

BOARD OF FIRE COMMISSIONERS
TOWNSHIP OF SOUTH BRUNSWICK
FIRE DISTRICT NO. 2

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2014

THE BOARD OF FIRE COMMISSIONERS OF FIRE DISTRICT NO. 2
TOWNSHIP OF SOUTH BRUNSWICK
AUDIT REPORT
DECEMBER 31, 2014

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INTRODUCTORY SECTION

ROSTER OF OFFICIALS

BOARD OF COMMISSIONERS

Charles Spahr	Chairman
Charles Smith	Vice Chairman
Thomas A. Young Jr.	Treasurer
Roger S. Potts	Secretary
Douglas Wolfe	Commissioner

OTHER OFFICIALS

Richard M. Braslow Esq.	Attorney
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SURETY BOND

Public Employee Dishonesty Coverage in the amount of \$1,000,000.00 per loss is provided by a Commercial Crime Policy issued by the Selective Insurance Company of America; excluded from coverage are any employees required by law to be individually bonded and, a treasurer or tax collector, by whatever name known.

FINANCIAL SECTION

JOHN J. MALEY, JR.

Certified Public Accountant

Registered Municipal Accountant

P.O. Box 614

BORDENTOWN, NEW JERSEY 08805

PHONE: (609) 298-8639

FAX: (609) 298-1198

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of South Brunswick Fire District No. 2
573 Ridge Road, PO Box 114
Monmouth Junction, New Jersey 08852

Report on the Financial Statements

I have audited the accompanying financial statement of the governmental activities and the general fund of Township of South Brunswick Fire District No. 2, County of Middlesex, State of New Jersey, as of December 31, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey. 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 mis-statement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of the Township of South Brunswick Fire District No. 2 as of December 31, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

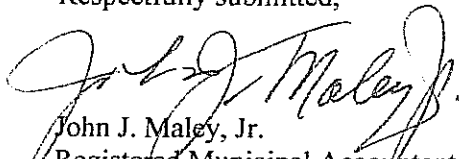
Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated May 29, 2015 on my consideration of the Township of South Brunswick Fire District No. 2's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

Respectfully submitted,


John J. Maley, Jr.
Registered Municipal Accountant
Certified Public Accountant

May 29, 2015

JOHN J. MALEY, JR.

Certified Public Accountant

Registered Municipal Accountant

P.O. Box 614

BORDENTOWN, NEW JERSEY 08505

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

Board of Fire Commissioners
Township of South Brunswick Fire District No. 2
573 Ridge Road, PO Box 114
Monmouth Junction, New Jersey 08852

I have audited in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of South Brunswick Fire District No. 2, in the County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2014, and related notes to the financial statements, which collectively comprise the Township of South Brunswick Fire District No. 2's financial statements, and have issued my report thereon dated May 29, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Township of South Brunswick Fire District No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the South Brunswick Township Fire District No. 2's internal control. Accordingly, I do not express an opinion on the effectiveness of the South Brunswick Township Fire District No. 2's internal control.

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

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

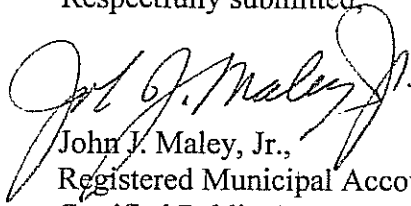
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of South Brunswick Fire District No. 2's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



John J. Maley, Jr.,
Registered Municipal Accountant No. 218
Certified Public Accountant

May 29, 2015

REQUIRED SUPPLEMENTAL INFORMATION - PART I

TOWNSHIP OF SOUTH BRUNSWICK FIRE DISTRICT NO. 2

MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the Township of South Brunswick's Fire District No. 2 (the "District") annual financial report presents a discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Total assets were \$4,042,382, total deferred outflows of resources were \$2,927, and total liabilities were \$439,799 resulting in net position of \$3,605,510 at December 31, 2014.

The Fire district's unrestricted net position was \$405,942 for the year ended December 31, 2014.

Operating revenue was \$878,422 for the year ended December 31, 2014.

Operating expenses were \$874,059 for the year ended December 31, 2014. The single largest expense, excluding debt service, was payments for salaries and wages, which were \$137,942.

Outstanding debt decreased by \$172,045 during 2014. Total outstanding debt was \$367,625 at December 31, 2014.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Fire District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire District's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting, and, for the governmental funds, using the modified accrual basis of accounting. The combined financial statement, Governmental Funds Balance Sheet/Statement of Net Position includes a column to report governmental funds, a conversion column and a column to report Net Position.

The combined financial statement, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position also includes columns to report governmental funds, conversion transactions and the Statement of Activity.

TOWNSHIP OF SOUTH BRUNSWICK FIRE DISTRICT NO. 2

MANAGEMENTS DISCUSSION AND ANALYSIS

Overview of Annual Financial Report (Continued)

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

Financial Analysis of the Fire District

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Position – Table 1 summarizes the changes in net position between December 31, 2014 and 2013:

Table 1

Condensed Summary of Net Position

<u>Years Ended December 31,</u>	<u>2014</u>	<u>2013</u>	<u>Increase / Decrease</u>
Assets:			
Current Assets	853,302	909,127	(55,825)
Capital Assets	3,189,080	3,307,159	(118,079)
Total Assets	<u>4,042,382</u>	<u>4,216,286</u>	<u>(173,904)</u>
Deferred Outflows of Resources:			
Unamortized Charge on 2006 Refunding Bonds	2,927	5,839	(2,912)
Total Deferred Outflows of Resources	<u>2,927</u>	<u>5,839</u>	<u>(2,912)</u>
Liabilities:			
Current Liabilities	72,174	81,308	(9,134)
Non-Current Liabilities	367,625	539,670	(172,045)
Total Liabilities	<u>439,799</u>	<u>620,978</u>	<u>(181,179)</u>
Net Position:			
Invested in Capital Assets	2,821,455	2,767,489	53,966
Unrestricted - Capital Projects	284,795	231,633	53,162
Restricted - Appropriation Reserves	108,618	175,255	(66,637)
Unrestricted	390,642	426,770	(36,128)
Total Net Position	<u>3,605,510</u>	<u>3,601,147</u>	<u>4,363</u>
Total Liabilities and Net Position	<u>4,045,309</u>	<u>4,222,125</u>	<u>(176,816)</u>

TOWNSHIP OF SOUTH BRUNSWICK FIRE DISTRICT NO. 2
MANAGEMENTS DISCUSSION AND ANALYSIS

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position between fiscal years December 31, 2014 and 2013.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

Operating Revenues:			
District Taxes	853,602	828,865	24,737
Supplemental Fire Services	5,380	5,380	-
Firefighter Assistance Grant	8,124	185,797	(177,673)
Other	<u>11,316</u>	<u>26,449</u>	<u>(15,133)</u>
Total Revenues	<u>878,422</u>	<u>1,046,491</u>	<u>(168,069)</u>
<u>Expenses</u>			
Operating Expenses:			
Salaries & Wages	137,942	136,974	968
Other Expenses	525,444	446,828	78,616
Debt Service			
Interest	24,616	32,112	(7,496)
Depreciation	<u>186,057</u>	<u>174,530</u>	<u>11,527</u>
Total Expenses	<u>874,059</u>	<u>790,444</u>	<u>83,615</u>
Change in Net Position	4,363	256,047	(251,684)
Total Net Position, Beginning of Year	<u>3,601,147</u>	<u>3,345,100</u>	<u>256,047</u>
Total Net Position, End of Year	<u><u>3,605,510</u></u>	<u><u>3,601,147</u></u>	<u><u>4,364</u></u>

The summary of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position.

The changes in net position from year to year increased due an excess of revenues over expenses.

TOWNSHIP OF SOUTH BRUNSWICK FIRE DISTRICT NO. 2

MANAGEMENTS DISCUSSION AND ANALYSIS

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2014 and 2013.

Table 3

Capital Assets - Net of Depreciation

Years ended December 31,	2014	2013	Increase / (Decrease)
Land	462,991	462,991	-
Apparatus	2,308,124	2,308,124	-
Fire Equipment	235,985	227,488	8,497
Leasehold Improvements	230,198	230,198	-
Vehicles	98,667	73,569	25,098
Office Equipment	51,656	51,656	-
Other Equipment	128,781	120,453	8,328
Building	2,280,547	2,280,547	-
Construction in Progress	-	-	-
Total Capital Assets	5,796,950	5,755,026	41,924
Less: Accumulated Depreciation	2,607,870	2,447,867	160,003
Total Capital Assets, Net of Depreciation	3,189,080	3,307,159	(118,079)

The District's net investment in capital assets decreased due to depreciation expense.

Debt Outstanding

The Fire District's long-term debt at December 31, 2014 was \$367,625, a decrease of \$172,045 when compared to the \$539,670 at December 31, 2013. Principal payments on the outstanding debt are due annually with final maturity August 1, 2016. Additional information on the Fire District's long-term debt can be found in Note 4 in the financial statements.

Next Year's Budget

The District adopted a \$1,149,129 budget for 2015, an increase of \$76,471 when compared to 2014. Fund Balance utilized in 2015 increased by \$29,375. Capital appropriations increased by \$45,000. The Tax Levy increased \$47,116 over 2014.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Fire District in writing, at Ridge Road, P.O. Box 114, Monmouth Junction, New Jersey 08852 or the South Brunswick Township Clerk by telephone at (732) 329-4000.

BASIC FINANCIAL STATEMENTS

Township of South Brunswick Fire District No. 2
Governmental Funds Balance Sheet/Statement of Net Position
For the Year Ended December 31, 2014

	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Below)	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 568,506.62	\$ 284,794.71	\$ 853,301.33	\$ -	\$ 853,301.33
Interfund Receivable	-	-	-	-	-
Capital assets Net of Depreciation	-	-	-	3,189,080.40	3,189,080.40
Total assets	<u>568,506.62</u>	<u>284,794.71</u>	<u>853,301.33</u>	<u>3,189,080.40</u>	<u>4,042,381.73</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized Charge on 2006 Refunding Bonds	-	-	-	2,927.00	2,927.00
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,927.00</u>	<u>2,927.00</u>
LIABILITIES					
Accounts payable	61,278.88	-	61,278.88	-	61,278.88
Grant Advance - SFSP	5,380.00	-	5,380.00	-	5,380.00
Interfund Payable	-	-	-	-	-
Accrued Interest Payable	-	-	-	5,514.85	5,514.85
Noncurrent Liabilities	-	-	-	-	-
Due Within One Year	-	-	-	179,969.38	179,969.38
Due Beyond One Year	-	-	-	187,655.50	187,655.50
Total liabilities	<u>66,658.88</u>	<u>-</u>	<u>66,658.88</u>	<u>373,139.73</u>	<u>439,798.61</u>
FUND BALANCES					
Restricted:					
For Appropriation Reserves	108,618.24	-	108,618.24	(108,618.24)	-
Committed:					
For Future Capital Outlay	-	204,794.71	204,794.71	(204,794.71)	-
Assigned:					
For Encumbrances	89,735.85	-	89,735.85	(89,735.85)	-
Designated for Subsequent Year Expenditures	162,881.00	80,000.00	242,881.00	-	-
Unassigned	140,612.65	-	140,612.65	(140,612.65)	-
Total Fund balances	<u>501,847.74</u>	<u>284,794.71</u>	<u>786,642.45</u>	<u>(786,642.45)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 568,506.62</u>	<u>\$ 284,794.71</u>			
NET POSITION					
Invested in capital assets, net of related debt				2,821,455.52	2,821,455.52
Restricted - Appropriation Reserves				108,618.24	108,618.24
Unrestricted				390,641.65	390,641.65
Unrestricted - Capital Projects				284,794.71	284,794.71
Total Net Position				<u>\$ 3,605,510.12</u>	<u>\$ 3,605,510.12</u>
ADJUSTMENTS					
Amounts reported for governmental activities in the statement of net position (Above) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 5,796,950.21 and the accumulated depreciation is \$ 2,607,869.81. (See Note 3)					
			3,189,080.40		
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 4)					
Bonds Payable			(367,624.83)		
Interfunds are reported in the funds but are not recognized in the statement of net position.					
Interfunds Payable		-			
Interfunds Receivable		-			
Deferred Charge on 2006 Refunding Bonds(amortized as interest expense)		29,126.00			
Less: Accumulated Amortization		<u>(26,199.00)</u>			
			2,927.00		
Accrued interest payable is not due and payable in the current period and therefore is not reported as a liability in the funds.					
			(5,514.85)		
Net position of governmental activities				<u>\$ 3,605,510.12</u>	

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

Towship of South Brunswick Fire District No. 2
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2014

	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Below)	Statement of Activities
REVENUES					
Local Sources:					
District Taxes	\$ 853,602.00		\$ 853,602.00		\$ 853,602.00
Federal Aid: Firefighter's Assistance Grant	8,124.00		8,124.00		8,124.00
State Sources:					
Supplemental Fire Services	5,380.00		5,380.00		5,380.00
Miscellaneous Revenues:					
Interest on Deposits and Investments	178.64	262.26	440.90		440.90
Other	10,874.86		10,874.86	-	10,874.86
Total Revenues	878,159.50	262.26	878,421.76	-	878,421.76
EXPENDITURES / EXPENSES					
Administration	29,042.12		29,042.12		29,042.12
Cost of Operations & Maintenance	623,743.72		623,743.72		623,743.72
First Aid Squad	10,600.00		10,600.00		10,600.00
Capital Outlay	45,877.50	22,100.75	67,978.25	(67,978.25)	-
Debt service					
Principle	172,044.86		172,044.86	(172,044.86)	-
Interest	24,285.14		24,285.14	(2,580.67)	21,704.47
Interest - Amortization of Charge on 2006 Refunding				2,912.00	2,912.00
Depreciation			-	186,056.51	186,056.51
Total Expenditures/Expense	905,593.34	22,100.75	927,694.09	(53,635.27)	874,058.82
Excess (Deficiency) of revenues over expenditures	(27,433.84)	(21,838.49)	(49,272.33)	53,635.27	4,362.94
OTHER FINANCING SOURCES (USES)					
Transfers	(75,000.00)	75,000.00	-	-	-
Total Other Financing Sources and (Uses)	(75,000.00)	75,000.00	-	-	-
Change in Fund Balance	(102,433.84)	53,161.51	(49,272.33)	49,272.33	
Change in Net Position				4,362.94	4,362.94
Fund Balances/Net Position					
Beginning of the Year	604,281.58	231,633.20	835,914.78	-	3,601,147.18
End of the Year	\$ 501,847.74	\$ 284,794.71	\$ 786,642.45	\$ -	\$ 3,605,510.12

ADJUSTMENTS

Total net change in fund balance - governmental funds (Above)	(49,272.33)
Repayment of bond principle and capital leases are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position and are not reported in the statement of activities.	
Bond Principle	172,044.86
Amortization of Deferred Charge on 2006 Refunding Bonds	(2,912.00)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.	2,580.67
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.	
Capital Outlays	67,978.25
Depreciation Expense	(186,056.51)
Change in net position of governmental activities	\$ 4,362.94

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

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Fire Commissioners (the "Board") of the Township of South Brunswick Fire District No. 2 (the "District") have been prepared in conformity with generally accepted accounting principles (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 District's accounting policies are described below.

The District is also reviewing the following recently issued GASB statements to assess the impact on the District financial statements:

GASB Statement 68 *Accounting and Financial Reporting for Pensions* replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this statement to impact its financial statement. This Statement is effective for financial statements beginning after June 15, 2014.

GASB Statement 70 *Accounting and Financial Reporting for Non Exchange Financial Guarantees*, this statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on that guarantee. The District does not expect this statement to impact its financial statements.

GASB Statement 71 *Pension Transition for Contributions made Subsequent to the measurement Date-An Amendment of GASB Statement No. 68*, this statement requires a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. The District is evaluating this Statement to determine its impact on the financial statements.

GASB Statement 72 *Fair Value Measurement and Application*, this statement requires investments to be measured at fair value. These assets were previously required to be measured at fair value. This Statement is effective for financial statements beginning after June 15, 2015. The District is evaluating this Statement to determine its impact on the financial statements

A. Reporting Entity

The District is an instrumentality of the State of New Jersey, established to provide fire protection to a specific area of South Brunswick Township. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basic Financial Statements – Statement of Net Position and Statement of Activities

The District's basic financial statements include columns to report government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) in lieu of separate financial statements.

In the combined Governmental Funds/Statement of Net Position and the combined Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities, the Statement of Net Position and the Statement of Activities columns, are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

C. Measurement of Focus, and Financial Statement Presentation

The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and are reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

In the combined financial statements, the Statement of Net Position column and of the Statement of Activities columns, financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The modified accruals basis of accounting is used for measuring financial position and operating results of all governmental fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on long-term debt which are recorded when due.

Property Taxes:

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to the district the entire balance of taxes in the amount voted upon or certified, prior to the

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes to the Financial Statements
December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

end of the calendar year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable"

D. Inventories and Prepaid Expenses

The cost of inventory items and prepaid expenses are recorded as expenditures in the governmental fund types. In the enterprise fund, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

E. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Donated capital assets are valued at their estimated fair market value on the date received.

Capital assets are reflected as expenditures in the governmental fund. Capital outlays, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Depreciation of all assets is provided using the straight-line basis over the following estimated useful lives;

Building & Building Improvements	40 years
Fire Vehicles	20 years
Machinery and Equipment	5-10 years

F. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing issues. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes to the Financial Statements
December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net asset invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition construction or improvement of those assets. Assets restricted for capital projects include unexpended bond proceeds reduced by an equal amount of debt outstanding. Net asset are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

The term “enabling legislation” means legislation that authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes defined in the legislation. Legal enforceability means that the government can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Appropriation reserves represent unexpended balances of appropriations, except for amounts, which may be canceled by the governing body. Appropriation reserves are restricted, until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. In the statement of net position, appropriation reserves are legally imposed restrictions.

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes to the Financial Statements
December 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Board of Fire Commissioners. Those committed amounts cannot be used for any other purpose unless Board of Fire Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Fire Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Fire Commissioners or a District official delegated that authority by resolution or policy of the Board.

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared each year. The budgets are submitted to the Division of Local Government Services and are voted upon at the annual election on the third Saturday in February. Budgets are prepared in accordance with statute, which does not differ significantly from budgets prepared in accordance with GAAP. Limited budget amendments may be made during the last two months of the year with Board approval.

J. Encumbrances

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

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

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes to the Financial Statements
December 31, 2014

Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes amounts on deposit, certificates of deposit and short term investments with original maturities of three months or less.

Investments are stated at fair value.

New Jersey municipal units are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities, which may be purchased by New Jersey municipal units.

The District deposits its funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include Savings and Loan Institutions, banks (both State and National Banks) and savings banks where deposits of which are federally insured. All public depositories must pledge collateral, having a market value of 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories is available to pay the full amount of their deposits to the government units.

As of December 31, 2014, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Investments	Total
Demand Deposits	\$ 594,412	\$ -	\$ 594,412
State of New Jersey Cash Management Fund	258,889	-	258,889
	<u>\$ 853,301</u>	<u>\$ -</u>	<u>\$ 853,301</u>

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. The carrying amount of the District's deposits with financial institutions at December 31, 2014 was \$853,301 and the bank balance was \$856,110. The demand deposit bank balance of \$597,221 was fully covered by federal depository insurance and GUDPA. Deposits in the New Jersey Cash Management Fund at year end totaled \$258,889 and are not insured. The Fund is governed by regulations of the State Investment Council, which prescribes standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Other than the above interest bearing accounts, there was no investment activity during the year.

Interest Rate Risk, Credit Risk and Concentrations of Credit Risk – The District does not have a formal investment policy addressing categories of risk.

Note 3: CAPITAL ASSETS

The following is a summarization of the changes in capital assets by source for the year ended December 31, 2014:

	Primary Government		
	Balance 12/31/2013	Addition	Balance 12/31/2014
Land	462,991	-	462,991
Apparatus	2,308,125	-	2,308,125
Fire Equipment	227,487	8,498	235,985
Leasehold Improvements	230,198	-	230,198
Vehicles	73,569	45,878	98,668
Office Equipment	51,656	-	51,656
Other Equipment	120,453	13,603	128,781
Building	2,280,547	-	2,280,547
Total capital assets	5,755,026	67,979	5,796,951
Less Accumulated Depreciation	2,447,868	186,057	2,607,871
Capital assets, net	3,307,158	(118,078)	3,189,080

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 4: LONG-TERM DEBT

During the fiscal year ended December 31, 2014 the following changes occurred in liabilities reported in long-term debt:

2006 Refunding Bonds, dated August 1, 2006 in the amount \$1,517,375 due in annual installments through 2016 bearing an interest rate of 4.5%.

	Balance 12/31/2013	Increased	Retired	Balance 12/31/2014	Amount Due Within One Year
Serial Bonds	\$ 539,670	\$ -	\$ 172,045	\$ 367,625	\$ 179,969

Bonds are authorized in accordance with State law by the voters of the fire district through referendums. All bonds are retired in serial installments within the statutory period of usefulness.

Principal and interest due on serial bonds outstanding is as follows:

December 31,	Principal	Interest	Total
2015	179,969	16,544	196,513
2016	187,656	8,445	196,101
	\$ 367,625	\$ 24,989	\$ 392,614
Less:			
Current Portion	(179,969)		
Carrying Amount	\$ 187,656		

Note 5: DEFEASANCE OF DEBT

On August 1, 2006 the District issued Refunding Bonds of \$1,517,376 with an interest rate of 4.5% to refund all the outstanding 1996 Bonds with interest rates ranging from 3.9% to 6.5% by placing a portion of the 2006 bonds in an irrevocable trust with an escrow agent to provide for debt service payments on the remaining balance of the 1996 bonds. The refunding met the requirements of an in-substance debt defeasance and the remaining liability of \$1,450,000 of the 1996 Bonds is removed from the financial statements. The charge on the early retirement of debt (the difference between the book value of the refunded debt and the amount required to retire the debt) is deferred and amortized over the remaining life of the old debt using the straight-line method. The deferred charge totaled \$29,126. As a result of the refunding, the District reduced its total debt service requirements by \$50,454, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$49,616, equal to 3.422% of the refunded debt. The unamortized balance of the deferred charge is \$2,927 is reported as a deferred outflow of resources. Amortization for the year ended December 31, 2014 was \$2,912.

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 6: PENSION PLAN

The District, through an interlocal services agreement with the Township of South Brunswick, uses certain Township employees to provide fire services. The employees are paid and reported directly by the Township of South Brunswick and billed to the District.

Township Employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employee's Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These two plans are sponsored and administered by the State of New Jersey.

Public Employee's Retirement System (PERS), established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system.

Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Police and Firemen's Retirement System (PFRS) - established in June 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended State of New Jersey legislation. The various pension funds provide for employee contributions based on percentages ranging from 5.00 percent to 8.50 percent of employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both PERS and PFRS. The actuarially determined employer contribution includes funding for cost-of-living adjustments and non-contributory death benefits in the PERS and PFRS. In PERS, the employer contribution includes funding for post-retirement medical premiums. Pension contributions are paid by the Township of South Brunswick and billed to the District.

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 7: POST-EMPLOYMENT RETIREMENT BENEFITS

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The District adopted the provisions of Chapter 88, Public Laws of 1974 as amended by Chapter 436, P.L.1981 to permit local public employers to pay the premium charges for certain eligible pensioners and their dependents and to pay medicare charges for such retirees and their spouses covered by the New Jersey Health Benefits Program through the inter-local service agreement with the Township of South Brunswick.

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/gasb-43-sept2008.pdf

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

Contributions to pay for the health premiums of participating retirees in the SHBP will be billed to The Township of South Brunswick on a monthly basis. As a participating employer the District will pay and remit to the State Treasury contributions to cover the full cost of premiums for eligible pensioners on a basis comparable to the reimbursement made by the State to its eligible pensioners and their spouses in accordance with provisions of Chapter 75, Public Laws of 1972.

The Township of South Brunswick reports to and remits required contributions to the State Health Benefits Program and bills the District for the District's cost in accordance with the interlocal service agreement. The District reimbursed the Township of South Brunswick \$12,303, \$12,422 and \$12,776 for post retirement health benefits for the years ended December 31, 2014, 2013 and 2012 for one retiree, equal to its required contribution.

Note 8: NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The District has elected to cover its employees under the New Jersey Unemployment Trust Fund by the "contributions" method. Under this method, a contribution rate is established annually for the Fire District share of unemployment tax. This rate is based on cost experience for all government employers.

The Board of Commissioners of Fire District No. 2
Township of South Brunswick
Notes To The Financial Statements
December 31, 2014

Note 9: FUND BALANCE

General Fund:

The fund balance at December 31, 2014 totaled \$501,848 of which \$140,613 is unassigned, \$162,881 is assigned and included as anticipated revenue in the 2015 budget, and \$89,736 is assigned for encumbrances. The balance of \$108,618 is restricted for appropriation reserves.

Capital Project Fund:

The capital project fund balance at December 31, 2014 totaled \$284,795 of which \$204,794 is committed for future capital outlay and \$80,000 is assigned and included as anticipated revenue in the 2015 budget.

Note 10: LOSAP

A Length of Service Awards Program (LOSAP) is a benefits package permitted for volunteer fire fighters. The program permits the Board to invest sums of money that the volunteers will receive in the form of an annuity at some future date. The program is strictly regulated by state statute and requires voter approval. Lincoln Financial Services has been designated as the LOSAP provider. For 2014 and 2013, \$41,300 and \$42,198 respectively in contributions were earned by the participating volunteer firefighters.

Note 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for property, liability, and surety bonds.

Property and Liability Insurance - The District maintains commercial insurance for property, liability, and surety bonds.

Note 12: EMERGENCY APPROPRIATION

An emergency pursuant to N.J.S.A. 40A:14-78.11 was approved by the Board on July 21, 2015 and approved by the Township governing body on August 26, 2015 amounting to \$20,000 for repairs and maintenance. The total amount of the emergency was provided for in the 2015 budget in accordance with N.J.S.A. 40A:14-78.14.

REQUIRED SUPPLEMENTAL INFORMATION - PART II

Township of South Brunswick Fire District No. 2
Budgetary Comparison Schedule
General Fund
For the Years Ended December 31, 2014 and December 31, 2013
Statutory Basis

	2014			2013		
	Amended Budget	Actual	Variance Favorable/ (Unfavorable)	Amended Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance	\$ 188,506.00	\$ 188,506.00	\$ -	\$ 186,154.00	\$ 186,154.00	\$ -
Local Sources:						
District Taxes	853,602.00	853,602.00	-	828,865.00	828,865.00	-
Other Grant & Entitlements	5,380.00	13,504.00	8,124.00	236,814.00	191,177.00	(45,637.00)
Interest on Deposits & Investments	170.00	178.64	8.64	160.00	180.09	20.09
Proceeds/Gain on Sale	-	-	-	-	-	-
Miscellaneous Revenues	-	10,874.86	10,874.86	-	25,943.00	25,943.00
Total Revenues	\$ 1,047,658.00	\$ 1,066,665.50	\$ 19,007.50	\$ 1,251,993.00	\$ 1,232,319.09	\$ (19,673.91)
Expenditures:						
Administration						
Elections	700.00	358.08	341.92	700.00	326.96	373.04
Office Supplies	3,600.00	3,091.21	508.79	3,600.00	1,960.39	1,639.61
Professional Services	30,000.00	22,328.00	7,672.00	40,000.00	27,774.11	12,225.89
Membership Dues & Subscriptions	500.00	372.00	128.00	500.00	364.00	136.00
Travel	1,000.00	-	1,000.00	1,000.00	-	1,000.00
Outside Services	1,000.00	741.45	258.55	600.00	233.16	366.84
Total Administration	36,800.00	26,890.74	9,909.26	46,400.00	30,658.62	15,741.38
Cost of Operations & Maintenance						
Salaries & Wages						
Commissioners	16,975.00	16,788.45	186.55	16,625.00	16,625.00	-
Paid Positions	125,520.00	121,153.25	4,366.75	150,300.00	120,348.56	29,951.44
Total Salaries & Wages	142,495.00	137,941.70	4,553.30	166,925.00	136,973.56	29,951.44
Fringe Benefits	73,959.00	67,227.67	6,731.33	81,288.00	67,992.00	13,296.00
Fringe Benefits - Insurance	37,900.00	37,155.71	744.29	35,200.00	32,105.36	3,094.64
Total Fringe Benefits	111,859.00	104,383.38	7,475.62	116,488.00	100,097.36	16,390.64
Other Expenses						
Advertising	500.00	393.36	106.64	500.00	264.51	235.49
Operations Insurance	30,000.00	27,310.31	2,689.69	30,000.00	26,842.13	3,158.87
Maintenance & Repair (Emergency \$20,000)	96,700.00	91,684.03	5,015.97	48,700.00	27,481.97	21,218.03
Membership & Dues	500.00	195.00	305.00	500.00	145.95	354.05
Supplies Expense	14,000.00	9,219.51	4,780.49	10,000.00	7,043.94	2,956.06
Training & Education	9,000.00	7,575.94	1,424.06	6,500.00	5,419.60	1,080.40
Uniforms	34,200.00	29,159.08	5,040.92	19,200.00	17,240.00	1,960.00
Utilities	47,950.00	42,660.17	5,289.83	47,950.00	40,096.65	7,853.35
Reimbursement of Expense	10,900.00	7,800.00	3,100.00	8,900.00	7,500.00	1,400.00
Promotion	3,500.00	-	3,500.00	3,500.00	1,606.94	1,893.06
Facilities Expense	86,555.00	74,735.56	11,819.44	72,300.00	59,109.39	13,190.61
Nonbondable Assets	51,000.00	34,480.98	16,519.02	96,350.00	85,633.39	10,716.61
Contractual - Volunteer Fire Company	36,000.00	36,000.00	-	33,250.00	33,250.00	-
SFSP & Other Grants	5,380.00	5,380.00	-	236,814.00	199,301.00	37,513.00
Length of Service Awards Program	53,088.00	41,300.00	11,788.00	51,840.00	42,198.00	9,642.00
Total Other Expenses	479,273.00	407,893.94	71,379.06	666,304.00	553,133.47	113,171.53
Total Cost of Operations	733,627.00	650,219.02	83,407.98	949,717.00	790,204.39	159,513.61
Debt Service						
Bond - Principal	172,045.00	172,044.86	0.14	163,819.00	163,818.04	0.96
Bond - Interest	24,286.00	24,285.14	0.86	31,657.00	31,656.96	0.04
Total Debt Service	196,331.00	196,330.00	1.00	195,476.00	195,475.00	1.00

Township of South Brunswick Fire District No. 2
 Budgetary Comparison Schedule
 General Fund
 For the Years Ended December 31, 2014 and December 31, 2013
 Statutory Basis

	2014			2013		
	Amended Budget	Actual	Variance Favorable/ (Unfavorable)	Amended Budget	Actual	Variance Favorable/ (Unfavorable)
Capital Appropriations						
Reserve for Future Capital Outlays	75,000.00	75,000.00	-	65,300.00	65,300.00	-
Deferred Charges	15,300.00	-	15,300.00			
Total Capital Appropriations	90,300.00	75,000.00	-	65,300.00	65,300.00	-
Aid to First Aid Squad	10,600.00	10,600.00	-	10,400.00	10,400.00	-
Total Expenditures	1,067,658.00	959,039.76	108,618.24	1,267,293.00	1,092,038.01	175,255.99
Adopted Budget	1,047,658.00			1,251,993.00		
Emergency Appropriations	20,000.00			15,300.00		
	<u>1,067,658.00</u>			<u>1,267,293.00</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000.00)	107,625.74	127,625.74	(15,300.00)	140,281.08	155,582.08
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (20,000.00)	\$ 107,625.74	\$ 127,625.74	\$ (15,300.00)	\$ 140,281.08	\$ 155,582.08
Reconciliation to GAAP Basis:						
Excess from above- Budgetary Basis		107,625.74			140,281.08	
Fund Balance		(188,506.00)			(186,154.00)	
Current Year Encumbrances		89,735.85			112,613.93	
Prior Year Encumbrances		(111,289.43)			(65,168.82)	
Change in Fund Balance						
Exhibit A-2 (GAAP)		<u>\$ (102,433.84)</u>			<u>\$ 1,572.19</u>	

Statement of 2013 Appropriation Reserves

Balance - December 31, 2013	\$ -
Encumbered	112,613.93
Reserved	<u>62,642.06</u>
	175,255.99
Decreased by:	
Paid in 2014	111,289.43
Lapsed and transferred to Unassigned Fund Balance	<u>63,966.56</u>
Balance - December 31, 2014	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

Township of South Brunswick Fire District No. 2
General Fund
Comparative Balance Sheet
As of December 31, 2014 and 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 568,506.62	\$ 692,794.11
Total Assets	<u>568,506.62</u>	<u>692,794.11</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	61,278.88	67,832.53
Interfund Payable	-	15,300.00
State Aid - SFSP	<u>5,380.00</u>	<u>5,380.00</u>
Total Liabilities	<u>66,658.88</u>	<u>88,512.53</u>
Fund Balance:		
Restricted:		
For Appropriation Reserves	108,618.24	175,254.99
Assigned:		
For Encumbrances	89,735.85	112,613.93
Designated for Subsequent Year Expenditures	162,881.00	188,506.00
Unassigned	<u>140,612.65</u>	<u>127,906.66</u>
Total Fund Balance	<u>501,847.74</u>	<u>604,281.58</u>
Total Liabilities and Fund Balance	<u>\$ 568,506.62</u>	<u>\$ 692,794.11</u>

Township of South Brunswick Fire District No. 2
General Fund
Comparative Statement of Revenues, Expenditures, and
Changes in Fund Balance
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>REVENUES:</u>		
District Taxes	\$ 853,602.00	\$ 828,865.00
Federal Aid - Firefighters Assistance Grant	8,124.00	185,797.00
State Aid - SFSP	5,380.00	5,380.00
Interest on Deposits & Investments	178.64	180.09
Miscellaneous Revenues	<u>10,874.86</u>	<u>25,943.00</u>
Total Revenues	<u>878,159.50</u>	<u>1,046,165.09</u>
<u>EXPENDITURES:</u>		
Operating Appropriations		
Administration	29,042.12	27,112.86
Cost of Operations & Maintenance	623,743.72	546,289.04
First Aid Squad	10,600.00	10,400.00
Capital Outlay	45,877.50	200,016.00
Debt Service		
Principle	172,044.86	163,818.04
Interest	<u>24,285.14</u>	<u>31,656.96</u>
Total Expenditures	<u>905,593.34</u>	<u>979,292.90</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(27,433.84)</u>	<u>66,872.19</u>
Other Financing Sources (Uses):		
Transfer - Reserve for Future Capital Outlays	<u>(75,000.00)</u>	<u>(65,300.00)</u>
Total Other Financing Sources (Uses)	<u>(75,000.00)</u>	<u>(65,300.00)</u>
Net Change in Fund Balance	(102,433.84)	1,572.19
Fund Balance, January 1	<u>604,281.58</u>	<u>602,709.39</u>
Fund Balance, December 31	<u>\$ 501,847.74</u>	<u>\$ 604,281.58</u>

**Township of South Brunswick Fire District No. 2
Capital Projects Fund
Comparative Balance Sheet
As of December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 284,794.71	\$ 216,333.20
Due from General Fund	<u>-</u>	<u>15,300.00</u>
 Total Assets	 <u><u>\$ 284,794.71</u></u>	 <u><u>\$ 231,633.20</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Fund Balances:		
Committed		
For Future Capital Outlay	204,794.71	206,633.20
Assigned:		
Designated for Subsequent Year's Expenditures	<u>80,000.00</u>	<u>25,000.00</u>
 Total Fund Balances	 <u><u>284,794.71</u></u>	 <u><u>231,633.20</u></u>
 Total Liabilities and Fund Balances	 <u><u>\$ 284,794.71</u></u>	 <u><u>\$ 231,633.20</u></u>

Township of South Brunswick Fire District No. 2
Capital Project Fund
Comparative Statement of Revenues, Expenditures, and
Changes in Fund Balance
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>REVENUES:</u>		
Interest on Deposits & Investments	\$ 262.26	\$ 325.61
	<u>262.26</u>	<u>325.61</u>
Total Revenues		
	<u>262.26</u>	<u>325.61</u>
<u>EXPENDITURES:</u>		
Capital Outlay		
Acquisition of Fire Apparatus	22,100.75	15,298.25
Other Equipment	-	-
	<u>22,100.75</u>	<u>15,298.25</u>
Total Expenditures		
	<u>22,100.75</u>	<u>15,298.25</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(21,838.49)</u>	<u>(14,972.64)</u>
Other Financing Sources (Uses):		
Transfer - Reserve for Future Capital Outlays	75,000.00	65,300.00
	<u>75,000.00</u>	<u>65,300.00</u>
Total Other Financing Sources (Uses)		
	<u>75,000.00</u>	<u>65,300.00</u>
Net Change in Fund Balance	53,161.51	50,327.36
Fund Balance, January 1	<u>231,633.20</u>	<u>181,305.84</u>
Fund Balance, December 31	<u>\$ 284,794.71</u>	<u>\$ 231,633.20</u>

Township of South Brunswick Fire District No. 2
 Budgetary Comparison Schedule
 Capital Project Fund
 For the Years Ended December 31, 2014 and 2013
 Statutory Basis

	2014			2013		
	Amended Budget	Actual	Variance Favorable/ (Unfavorable)	Amended Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -
Interest on Deposits & Investments	-	262.26	262.26	-	325.61	325.61
						-
Total Revenues	\$ 25,000.00	\$ 25,262.26	\$ 262.26	\$ -	\$ 325.61	\$ 325.61
Expenditures:						
Capital Outlay						
Acquisition of Fire Apparatus	25,000.00	22,100.75	2,899.25	15,300.00	15,298.25	1.75
Total Capital Outlay	25,000.00	22,100.75	2,899.25	15,300.00	15,298.25	1.75
Total Expenditures	25,000.00	22,100.75	2,899.25	15,300.00	15,298.25	1.75
Other Financing Sources:						
Transfers from General Fund	75,000.00	75,000.00	-	65,300.00	65,300.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	78,161.51	(2,636.99)	50,000.00	50,327.36	323.86
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 78,161.51	\$ (2,636.99)	\$ 50,000.00	\$ 50,327.36	\$ 323.86
Reconciliation to GAAP Basis:						
Excess from above- Budgetary Basis		78,161.51			50,327.36	
Fund Balance		(25,000.00)			-	
Change in Fund Balance						
Exhibit A-2 (GAAP)	\$	53,161.51		\$	50,327.36	

Township of South Brunswick Fire District No. 2
Long-Term Debt
Statement of Serial Bonds Payable
December 31, 2014

Issue	Annual Maturities		Interest Rate	Balance		Retired	Balance Dec. 31, 2014
	Date	Amount		Dec. 31, 2013	Issued		
Construction of New Fire Station							
Date 8/1/96							
Refunded 08/18/2006							
Dated 08/01/06	8/1/2014	172,044.86	4.50%				
	8/1/2015	179,969.38	4.50%				
	8/1/2016	187,655.50	4.50%				
				539,669.74	-	172,044.86	367,624.88
				<u>\$ 539,669.74</u>	<u>\$ -</u>	<u>\$ 172,044.86</u>	<u>\$ 367,624.88</u>

Township of South Brunswick Fire District No. 2
Capital Assets
Comparative Balance Sheet
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land	\$ 462,991.43	\$ 462,991.43
Apparatus	2,308,124.44	2,308,124.44
Fire Equipment	235,985.30	227,487.55
Leasehold Improvements	230,198.06	230,198.06
Vehicles	98,667.50	73,569.00
Office Equipment	51,655.99	51,655.99
Other Equipment	128,780.76	120,452.76
Building	<u>2,280,546.73</u>	<u>2,280,546.73</u>
 Total Assets	 <u><u>\$ 5,796,950.21</u></u>	 <u><u>\$ 5,755,025.96</u></u>
 Investment in General Fixed Assets	 <u><u>\$ 5,796,950.21</u></u>	 <u><u>\$ 5,755,025.96</u></u>

STATISTICAL SECTION

**Board of Fire Commissioners
Township of South Brunswick Fire District No. 2
Statistical Information
December 31, 2014**

Property Tax Levies

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding nine years.

Year	Assessed Valuation	Total Tax Levy	Property Tax Rates
2014	\$ 2,047,715,684	\$ 853,602	0.042
2013	2,037,607,215	828,865	0.041
2012	2,036,843,153	828,865	0.041
2011	2,117,026,743	828,865	0.040
2010	2,257,099,037	839,715	0.038
2009	2,318,322,526	799,750	0.035
2008	2,286,855,602	792,750	0.035
2007	2,295,814,064	785,232	0.035
2006	2,239,061,803	660,000	0.030
2005	2,194,991,652	653,700	0.030
2004	2,214,736,754	660,000	0.030

Unrestricted Fund Balance

General Fund:

Fiscal Year Ended	End of Fiscal Year	Utilization In Subsequent Budget
2014	\$ 408,530	\$ 162,881
2013	429,027	188,506
2012	438,545	186,154
2011	404,677	163,555
2010	349,936	169,208
2009	277,412	104,649
2008	378,141	263,075
2007	334,689	181,895
2006	320,322	119,569
2005	245,920	123,543
2004	338,240	92,173

Capital Projects Fund:

Fiscal Year Ended	End of Fiscal Year	Utilization In Subsequent Budget
2014	\$ 284,795	\$ 80,000
2013	231,633	25,000
2012	181,306	-
2011	130,995	-
2010	80,822	-
2009	42,706	39,332
2008	475,254	473,600
2007	291,686	-
2006	148,564	-
2005	336,740	225,000

OTHER

TOWNSHIP OF SOUTH BRUNSWICK FIRE DISTRICT NO. 2

FINDINGS AND RESPONSES

DECEMBER 31, 2014

I have audited the financial statements of the South Brunswick Fire District No. 2 as of and for the year ended December 31, 2014. In accordance with the requirements of *Government Auditing Standards* and with audit requirement prescribe by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, I present for your review and consideration the following:

There are no current year findings.

Summary of Prior of Year Findings/Recommendations

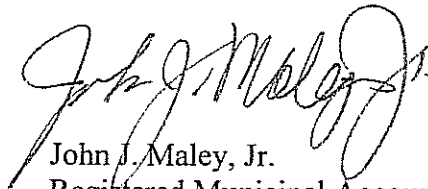
A corrective action plan was adopted and the plan was effectively implemented.

Acknowledgment

I desire to express my appreciation of the assistance and courtesies rendered by the District officials and employees during the course of the audit.

Should you have any questions concerning my comments or recommendations, or should you desire any assistance in implementing my recommendations, please call me.

Respectfully submitted,



John J. Maley, Jr.
Registered Municipal Accountant No.218
Certified Public Accountant

May 29, 2015

