOTE 10: LENGTH OF SERVICE AWARD PROGRAM**

During the year 2001, the voters of the Township of Mantua approved the establishment of a Length of Service Award Program (LOSAP), Deferred Compensation Plan. This plan was approved by the voters of the Township of Mantua by referendum at the general election in November of 2001. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 338 and the LOSAP document. The balance is subject to the general creditors of the Township of Mantua. The Length of Service Program is managed by the Township of Mantua through a shared service agreement. Contributions by the Township of Mantua for qualified participants were \$17,400.00 and \$0, respectively, in 2014 and 2013, for the 2013 and 2012 year. Payments are normally made in the subsequent year for participants who met the required qualifications. As of the date of the audit the Fire District had not contributed on behalf of participants who qualified for the 2014 year. The assets of the plan are held by an independent administrator, Lincoln Financial Advisors.

**NOTE 11: LONG-TERM OBLIGATIONS**

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



MANTUA FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)**

|   | Balance<br>Dec. 31, 2013 | Increases            | Decreases            | Balance<br>Dec. 31, 2014 | Due in<br>One Year   |
|---|--------------------------|----------------------|----------------------|--------------------------|----------------------|
| Obligations Under Capital Lease                     | \$ 8,998.30              | \$ 599,100.00        | \$ 17,187.67         | \$ 590,910.63            | \$ 57,743.60         |
| Shared Services Agreement                           | 379,276.67               |                      | 88,370.00            | 290,906.67               | 73,420.00            |
| Compensated Absences                                | 19,589.21                | 4,312.79             |                      | 23,902.00                |                      |
| Total Governmental Activities Long-term Liabilities | <u>\$ 407,864.18</u>     | <u>\$ 603,412.79</u> | <u>\$ 105,557.67</u> | <u>\$ 905,719.30</u>     | <u>\$ 131,163.60</u> |

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

**Compensated Absences** - Compensated absences are accrued for two (2) full-time employees of the Township through a shared service agreement with the Fire District and will be paid from the fund from which the employees' salaries are paid.

**Capital Leases Payable** - The Fire District has a lease for a Ford F-250 truck totaling \$23,100.00, under a capital lease for three (3) years. The Fire District also has a lease for a KME pumper totaling \$576,000.00, under a capital lease for ten (10) years. The pumper was placed on order in 2014.

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

| Year Ending<br>Dec. 31, | Principal            | Interest            | Total                |
|-------------------------|----------------------|---------------------|----------------------|
| 2015                    | \$ 57,743.60         | \$ 17,557.96        | \$ 75,301.56         |
| 2016                    | 59,667.99            | 15,633.57           | 75,301.56            |
| 2017                    | 53,475.13            | 13,636.76           | 67,111.89            |
| 2018                    | 55,015.22            | 12,096.67           | 67,111.89            |
| 2019                    | 56,599.65            | 10,512.24           | 67,111.89            |
| 2020                    | 58,229.72            | 8,882.17            | 67,111.89            |
| 2021                    | 59,906.74            | 7,205.15            | 67,111.89            |
| 2022                    | 61,632.05            | 5,479.84            | 67,111.89            |
| 2023                    | 63,407.05            | 3,704.84            | 67,111.89            |
| 2024                    | 65,233.18            | 1,878.71            | 67,111.89            |
|                         | <u>\$ 590,910.33</u> | <u>\$ 96,587.91</u> | <u>\$ 687,498.24</u> |

**Shared Service Agreement** - Effective January 1, 2007, the Fire District entered into a shared services agreement with the Township of Mantua for the transfer of assets to the Fire District. In consideration of the assets transferred to the Fire District, the Fire District entered into an agreement to pay the Township over sixteen (16) years, commencing on or before December 31, 2007, with the final payment being made on or before December 31, 2022. The Fire District's adopted budget includes the amount due for principal and interest payments as an intergovernmental loan. The following is a schedule of future payments due:

MANTUA FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 11: LONG-TERM OBLIGATIONS (CONTINUED)**

| Year Ending<br>Dec. 31, | Principal            | Interest            | Total                |
|-------------------------|----------------------|---------------------|----------------------|
| 2015                    | \$ 73,420.00         | \$ 11,378.00        | \$ 84,798.00         |
| 2016                    | 73,420.00            | 8,493.68            | 81,913.68            |
| 2017                    | 74,618.67            | 5,692.79            | 80,311.46            |
| 2018                    | 30,620.00            | 2,724.09            | 33,344.09            |
| 2019                    | 31,529.00            | 1,625.41            | 33,154.41            |
| 2020-2022               | 7,299.00             | 693.83              | 7,992.83             |
| Total                   | <u>\$ 290,906.67</u> | <u>\$ 30,607.80</u> | <u>\$ 321,514.47</u> |

**NOTE 12: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Fire District are covered by the Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Police and Firemen's Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

**Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey. Members are eligible for retirement at age fifty-five, with a benefit equal to two percent of final compensation for each year of creditable service, up to twenty years. Members with at least twenty years but less than twenty-five years of service credit will receive fifty percent of final compensation. Special retirement is available at any age to those with twenty-five years of service credit. The annual benefit calculation is equal to sixty-five percent of final compensation plus one percent for each year of creditable service over twenty-five years but not to exceed thirty years.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, PL of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute annually at an actuarially determined rate for PFRS. The PFRS employer rate in effect for 2014 is 23.25% of covered payroll as reported on June 30, 2012. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 12: PENSION FUNDS (CONTINUED)**

**Contributions and Accrued Liability** - Per the shared service agreement with the Township, the Fire District is to be billed annually for its normal contribution, plus any accrued liability, by the Township of Mantua, who maintains, administers, and reports to the State of New Jersey all required pension information on behalf of the Fire District. For the years ended December 31, 2014, 2013, and 2012, the Fire District was not billed by the Township for its share of contributions or accrued liability to the aforementioned pension plans.

**NOTE 13: LABOR CONTRACTS**

As of December 31, 2014, the Fire District's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

AFL-CIO-CLC #3592    Firefighter    Expiration 12/31/2016

**NOTE 14: HEALTH BENEFITS**

The adoption of Chapter 2 of P.L. 2010 implemented requirements for all local units to begin withholding healthcare costs from employee salaries to offset employer health care costs. The Firefighter AFL-CIO-CLC #3592 bargaining unit began contributions to health care costs on January 1, 2011.

**NOTE 15: POST-RETIREMENT BENEFITS**

**Plan Description** - The New Jersey State Health Benefits Commission is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The Fire District participates in the SHBP through a shared service agreement with the Township of Mantua. The plan provides fully-insured medical and prescription drug coverage to eligible retirees and their spouses.

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

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

MANTUA FIRE DISTRICT NO. 1  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 15: POST-RETIREMENT BENEFITS (CONTINUED)**

The contribution rate of participating governmental entities is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs not to exceed thirty years. As of December 31, 2014, there were no participants eligible to receive benefits. As a result, for the years ended December 31, 2014, 2013, and 2012, the Fire District did not have any retirees.

**NOTE 16: RISK MANAGEMENT**

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

**Joint Insurance Fund** - The Township of Mantua is a member of the Gloucester, Salem, and Cumberland County Municipal Joint Insurance Fund, and the Fire District is covered through a shared service agreement with the Township of Mantua.

**NOTE 17: LEASE OBLIGATIONS**

The Fire District has a lease agreements in effect at December 31, 2014, for a copier. The lease payment is \$215.00 per month. Payments made during 2014 totaled \$2,463.00. Future lease payments are as follows:

| <u>Year</u> | <u>Payment</u>      |
|-------------|---------------------|
| 2015        | \$ 2,580.00         |
| 2016        | 2,580.00            |
| 2017        | 2,580.00            |
| 2018        | 2,580.00            |
| 2019        | 215.00              |
|             | <u>\$ 10,535.00</u> |

**NOTE 18: PROPERTY TAX LEVIES**

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

| <u>Year</u> | <u>Assessed<br/>Valuation</u> | <u>Total<br/>Tax Levy</u> | <u>Tax<br/>Rate</u> |
|-------------|-------------------------------|---------------------------|---------------------|
| 2014        | 1,334,671,512                 | 883,020                   | \$ 0.067            |
| 2013        | 1,335,094,820                 | 785,451                   | 0.059               |
| 2012        | 1,352,875,940                 | 808,164                   | 0.060               |
| 2011        | 771,898,451                   | 741,617                   | 0.097               |
| 2010        | 768,934,869                   | 776,376                   | 0.101               |

MANTUA FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 and 2013

**NOTE 19: SUBSEQUENT EVENTS**

Management has reviewed and evaluated events that occurred between December 31, 2014 and April 3, 2015, the date which the financial statements were issued for possible disclosure and recognition in the financial statements, and no additional items have come to the attention of the Fire District that would require disclosure.

**NOTE 20: CONTINGENCIES**

It is the Mantua Fire District No.1's Counsel's opinion that there is no pending litigation against the Fire District.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
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CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Independent Auditor's Report

Honorable Chairman and Members  
of the Fire District  
Mantua Township Fire District No. 1  
155 Union Avenue  
Sewell, New Jersey 08080

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 Division of Local Government Services, Department of Community Affairs, State of New Jersey and the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mantua Township 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 the Mantua Township Fire District No. 1's basic financial statements, and have issued our report thereon dated April 3, 2015.

#### ***Internal Control over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Mantua Township Fire District No. 1's financial statements are free from material misstatements; 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is listed in the findings and recommendations as 2014-001.

### ***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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

April 3, 2015



MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014

|  | Budget            |                   |                   | Actual            | Variance of Actual<br>Data to Budget |               |
|--|-------------------|-------------------|-------------------|-------------------|--------------------------------------|---------------|
|  | Original          | Transfers         | Final             |                   | Dollars                              | %             |
| <b>REVENUES</b>                                    |                   |                   |                   |                   |                                      |               |
| Miscellaneous Revenues Offset with Appropriations: |                   |                   |                   |                   |                                      |               |
| Uniform Fire Safety Act (P.L. 1983, Ch. 383)       |                   |                   |                   |                   |                                      |               |
| Annual Registration Fees                           | \$ 25,000.00      |                   | \$ 25,000.00      | \$ 30,544.37      | \$ 5,544.37                          | 0.22          |
| Amount to be Raised by Taxation                    | 770,300.00        |                   | 770,300.00        | 770,300.00        |                                      |               |
| Amount to be Raised by Taxation - Debt Service     | 112,720.00        |                   | 112,720.00        | 112,720.00        |                                      |               |
| <b>Total Anticipated Revenues</b>                  | <b>908,020.00</b> |                   | <b>908,020.00</b> | <b>913,564.37</b> | <b>5,544.37</b>                      | <b>0.61%</b>  |
| Non-Budgetary Revenues:                            |                   |                   |                   |                   |                                      |               |
| Miscellaneous Revenue                              |                   |                   |                   | 3,604.71          | 3,604.71                             |               |
| Interest on Investments                            |                   |                   |                   | 876.37            | 876.37                               |               |
| Rental Income                                      |                   |                   |                   | 24,132.00         | 24,132.00                            |               |
| Dedicated Penalties                                |                   |                   |                   | 3,116.79          | 3,116.79                             |               |
| Prior Year Refunds                                 |                   |                   |                   | 125.81            | 125.81                               |               |
| <b>Total Non-Budgetary Revenues</b>                |                   |                   |                   | <b>31,855.68</b>  | <b>31,855.68</b>                     |               |
| <b>Total Revenues</b>                              | <b>908,020.00</b> |                   | <b>908,020.00</b> | <b>945,420.05</b> | <b>37,400.05</b>                     | <b>4.12%</b>  |
| <b>EXPENDITURES</b>                                |                   |                   |                   |                   |                                      |               |
| Operating Appropriations:                          |                   |                   |                   |                   |                                      |               |
| Administration                                     |                   |                   |                   |                   |                                      |               |
| Salaries and Wages:                                |                   |                   |                   |                   |                                      |               |
| Part-Time Secretary                                | 6,000.00          | \$ (2,000.00)     | 4,000.00          | 3,424.14          | 575.86                               | 14.40%        |
| Fringe Benefits:                                   | 500.00            |                   | 500.00            | 306.59            | 193.41                               | 38.68%        |
| Other Expenses:                                    |                   |                   |                   |                   |                                      |               |
| Professional Services                              | 35,028.00         | (9,500.00)        | 25,528.00         | 24,112.88         | 1,415.12                             | 5.54%         |
| Office Expenses                                    | 8,097.47          | 3,000.00          | 11,097.47         | 9,965.57          | 1,131.90                             | 10.20%        |
| Election   | 3,000.00          |                   | 3,000.00          | 1,509.64          | 1,490.36                             | 49.68%        |
| Advertising  | 3,000.00          |                   | 3,000.00          | 548.64            | 2,451.36                             | 81.71%        |
| Intergovernmental Services (Mantua Township)       | 20,000.00         |                   | 20,000.00         | 20,000.00         |                                      |               |
| Stipends - Fire Commissioners                      | 6,000.00          |                   | 6,000.00          | 6,000.00          |                                      |               |
| Other Expenses                                     | 12,500.00         |                   | 12,500.00         | 9,997.37          | 2,502.63                             | 20.02%        |
| <b>Total Administration</b>                        | <b>94,125.47</b>  | <b>(8,500.00)</b> | <b>85,625.47</b>  | <b>75,864.83</b>  | <b>9,760.64</b>                      | <b>11.40%</b> |

MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014

|   | Budget     |             | Actual     | Variance of Actual<br>Data to Budget |                       |
|---|------------|-------------|------------|--------------------------------------|-----------------------|
|   | Original   | Transfers   |            | Dollars                              | %                     |
| Operating Appropriations:               |            |             |            |                                      |                       |
| Cost of Operations & Maintenance:       |            |             |            |                                      |                       |
| Salaries and Wages:                     |            |             |            |                                      |                       |
| Firefighters/Fire Official              | 70,000.00  |             | 70,000.00  | 69,546.33                            | 453.67<br>0.65%       |
| Firefighters                            | 92,000.00  |             | 92,000.00  | 85,683.81                            | 6,316.19<br>6.87%     |
| Part-Time Casual Help                   | 80,000.00  | (27,600.00) | 52,400.00  | 50,758.96                            | 1,641.04<br>3.13%     |
| Overtime                                | 8,000.00   | (3,000.00)  | 5,000.00   | 4,569.26                             | 430.74<br>8.61%       |
| Other Pay - Clothing Allowance          | 1,800.00   |             | 1,800.00   | 1,703.99                             | 96.01<br>5.33%        |
| Fringe Benefits:                        |            |             |            |                                      |                       |
| Employee Group Health Insurance         | 30,000.00  |             | 30,000.00  | 37,189.90                            | (7,189.90)<br>-23.97% |
| Other Fringe Benefits                   | 25,000.00  |             | 25,000.00  | 18,466.38                            | 6,533.62<br>26.13%    |
| Other Expenses:                         |            |             |            |                                      |                       |
| Insurance                               | 75,000.00  |             | 75,000.00  | 68,571.00                            | 6,429.00<br>8.57%     |
| Physicals, Vaccinations and Fit Testing | 12,000.00  | (6,000.00)  | 6,000.00   | 3,886.00                             | 2,114.00<br>35.23%    |
| Fuel                                    | 30,158.96  |             | 30,158.96  | 10,190.65                            | 19,968.31<br>66.21%   |
| Vehicle Maintenance and Repairs         | 45,000.67  | 10,000.00   | 55,000.67  | 51,752.64                            | 3,248.03<br>5.91%     |
| Uniforms and Turnout Gear               | 27,006.13  | 1,500.00    | 28,506.13  | 18,817.15                            | 9,688.98<br>33.99%    |
| Training and Education                  | 10,000.00  | (3,500.00)  | 6,500.00   | 4,643.36                             | 1,856.64<br>28.56%    |
| Communication Repairs/Leases            | 8,000.00   |             | 8,000.00   | 6,550.14                             | 1,449.86<br>18.12%    |
| Reimbursements                          | 1,000.00   |             | 1,000.00   | 200.39                               | 799.61<br>79.96%      |
| Fire Prevention                         | 2,500.00   |             | 2,500.00   | 2,500.00                             |                       |
| Building Maintenance                    | 45,100.36  | 28,000.00   | 73,100.36  | 36,956.11                            | 36,144.25<br>49.44%   |
| Stipends - Fill in Firefighters         | 3,500.00   |             | 3,500.00   | 3,220.65                             | 279.35<br>7.98%       |
| Computer Technology Support             | 10,001.60  |             | 10,001.60  | 6,112.11                             | 3,889.49<br>38.89%    |
| Equipment Repairs                       | 12,500.00  |             | 12,500.00  | 8,675.31                             | 3,824.69<br>30.60%    |
| Utilities                               | 56,322.41  | (25,500.00) | 30,822.41  | 23,115.18                            | 7,707.23<br>25.01%    |
| Other Assets - Non Bondable:            |            |             |            |                                      |                       |
| Communication Equipment                 | 10,000.00  | (4,500.00)  | 5,500.00   | 4,938.90                             | 561.10<br>10.20%      |
| Station Equipment                       | 15,000.00  | 31,500.00   | 46,500.00  | 10,926.06                            | 35,573.94<br>76.50%   |
| Total Cost of Operations & Maintenance  | 669,890.13 | 900.00      | 670,790.13 | 528,974.28                           | 141,815.85<br>21.14%  |

MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014

|  | Budget               |           |                      | Actual                 | Variance of Actual<br>Data to Budget |          |
|--|----------------------|-----------|----------------------|------------------------|--------------------------------------|----------|
|  | Original             | Transfers | Final                |                        | Dollars                              | %        |
| Capital Appropriations   |                      |           |                      |                        |                                      |          |
| Repaving of Parking Lot  | 15,305.60            | 7,600.00  | 22,905.60            | 22,814.98              | 90.62                                | 0.40%    |
| Reserve for Future Capital Outlay  | 85,000.00            |           | 85,000.00            |                        | 85,000.00                            | 100.00%  |
| Assets acquired under capital lease  |                      |           |                      | 599,100.00             | (599,100.00)                         |          |
| Total Capital Appropriations   | 100,305.60           | 7,600.00  | 107,905.60           | 621,914.98             | (514,009.38)                         | -476.35% |
| Total Expenditures   | 864,321.20           |           | 864,321.20           | 1,226,754.09           | (362,432.89)                         | -41.93%  |
| Other Financing Sources (Uses)   |                      |           |                      |                        |                                      |          |
| Debt Service:  |                      |           |                      |                        |                                      |          |
| Intergovernmental Loans:   |                      |           |                      |                        |                                      |          |
| Principal  | (88,370.00)          |           | (88,370.00)          | (88,370.00)            |                                      |          |
| Interest   | (14,767.00)          |           | (14,767.00)          | (14,767.00)            |                                      |          |
| Capital Leases:  |                      |           |                      |                        |                                      |          |
| Principal  | (8,998.30)           |           | (8,998.30)           | (8,998.30)             |                                      |          |
| Interest   | (585.51)             |           | (585.51)             | (584.89)               | (0.62)                               | 0.11%    |
| Capital Leases (non-budgeted)  |                      |           |                      | 599,100.00             | (599,100.00)                         |          |
| Total Other Financing Sources (Uses)   | (112,720.81)         |           | (112,720.81)         | 486,379.81             | (599,100.62)                         | 531.49%  |
| Excess (Deficiency) of Revenues and Other<br>Financing Sources Over (Under) Expenditures<br>and Other Financing Uses | (69,022.01)          |           | (69,022.01)          | 205,045.77             | (199,267.68)                         |          |
| Fund Balances - January 1  | 933,767.24           |           | 933,767.24           | 933,767.24             |                                      |          |
| Fund Balances - December 31  | <u>\$ 864,745.23</u> |           | <u>\$ 864,745.23</u> | <u>\$ 1,138,813.01</u> | <u>\$ (199,267.68)</u>               |          |
| <b>Recapitulation:</b>   |                      |           |                      |                        |                                      |          |
| Unassigned   |                      |           |                      | \$ 929,535.80          |                                      |          |
| Restricted for:  |                      |           |                      |                        |                                      |          |
| Capital Projects   |                      |           |                      | 85,000.00              |                                      |          |
| Assigned:  |                      |           |                      |                        |                                      |          |
| Year-end Encumbrances  |                      |           |                      | 79,354.58              |                                      |          |
| Dedicated Penalties  |                      |           |                      | 4,922.63               |                                      |          |
| Designated for Subsequent Year's Expenditures  |                      |           |                      | 40,000.00              |                                      |          |
|  |                      |           |                      | <u>\$ 1,138,813.01</u> |                                      |          |

MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
 FOR THE YEAR ENDED DECEMBER 31, 2014

| Description           | Date of Lease | Term of Lease | Amount of Original Issue |             | Amount Outstanding | Issued               | Retired             | Amount Outstanding   |
|-----------------------|---------------|---------------|--------------------------|-------------|--------------------|----------------------|---------------------|----------------------|
|                       |               |               | Principal                | Interest    | Jan. 1, 2014       |                      |                     | Dec. 31, 2014        |
| 2011 Ford F-350 (4WD) | 04/23/12      | 3 years       | \$ 27,030.60             | \$ 1,718.97 | \$ 8,998.30        |                      | \$ 8,998.30         |                      |
| 2015 Ford F-250       | 09/11/14      | 3 years       | 23,100.00                | 1,469.01    |                    | \$ 23,100.00         | 8,189.67            | \$ 14,910.33         |
| KME Pumper            | 12/10/14      | 10 years      | 576,000.00               | 95,118.90   |                    | 576,000.00           |                     | 576,000.00           |
|                       |               |               |                          |             | <u>\$ 8,998.30</u> | <u>\$ 599,100.00</u> | <u>\$ 17,187.97</u> | <u>\$ 590,910.33</u> |

MANTUA TOWNSHIP FIRE DISTRICT NO. 1  
 SCHEDULE OF SHARED SERVICE LOANS PAYABLE  
 FOR THE YEAR ENDED DECEMBER 31, 2014

| Description              | Date of Issue | Amount of Issue | Balance Jan. 1, 2014 | Decreased    | Balance Dec. 31, 2014 |
|--------------------------|---------------|-----------------|----------------------|--------------|-----------------------|
| Shared Service Agreement | 01/01/07      | \$ 1,045,000.00 | \$ 379,276.67        | \$ 88,370.00 | \$ 290,906.67         |

Schedule of Annual Loan Payments

| Year | Annual Principal | Annual Interest |
|------|------------------|-----------------|
| 2015 | \$ 73,420.00     | \$ 11,378.45    |
| 2016 | 73,420.00        | 8,493.68        |
| 2017 | 74,619.00        | 5,692.79        |
| 2018 | 30,620.00        | 2,724.09        |
| 2019 | 31,529.00        | 1,625.41        |
| 2020 | 2,430.00         | 346.70          |
| 2021 | 2,430.00         | 231.28          |
| 2022 | 2,438.67         | 115.85          |
|      | \$ 290,906.67    | \$ 30,608.25    |

## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for NJSA 40A:11-4**

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

The Fire District has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the calendar 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 and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 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 furnishings 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.

Our examination of expenditures did reveal individual payments, contracts or agreements in excess of the bid threshold "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 advertisements or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

## **OTHER COMMENTS**

### **Cash Management Program**

The Fire District has adopted a cash management plan. The Fire District deposits money in accordance with NJAC 5:31-3.1. The investment of Fire District funds is in interest bearing accounts and monthly cash management reports are prepared.

### **Accounting System**

A general ledger has been established by the Fire District and is working effectively.

### **Fixed Assets**

A fixed asset accounting and reporting system has been established by the Fire District and is working effectively.

### **Corrective Action Plan**

A corrective action plan was not required for the 2013 year audit.

## **STATUS OF PRIOR RECOMMENDATIONS**

**None**

## FINDINGS AND RECOMMENDATIONS

**2014-001 Finding:** A budgetary line item was over-expended.

**Recommendation:** The CFO ensure sufficient appropriations are available in budget line items, prior to expending funds.

### Acknowledgment

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252