

**WESTVILLE FIRE DISTRICT NO. 1  
WESTVILLE, NEW JERSEY**

***REPORT OF AUDIT  
For the Year Ended December 31, 2014***

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## **Introductory Section**

**WESTVILLE FIRE DISTRICT NO. 1  
OFFICIALS IN OFFICE AND SURETY BONDS  
December 31, 2014**

	<u>Amount Of Surety Bond</u>
<b>Board of Commissioners</b>	
Fritz Sims - Chairman/Treasurer	\$ 15,000.00
Bruce Nurdaby - Vice Chairman	
Deborah Holick - Secretary	
William Packer - Commissioner (To 3/11/15)	
Bryan Miller - Commissioner	
Richard Moon - Commissioner (From 3/11/15)	

**Other Officials**

Gary D. Thompson, Esquire - Solicitor  
Charles Murtaugh - Administrator  
Eric Farley - Fire Chief  
James Tucker - Fire Safety Official

**Surety Company**

Western Surety Company

The Board also has a blanket bond in the amount of \$100,000.00 covering all employees of the District.

## **Financial Section**

**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED  
BY REQUIRED SUPPLEMENTARY INFORMATION - GOVERNMENTAL ENTITY**

**Independent Auditor's Report**

Honorable Chairman and Members  
of the Board of Fire Commissioners  
Westville Fire District No. 1  
Westville, New Jersey

**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 Westville Fire District No. 1, County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2014, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 judgement, 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 Fire 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 Fire District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District as of December 31, 2014, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2015 on our consideration of the Fire District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP

July 10, 2015



**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**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified,  
Reportable Instances of Noncompliance or Other Matters Identified)**

**Independent Auditor's Report**

Honorable Chairman and Members  
of the Board of Fire Commissioners  
Westville Fire District No. 1  
Westville, New Jersey

We have audited the financial statements of the Westville Fire District No. 1, County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2014, and have issued our report thereon dated July 10, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with audit requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

**Internal Control Over Financial Reporting**

The Fire District is responsible for establishing and maintaining effective internal controls over financial reporting.

In planning and performing our audit, we considered the Fire's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control over financial reporting.

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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fire District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fire's financial statements that is more than inconsequential will not be prevented or detected by the Fire District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fire District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Westville Fire District No. 1's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations as item 2004-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey, which are described in the schedule of findings and recommendations as item 2004-1.

This report is intended for the information of the Westville Fire District No. 1, its management, and appropriate state agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

**BALL, BUCKLEY & SEHER, LLP**

July 10, 2015

***Required Supplementary Information - Part I***

**WESTVILLE FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR DECEMBER 31, 2014  
(UNAUDITED)**

As management of the Westville Fire District No. 1 (Fire District), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ending December 31, 2014. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should read it in conjunction with the notes to the financial statements and the financial statements to enhance their understanding of the Fire District's financial performance.

**Financial Highlights**

- The assets of the Fire District exceeded its liabilities at the close of the most recent year by \$1,092,427.84 (net assets).
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$480,648.17, an increase of \$102,055.74 in comparison with the prior year. The increase in fund balance was the result of realized revenues exceeding the budgetary expenditures of the Fire District. The Fire District also contributed an additional \$65,000.00 to a fund which will offset future capital acquisitions. The Fire District's 2014 budget anticipated \$314,816.00 to balance the 2014 budget.
- At the end of the current year, the fund balance for the general fund was \$130,180.19, an increase of \$23,645.42 or 22.91% over the prior year. It was comprised of \$19,816.00 reserved for subsequent years expenditures and \$110,364.19 unreserved.
- At the end of the current year, the fund balance for the special revenue fund was \$28,111.93, an increase of \$13,410.30 or 91.21% over the prior year. The amount was the result of failure to obtain the FEMA grant in 2013 and 2014 and the balance is the result of unexpended funds in 2013 and 2014 for supplement fire service grants.
- At the end of the current year, the fund balance for the capital projects fund was \$309,824.00, an increase of \$65,000.00 or 26.09% over the prior year. The entire fund balance is reserved for the future acquisition of capital equipment. The increase is the result of the 2014 budget appropriation of \$65,000.00 into the reserve fund. The District anticipated \$295,000.00 in the 2015 budget for the down payment on a new aerial apparatus.
- At the end of the current year, the fund balance for the debt service fund was \$12,532.05, an increase of \$0.02 or 0.00% over the prior year. The increase was the result of unexpended balance of appropriations.
- The total debt of the Fire District decreased by \$15,778.23 as a result of capital lease payments in the 2014 budget.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Fire District's financial statements. The Fire District's financial statements comprise of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**District-wide financial statements.** The *district-wide financial statements* are designed to provide readers with a broad overview of the Fire District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the Fire District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the Fire District changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. reserve for future post-retirement benefits).

Both of the district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include fire-fighting and emergency medical services that are provided to the citizens of the Fire District.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

**Governmental funds.** All of the Fire District's activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance fire-fighting services.

The Fire District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the capital projects fund, and the debt service fund.

The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

Also, the Fire District adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance with this budget.

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

**District-wide financial analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Fire District, assets exceeded liabilities by \$1,092,427.84 at the close of the most recent year.

The largest portion of the Fire District's net assets 56.07% reflects its investment in capital assets (i.e. vehicles and equipment). The Fire District uses these assets to provide fire-fighting services to the citizens of the Fire District. Consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Assets**

	<u>2014</u>	<u>2013</u>
Assets:		
Current and other assets	\$ 528,552.28	\$ 448,239.61
Capital assets	<u>628,908.64</u>	<u>734,578.11</u>
Total assets	<u>1,157,460.92</u>	<u>1,182,817.72</u>
Liabilities:		
Long-term liabilities outstanding	-	16,533.97
Other liabilities	<u>65,033.08</u>	<u>86,587.22</u>
Total liabilities	<u>65,033.08</u>	<u>103,121.19</u>
Net assets	<u>\$ 1,092,427.84</u>	<u>\$ 1,079,696.53</u>

	<u>2014</u>	<u>2013</u>
Analysis of net assets:		
Reserve for capital assets, net of related depreciation	\$ 612,373.67	\$ 702,264.91
Restricted:		
Encumbrances	-	6,000.00
Capital projects	14,824.00	244,824.00
Subsequent years expenditures	314,816.00	34,000.00
Unrestricted	<u>150,414.17</u>	<u>92,607.62</u>
Total net assets	<u>\$ 1,092,427.84</u>	<u>\$1,079,696.53</u>

An additional portion of the Fire District's net assets 23.87% represents resources that are subject to restrictions on how they may be used.

In total, assets of governmental activities increased by \$12,731.31 primarily due to reporting changes surrounding capital assets. For the year 2014, capital assets are now reported net of accumulated depreciation that as of December 31, 2014 was \$1,979,081.13.

**Governmental activities.** The statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

	<u>2014</u>	<u>2013</u>
Expenses:		
Operating expenses:		
Administration	\$ 76,026.83	\$ 82,307.14
Cost of operations and maintenance	261,570.49	277,308.51
Operating appropriations offset with revenues	70,116.42	57,953.18
Contribution to length of service awards program	18,103.60	18,221.24
Interest on long-term debt	980.94	2,319.97
Unallocated depreciation	<u>142,106.44</u>	<u>142,232.89</u>
Total program expenses	<u>568,904.72</u>	<u>580,342.93</u>
Revenues:		
Charges for services	(183,820.36)	(159,356.03)
Operating grants and contributions	<u>(1,764.00)</u>	<u>(427.72)</u>
Total program revenues	<u>(185,584.36)</u>	<u>(159,783.75)</u>
Net program expenses	<u>383,320.36</u>	<u>420,559.18</u>
General revenues:		
Taxes:		
Property taxes, levied for general purposes	348,366.00	265,815.00
Property taxes, levied to match grant funds	13,610.00	6,610.00
Property taxes, levied for debt service	17,326.00	56,884.00
Unrestricted interest earned	1,023.76	1,367.41
Interlocal services - emergency medical services	4,855.00	2,320.00
Donations	-	11,962.66
Sale of surplus equipment	7,050.00	-
J.I.F. dividend	2,739.43	3,166.20
Miscellaneous	<u>1,081.48</u>	<u>429.97</u>
Total general revenues	<u>396,051.67</u>	<u>348,555.24</u>

	2014	2013
Other adjustments to net assets:		
Prior year's accounts payable	\$ -.	\$ (1,800.89)
Total other adjustments to net assets	-	(1,800.89)
Increase (decrease) in net assets	12,731.31	(73,804.83)
Net assets - January 1	<u>1,079,696.53</u>	<u>1,153,501.36</u>
Net assets - December 31	<u>\$ 1,092,427.84</u>	<u>\$ 1,079,696.53</u>

Property taxes constituted 65.21% of revenues for governmental activities for the Fire District for the year 2014.

Cost of operations and maintenance comprises 45.98% of the Fire District's expenses, with administration comprising 13.36%, and other operating appropriations offset with revenues comprising 12.32%.

### Financial Analysis of the Governmental Funds

As stated earlier, the Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund.** The focus of the Fire District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fire District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the Fire District's governmental funds reported combined ending fund balances of \$480,648.17, an increase of \$102,055.74 in comparison with the prior year. The increase in fund balance was primarily due the result of appropriations to future capital asset acquisitions and the excess and/or deficiency in the 2014 operations.

Of the combined ending fund balances of \$480,648.17, unreserved undesignated fund balance constituted \$151,008.17. Unreserved designated fund balance for subsequent years expenditures is \$19,816.00 in the 2015 budget. The remaining fund balance of \$309,824.00 is reserved for future capital acquisitions or improvements; of this amount \$295,000.00 has been appropriated in the 2015 budget for the down payment on a new aerial apparatus.

The general fund is the main operating fund of the Fire District. At the end of the current year, unreserved fund balance of the general fund was \$130,180.19, while the total fund balance was \$130,180.19. Of the unreserved undesignated fund balance of \$19,816.00 was pledged to future expenditures.

The fund balance of the Fire District's general fund increased by \$23,645.42 during the current year. Key factors are as follows:

- The amount realized for miscellaneous revenues was \$22,470.03 more than the amount anticipated in the 2014 budget.
- The amount expended under the administrative budget category was \$11,197.40 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.
- The amount expended under the operating and maintenance budget category was \$14,746.01 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.

- The amount expended under the operating appropriations offset with revenues budget category was \$9,502.58 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.
- The amount expended under the contribution to the length of service awards program budget category was \$6,896.40 less than budget appropriations. This was due to the number of members eligible for contributions by the Fire District.

The capital projects fund had a fund balance of \$309,824.00 at the end of the current year. This was an increase in the amount of \$65,000.00 in comparison with the prior year. The increase was the net result of the appropriation of \$65,000.00 in the 2014 budget for future capital acquisitions. Of this reserve, \$295,000.00 has been appropriated in the 2015 budget for the acquisition of a new aerial apparatus.

### **General Fund Budgetary Highlights**

During the course of the year 2014, the Fire District modified its general fund budget in conformance with statute.

The key items of variance from the original budget are indicated above.

The final budgetary basis revenue estimate was \$526,466.00. The original budgetary estimate was the same.

During the year 2014, the Fire District budgeted revenues as follows:

- Property taxes (local tax levy) was \$348,366.00.
- Bureau of Fire Safety under the New Jersey Fire Safety Act in the amount of \$15,654.55 or \$1,554.55 more than anticipated. This was the net result of lower receipts from registration fees.
- Revenues from the emergency medical services billing in the amount of \$168,165.81 or \$8,165.81 more than anticipated.

The final budgetary basis expenditures appropriation estimate was \$561,633.00. The original budget estimate was the same.

The final budgetary basis expenditures appropriation estimate exceeds the final budgetary basis revenue by \$35,167.00. The difference was made up of the \$35,167.00 of unreserved fund balance anticipated in the adopted budget.

The Fire District received \$7,130.68 in reimbursed P.E.R.S. pension contributions from employees' payroll deductions.

### **Special Revenue Fund Budgetary Highlights**

- Property taxes (local tax levy) was \$13,610.00.
- State aid from supplemental fire safety grant was \$1,764.00. This revenue was made up of the current year's grant of \$1,764.00.

### **Capital Assets and Debt Administration**

**Capital Assets.** The Fire District's investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$628,908.64 (net of accumulated depreciation). This investment in capital assets includes vehicles and firefighting equipment.

At the end of 2014, the Fire District had \$2,607,989.77 invested in vehicles and firefighting equipment. The accumulated depreciation on these items was \$1,979,081.13.



**Capital Assets (Net of Accumulated Depreciation)  
At December 31, 2014 and 2013**

	2014	2013
Vehicles	\$ 418,916.01	\$ 477,154.89
Firefighting equipment	209,992.63	257,423.22
Total capital assets	\$ 628,908.64	\$ 734,578.11

Additional information on the Fire District's capital assets can be found in Note 6 in the notes to the financial statements.

**Long-Term Obligations.** The Fire District has no outstanding serial bonds.

As of December 31, 2014, the Fire District has an obligation under a capital lease agreement in the amount of \$1.00; this represents the entire cost of the new rescue pumper. This obligation together with interest will be paid in annual installments.

As of December 31, 2014, the Fire District has an obligation under a capital lease agreement in the amount of \$16,533.97; this represents the cost of the new emergency medical services vehicle less the down payment from the reserve for future capital acquisitions. This obligation together with interest will be paid in annual installments until March 15, 2015.

The Fire District has no obligation for compensated absences pertaining to unused sick time.

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

For the year 2014, the Fire District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 65.21% of total revenue is from the local tax levy, while the remaining 34.79% is from other sources.

The Board of Fire Commissioners adopted the 2015 budget on January 15, 2015 and the voters subsequently approved the budget at the annual Fire District election held on February 21, 2015.

**Requests for Information**

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fritz Sims, Chairman/Treasurer, Westville Fire District No. 1, 23 West Olive Street, Westville, New Jersey.

## ***Basic Financial Statements***

*District-Wide Financial Statements*

**WESTVILLE FIRE DISTRICT NO. 1**  
**Statement of Net Assets**  
**December 31, 2014**

**ASSETS:**

Cash and cash equivalents	\$	201,027.21
Accounts receivable		17,701.07
Restricted assets:		
Cash and cash equivalents		309,824.00
Capital assets, net		628,908.64
<b>Total assets</b>		<u><u>1,157,460.92</u></u>

**LIABILITIES:**

Accounts payable		43,593.77
Deferred revenues		4,310.34
Accrued interest payable		594.00
Noncurrent liabilities:		
Due within one year		16,534.97
<b>Total liabilities</b>		<u><u>65,033.08</u></u>

**NET ASSETS:**

Invested in capital assets, net of related debt		612,373.67
Restricted for:		
Capital projects		14,824.00
Encumbrances		0.00
Subsequent year's expenditures		314,816.00
Unrestricted		150,414.17
<b>Total net assets</b>	<b>\$</b>	<u><u>1,092,427.84</u></u>

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

**WESTVILLE FIRE DISTRICT NO. 1**  
**Statement of Activities**  
**For the Year Ended December 31, 2014**

**PROGRAM EXPENSES:**

## Operating appropriations:

Administration	\$ 76,026.83
Cost of operations and maintenance	261,570.49
Operating appropriations offset with revenues	70,116.42
Contribution to length of service awards program (L.O.S.A.P.)	18,103.60
Interest on long-term debt	980.94
Unallocated depreciation	142,106.44

Total program expenses	<u>568,904.72</u>
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**PROGRAM REVENUES:**

Charges for services	183,820.36
Operating grants and contributions	1,764.00

Total program revenues	<u>185,584.36</u>
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Net program expenses	<u>383,320.36</u>
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**GENERAL REVENUES:**

## Taxes:

Property taxes, levied for general purposes	348,366.00
Special revenue fund	13,610.00
Taxes levied for debt service	17,326.00
Unrestricted investment earnings	1,023.76
Interlocal services - emergency medical services	4,855.00
JIF dividend	2,739.43
Sale of surplus equipment	7,050.00
Miscellaneous income	1,081.48

Total general revenues	<u>396,051.67</u>
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Increase (decrease) in net assets	12,731.31
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Net assets - January 1	<u>1,079,696.53</u>
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Net assets - December 31	<u><u>\$ 1,092,427.84</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

***Fund Financial Statements***

**WESTVILLE FIRE DISTRICT NO. 1**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 465,896.89	\$ 32,422.27	\$ 0.00	\$ 12,532.05	\$ 510,851.21	
Accounts receivable	4,676.01	0.00	0.00	0.00	4,676.01	
Due from payroll account	13,025.06	0.00	0.00	0.00	13,025.06	
Due from general fund	0.00	0.00	309,824.00	0.00	309,824.00	
	<b>Total assets</b>	<b>\$ 483,597.96</b>	<b>\$ 32,422.27</b>	<b>\$ 309,824.00</b>	<b>\$ 12,532.05</b>	<b>\$ 838,376.28</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 42,821.44	\$ 0.00	\$ 0.00	\$ 0.00	\$ 42,821.44	
Due to Westville Fire Company	2.00	0.00	0.00	0.00	2.00	
Payroll deductions payable	633.70	0.00	0.00	0.00	633.70	
Due to employees	136.63	0.00	0.00	0.00	136.63	
Deferred revenues	0.00	4,310.34	0.00	0.00	4,310.34	
Due to capital projects fund	309,824.00	0.00	0.00	0.00	309,824.00	
	<b>Total liabilities</b>	<b>353,417.77</b>	<b>4,310.34</b>	<b>0.00</b>	<b>0.00</b>	<b>357,728.11</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Future capital outlays	0.00	0.00	14,824.00	0.00	14,824.00	
<b>Unreserved:</b>						
<b>Designated for:</b>						
Subsequent year's expenditures	19,816.00	0.00	295,000.00	0.00	314,816.00	
<b>Undesignated, reported in:</b>						
General fund	110,364.19	28,111.93	0.00	12,532.05	151,008.17	
	<b>Total fund balances</b>	<b>130,180.19</b>	<b>28,111.93</b>	<b>309,824.00</b>	<b>12,532.05</b>	<b>480,648.17</b>
	<b>Total liabilities and fund balances</b>	<b>\$ 483,597.96</b>	<b>\$ 32,422.27</b>	<b>\$ 309,824.00</b>	<b>\$ 12,532.05</b>	

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

Interest on long-term debt in the statement of activities is accrued regardless of when due (594.00)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets \$2,607,989.77 and the accumulated depreciation is \$1,979,081.13 628,908.64

Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (16,534.97)

**\$ 1,092,427.84**

**WESTVILLE FIRE DISTRICT NO. 1**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Miscellaneous anticipated revenues	\$ 169,189.57	\$ 0.00	\$ 0.00	\$ 0.00	\$ 169,189.57
Operating grant revenue	0.00	1,764.00	0.00	0.00	1,764.00
Miscellaneous revenues offset with appropriations	15,654.55	0.00	0.00	0.00	15,654.55
Amount to be raised by taxation to support the district budget	348,366.00	13,610.00	0.00	17,326.00	379,302.00
Non-budgetary revenues	15,725.91	0.00	0.00	0.00	15,725.91
Total revenues	<u>548,936.03</u>	<u>15,374.00</u>	<u>0.00</u>	<u>17,326.00</u>	<u>581,636.03</u>
<b>EXPENDITURES:</b>					
Operating appropriations:					
Administration	77,943.60	0.00	0.00	0.00	77,943.60
Cost of operations and maintenance	294,126.99	1,963.70	0.00	0.00	296,090.69
Operating appropriations offset with revenues	70,116.42	0.00	0.00	0.00	70,116.42
Contribution to length of services award program (L.O.S.A.P.)	18,103.60	0.00	0.00	0.00	18,103.60
Debt service:					
Principal	0.00	0.00	0.00	15,778.23	15,778.23
Interest and other charges	0.00	0.00	0.00	1,547.75	1,547.75
Total expenditures	<u>460,290.61</u>	<u>1,963.70</u>	<u>0.00</u>	<u>17,325.98</u>	<u>479,580.29</u>
Excess (deficiency) of revenues over (under) expenditures	<u>88,645.42</u>	<u>13,410.30</u>	<u>0.00</u>	<u>0.02</u>	<u>102,055.74</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers out - capital	(65,000.00)	0.00	65,000.00	0.00	0.00
Total other financing sources (uses)	<u>(65,000.00)</u>	<u>0.00</u>	<u>65,000.00</u>	<u>0.00</u>	<u>0.00</u>
Net change in fund balances	23,645.42	13,410.30	65,000.00	0.02	102,055.74
Fund balance - January 1	<u>106,534.77</u>	<u>14,701.63</u>	<u>244,824.00</u>	<u>12,532.03</u>	<u>378,592.43</u>
Fund balance - December 31	<u>\$ 130,180.19</u>	<u>\$ 28,111.93</u>	<u>\$ 309,824.00</u>	<u>\$ 12,532.05</u>	<u>\$ 480,648.17</u>



**WESTVILLE 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**

Total net change in fund balances - governmental funds (from B-2)	\$	102,055.74
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (142,106.44)	
Other increases in capital assets	<u>36,436.97</u>	(105,669.47)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

15,778.23

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

566.81

Change in net assets of governmental activities

\$ 12,731.31

**WESTVILLE FIRE DISTRICT NO. 1**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2014**

	<u>Payroll and Payroll Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 6,004.00
Prepaid salaries	<u>7,021.06</u>
<b>Total assets</b>	<u><u>\$ 13,025.06</u></u>
 <b>LIABILITIES:</b>	
Interfund payable	<u>\$ 13,025.06</u>
<b>Total liabilities</b>	<u><u>\$ 13,025.06</u></u>

*Notes To The Financial Statements*

**WESTVILLE FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

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

**Description of Reporting Entity**

Westville Fire District No. 1 is a political subdivision of the Borough of Westville, County of Gloucester, State of New Jersey. It was formed through the adoption of a Borough ordinance. A board of 5 commissioners oversees all operations of the Fire District. The length of each commissioner's term is 3 years with the annual election held on the third Saturday of every February. Officers of the Board are elected from within the Board and serve in that capacity for 1 year.

Fire districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location. Westville Fire District No. 1 has 1 fire company within its jurisdiction - the Westville Fire Company No. 1.

**Component Units**

The Governmental Accounting Standards (GASB) Statement No. 14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. As of December 31, 2014, it has been determined by the Fire District that no component units exist.

**Basis of Presentation**

The financial statements of the Fire District 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 in this Note.

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

**District-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Fire District as a whole. These statements include the financial activities of the government. The statement of net assets presents the financial condition of the governmental activities of the Fire District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the Fire District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Fire District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Fire District.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Concluded)**

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

**Governmental Funds**

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

**General Fund** - The general fund is the general operating fund of the Fire District and is used to account for its inflows and outflows of its financial resources. The acquisition of certain capital assets, such as fire fighting apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures within the current budget year.

**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 financial resources to be used for the acquisition or construction of major capital facilities such as fire houses and fire fighting 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 the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Fiduciary Funds**

**Trust and Agency Funds** - The trust and agency funds are used to account for assets held by the Fire District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Agency Funds** - The agency funds are used to account for the assets that the Fire District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include the payroll fund.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus**

**District-Wide Financial Statements** - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Fire District are included on the statement of net assets.

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

**Basis of Accounting**

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

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

Non-exchange transactions, in which the Fire District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey state statute, a municipality is required to remit to its Fire District the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis.

Under the modified accrual basis, the following revenues sources are considered to be both measurable and available at year-end: grants, fees, and rentals.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Budgets/Budgetary Control**

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

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

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval.

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

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

Amounts reported under "final budget" on Exhibits C-1, C-2 and I-3, includes modifications to the adopted budget that were made during the last two months of the year as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures, and changes in fund balances - governmental funds. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

**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 other than in the special revenue fund are reported as reservations of fund balances at year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The Westville Fire District No. 1 does not currently operate a full encumbrance accounting system.

Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as deferred revenues at year end.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances (Concluded)**

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

**Cash, Cash Equivalents, and Investments**

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

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey governments.

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

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

**Inventories and Prepaid Expenses** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the district-wide financial statement are recorded as expenditures when consumed rather than when purchased. As of December 31, 2014, no inventories exist.

Prepaid expenses recorded in the governmental fund types, which benefit future periods, are recorded as an expenditure during the year of purchase. Prepaid expenses recorded on the district-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2014. The Fire District has no prepaid expenses at year end.

**Short-Term Interfund Receivables/Payables**

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



**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District does not have a capitalization threshold. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Vehicles - 20 years/10 years  
Firefighting equipment - 10 years  
Computer equipment - 5 years

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for fire districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000.00 or two percent of the assessed valuation of property, whichever is larger.

**Compensated Absences**

Fire District employees' contracts provide for vacations for full-time employees as follows: 1 to 3 years - 1 week and over 3 years - 2 weeks.

Employees are required to take their vacation within the year earned or lose any unused days. The Fire District has permitted employees to carry over days which could not be taken due to extenuating circumstances. These requests are handled on an individual basis and require approval by the Board of Fire Commissioners. Based on this policy, there is no liability for compensated absences.

The Fire District permits employees to be paid for sick days with a new set limitation. The Board's intent was to cover the period between onset of illness and start of disability eligibility. With no set limitation on days, there is no liability for compensated absences.

The Board of Fire Commissioners is currently considering the implementation of a written policy for vacations and sick days and anticipates having it in place by December 31, 2014.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Accrued Liabilities and Long-Term Obligations**

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

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets 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. Net assets 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.

The Fire District applies restricted resources when an expense is incurred for purchases for which both restricted and unrestricted net assets are available.

**Fund Balance Reserves**

The Fire District reserves portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, excess surplus, and capital reserve account. The restrictions are imposed by the Commissioners and can be negated by their action.

**Estimates**

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

**NOTE 2 - INVESTMENTS**

As of December 31, 2014 and 2013, the District did not have any investments.

**Interest Rate Risk** - The 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, New Jersey Statute 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - New Jersey Statute 40A:5-15.1(a) limits investments to those specified in the Statutes. The type of allowable investments are bonds of the United States of America, the local unit, or school districts of which the local unit is a part; obligations of federal agencies not exceeding 397 days; government money market investment funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, escrow trust, or funds that may pass to the District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of December 31, 2014, the District's bank balances were exposed to custodial credit risk as follows:

Insured	\$ 250,000.00
Uninsured and collateralized with securities held by pledging financial institutions (GUDPA)	<u>183,865.29</u>
	<u>\$ 433,865.29</u>

**New Jersey Cash Management Fund**

During the year, the District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2014, the District's deposits with the New Jersey Cash Management Fund were \$79,251.16.

**NOTE 4 - PROPERTY TAX LEVIES**

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

Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2014	\$261,356,759.00	\$ 379,302.00	\$ .146
2013	263,118,570.00	329,309.00	.126
2012*	268,182,070.00	314,924.97	.118
2011	159,411,831.00	308,743.00	.194
2010	161,143,736.00	302,356.00	.188

\*Revaluation

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the Fire District's individual major funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund
Receivables:				
Payroll account	\$ 13,025.06	\$ -	\$ -	\$ -
Other	4,676.01	-	-	-

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the years ended December 31, 2014 and 2013 was as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
Vehicles	\$ 1,525,872.84	\$ 32,686.20	\$ 28,000.00	\$ 1,530,559.04
Firefighting equipment	<u>1,075,679.96</u>	<u>3,750.77</u>	<u>2,000.00</u>	<u>1,077,430.73</u>
Total capital assets being depreciated	<u>\$ 2,601,552.80</u>	<u>\$ 36,436.97</u>	<u>\$ 30,000.00</u>	2,607,989.77
Less: accumulated depreciation				<u>1,979,081.13</u>
				<u>\$ 628,908.64</u>

Depreciation expense was charged to governmental funds as unallocated depreciation in the amount of \$142,106.44. The total accumulated depreciation at December 31, 2014 was \$1,979,081.13.

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
Vehicles	\$ 1,525,872.84	\$ -	\$ -	\$ 1,525,872.84
Firefighting equipment	<u>1,067,620.38</u>	<u>8,059.58</u>	<u>-</u>	<u>1,075,679.96</u>
Total capital assets being depreciated	<u>\$ 2,593,493.22</u>	<u>\$ 8,059.58</u>	<u>\$ 496.96</u>	2,601,552.80
Less: accumulated depreciation				<u>1,866,974.69</u>
				<u>\$ 734,578.11</u>

Depreciation expense was charged to governmental funds as unallocated depreciation in the amount of \$142,232.90. The total accumulated depreciation at December 31, 2013 was \$1,866,974.69.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 7 - LONG-TERM DEBT**

Long-term debt as of December 31, 2014, consisted of the following:

	<u>Balance January 1, 2014</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>	<u>Amount Due Within One Year</u>
Obligations under leases	<u>\$ 32,313.20</u>	<u>\$ 15,778.23</u>	<u>\$ 16,534.97</u>	<u>\$ 16,534.97</u>

**General Obligation Bonds**

The Fire District has no general obligation bonds at December 31, 2014.

**Compensated Absences**

The Fire District has no liability for compensated absences based on the policy as stated in Note 1.

**Capital Leases Payable**

Lease #1 - The Fire District entered into a capital lease with Federal Signal Corporation on May 4, 2005 for the acquisition of an Emergency-One Rescue Pumper. Upon the signing of the lease, it called for 8 payments in arrears. The lease is for a 8-year period and requires annual installments of \$39,557.67 beginning May 4, 2006 at 4.70% interest. The Bank has not requested the final payment on this lease of \$1.00, which should be cancelled.

Lease #2 - The Fire District entered into a lease with Tax Exempt Leasing Corporation on March 15, 2009 for the acquisition of a Horton Modular Emergency Medical Services vehicle. Upon the signing of the lease, it called for 6 payments in arrears commencing on March 15, 2010. The lease is for a 6-year period and requires annual installments of \$17,325.98 beginning on March 15, 2009 at 4.79% interest.

<u>Year</u>	<u>Lease #1</u>	<u>Lease #2</u>	<u>Total</u>
2015	<u>\$ 1.00</u>	<u>\$ 17,325.98</u>	<u>\$ 17,326.98</u>
	1.00	17,325.98	17,326.98
Less: amount representing interest	<u>-</u>	<u>792.01</u>	<u>792.01</u>
Present value of minimum lease payments	<u>\$ 1.00</u>	<u>\$ 16,533.97</u>	<u>\$ 16,534.97</u>

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 7 - LONG-TERM OBLIGATIONS (Concluded)**

**Capital Leases Payable (Concluded)**

The Fire District has acted as the guarantor on a \$180,000.00 loan with the Gloucester County Improvement Authority and the Westville Fire Department #1. The Fire Company utilized these funds to make improvements to the three buildings they own. Under the agreement and long-term lease, the Fire District will deduct the amount owed to the Improvement Authority from the monthly rental payments and remit the amount to the Improvement Authority. Since the Fire District acted only as a facilitator for this lease and all payments are being made from the funds due to the Fire Company under the terms of the formal lease, these obligations have not been included in the long-term debt.

**NOTE 8 - BOND ANTICIPATION NOTES**

The Fire District has no bond anticipation notes or bonds and notes authorized but not issued at December 31, 2014.

**NOTE 9 - OPERATING LEASE OBLIGATIONS**

The Fire District has entered into an operating lease with Rothwell Document Solutions for a Lanier Copier System. The lease is for a period of 39 months, commencing July 1, 2013. Payments are due monthly in the amount of \$153.50. The total lease payments are \$2,803.50.

The Fire District has entered into an operating lease with Ford Motor Credit for a 2014 Ford Expedition. The lease is for a period of 5 years, commencing April 7, 2014. Payments are due annually in the amount of \$6,537.24. The total lease payments are \$26,148.96.

**NOTE 10 - PENSION FUNDS**

**Description of Plans**

Substantially all of the Fire District's employees are covered by the Public Employees' Retirement System cost-sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions 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 system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirements System. This report may be obtained by writing to the Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

*Public Employees' Retirement System*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

**WESTVILLE FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**NOTE 10 - PENSION FUNDS (Concluded)**

*Funding Policy*

The contribution policy for the Public Employees' Retirement System is set by N.J.S.A. 43:15A, Chapter 62, P.L. 1994, Chapter 115, P.L. 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The Public Employees' Retirement System provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the Public Employees' Retirement System. The current Public Employees' Retirement System's rate is 6.9% of covered payroll. The Fire District's contributions to the Public Employees' Retirement System for the years ended December 31, 2014, 2013, and 2012 were \$11,536.00, \$11,795.00, and \$10,269.00, respectively, equal to the required contributions for each year.

**NOTE 11 - POST-RETIREMENT BENEFITS**

As indicated in Note 10 above, employees of the Fire District are members of the Public Employees' Retirement System however, as of December 31, 2014, they are not members of the State Health Benefits Plan.

**NOTE 12 - RISK MANAGEMENT**

The Fire 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 Fire District maintains commercial insurance coverage for property, liability, and surety bonds.

The Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund provides the Fire District with the following coverages:

- Property Policy
- Automobile Policy
- Crime Policy and Excess Crime Policy
- Casualty Policy
- Workers' Compensation and Excess Workers Compensation Policy
- Environmental Legal Liability Policy
- Excess Liability Policy
- Public Officials and Employment Liability Policy
- Volunteer Directors and Officers Policy

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$250,000.00 based on the line of coverage for each insured event.

The fund publishes its own financial report for the year ended December 31, 2014, which can be obtained from:

Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund  
Post Office Box 488  
Marlton, New Jersey 08053

**WESTVILLE FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**NOTE 12 - RISK MANAGEMENT (Concluded)**

**New Jersey Unemployment Compensation Insurance**

The Fire District covers 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's share of unemployment tax. This rate is based on cost experience for all government employers.

**NOTE 13 - BILLING FOR AMBULANCE SERVICE**

The State of New Jersey, Department of Health and Senior Services, issued a license to the Westville Fire District No. 1 allowing it to bill for emergency medical services provided. During 2014 a contract was in force for these billings with D.M. Medical Billing Service.

During 2014, the Fire District received \$168,165.81 in fees from the current and prior year's billings.

The receivable balance, if any, could not be determined and, therefore, was not accrued. The fees reimbursed are subject to insurance company adjustments based on reimbursement rates and other factors.

**NOTE 14 - LENGTH OF SERVICE AWARD PROGRAM (L.O.S.A.P.)**

The Commissioners of the Westville Fire District No. 1 approved the creation of a Length of Service Award Program (L.O.S.A.P.) by resolution on December 10, 2001. The voters approved the plan at the regular election held on February 16, 2002. The plan calls for members of the Westville Fire District No. 1 to accumulate points by attendance at various fire company activities including emergency calls, training, and meetings, by obtaining certain certifications and by years of service with the Fire Company. The points are accumulated by the fire officers and a list is prepared and posted annually. Members have a period of thirty (30) days to challenge the list. The list then certified and provided to the Commissioners. Based on the certified list, contributions are made to the individual members' accounts in the plan. Contributions range between \$194.44 and \$717.16, per member, per each year of the plan.

The Commissioners selected a plan administered by the Lincoln Financial Advisors which had previously been approved by the State of New Jersey, Department of Community Affairs. The Commissioners make a contribution to the plan administrator based on the certified list. Members' interest in their individual accounts is vested at the end of five years, not including prior service years. At December 31, 2014, the value of the plan was \$189,470.86 and members were vested. During the year under audit, the District's contributed liability was \$18,103.60 and said amount has been set up as a payable on December 31, 2014 balance sheet.

**NOTE 15 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles the interfund receivable and payable for the year ended December 31, 2014:

<u>Due From</u>	<u>Due To Capital Projects Fund</u>	<u>Total Due To</u>
General fund	\$ 309,824.00	\$ 309,824.00
Total due from	<u>\$ 309,824.00</u>	<u>\$ 309,824.00</u>



**WESTVILLE FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**NOTE 16 - FUND BALANCES**

**Reserved**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

**For Future Capital Outlays** - These funds are restricted for capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2014, the balance is \$309,824.00. Of this balance, \$295,000.00 has been designated for capital expenditures in the 2015 budget.

**Unreserved**

The following is the status of the unreserved fund balance at December 31, 2014:

	Balance December 31, 2014	Designated For Subsequent Year's Expenditures
General fund	\$ 130,180.19	\$ 19,816.00
Special revenue fund	28,111.93	-
Debt service fund	12,532.05	-

**NOTE 17 - LITIGATION**

The Fire District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Fire District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**NOTE 18 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through July 10, 2015, which is the date that the financial statements were available to be issued.

During the year 2015, the Fire District entered into a contract with Emergency-One for the purpose of a new aerial fire apparatus at a total cost of \$843,000.00. The purchase was made using Houston-Galveston Area Council (H-GAC) a national cooperative contract. The Fire District has appropriated \$295,000.00 of restricted fund balance for a down payment on the new apparatus. The balance will be funded by a capital lease for a period of seven years. The Fire District is currently finalizing the terms and interest rate on the capital lease.

***Required Supplementary Information - Part II***

**WESTVILLE FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Miscellaneous anticipated revenues:					
Emergency medical services billing	\$ 160,000.00	\$ 0.00	\$ 160,000.00	\$ 168,165.81	\$ 8,165.81
Interest in investments and deposits	4,000.00	0.00	4,000.00	1,023.76	(2,976.24)
Total miscellaneous anticipated revenues	<u>164,000.00</u>	<u>0.00</u>	<u>164,000.00</u>	<u>169,189.57</u>	<u>5,189.57</u>
Miscellaneous revenues offset with appropriations:					
Uniform fire safety act (P.L. 1983, C. 383):					
Annual registration fees	14,000.00	0.00	14,000.00	15,579.55	1,579.55
Other revenues	100.00	0.00	100.00	75.00	(25.00)
Total miscellaneous revenues offset with appropriations	<u>14,100.00</u>	<u>0.00</u>	<u>14,100.00</u>	<u>15,654.55</u>	<u>1,554.55</u>
Miscellaneous revenues not anticipated:					
Interlocal services - emergency medical services billing	0.00	0.00	0.00	4,855.00	4,855.00
JIF dividend	0.00	0.00	0.00	2,739.43	2,739.43
Sale of surplus equipment	0.00	0.00	0.00	7,050.00	7,050.00
Miscellaneous	0.00	0.00	0.00	1,081.48	1,081.48
Total miscellaneous revenues not anticipated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>15,725.91</u>	<u>15,725.91</u>
Amount to be raised by taxation to support the district budget	<u>348,366.00</u>	<u>0.00</u>	<u>348,366.00</u>	<u>348,366.00</u>	<u>0.00</u>
Total anticipated revenues	<u>526,466.00</u>	<u>0.00</u>	<u>526,466.00</u>	<u>548,936.03</u>	<u>22,470.03</u>

WESTVILLE FIRE DISTRICT NO. 1  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>EXPENDITURES:</b>					
Operating appropriations:					
Administration:					
Salaries and wages	\$ 17,180.00	\$ 0.00	\$ 17,180.00	\$ 11,132.02	\$ 6,047.98
Fringe benefits	2,990.00	0.00	2,990.00	1,163.00	1,827.00
Other expenses:					
Election	1,000.00	0.00	1,000.00	1,195.89	(195.89)
Insurance	43,980.00	200.00	44,180.00	43,773.14	406.86
Office expenses	7,251.00	0.00	7,251.00	4,165.80	3,085.20
Professional services	10,100.00	240.00	10,340.00	7,989.00	2,351.00
Promotion	1,000.00	1,200.00	2,200.00	2,118.33	81.67
Purchase of assets not considered capital	4,000.00	0.00	4,000.00	6,406.42	(2,406.42)
Total administration	<u>87,501.00</u>	<u>1,640.00</u>	<u>89,141.00</u>	<u>77,943.60</u>	<u>11,197.40</u>
Cost of operations and maintenance:					
Salaries and wages	118,412.00	0.00	118,412.00	124,130.95	(5,718.95)
Fringe benefits	39,931.00	0.00	39,931.00	39,091.60	839.40
Other expenses:					
Advertising	1,500.00	0.00	1,500.00	945.20	554.80
Membership/dues	1,000.00	200.00	1,200.00	1,195.00	5.00
Professional services	7,500.00	0.00	7,500.00	4,282.00	3,218.00
Rental charges	36,000.00	0.00	36,000.00	37,412.72	(1,412.72)
Supplies expense	39,000.00	0.00	39,000.00	33,801.99	5,198.01
Training and education	7,770.00	(1,840.00)	5,930.00	3,502.64	2,427.36

WESTVILLE FIRE DISTRICT NO. 1  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Cost of operations and maintenance:					
Other expenses:					
Utilities	\$ 13,000.00	\$ 0.00	\$ 13,000.00	\$ 12,352.06	\$ 647.94
Purchase of assets not considered capital	19,400.00	0.00	19,400.00	14,973.26	4,426.74
Aid to first aid or emergency squad	27,000.00	0.00	27,000.00	22,439.57	4,560.43
Total cost of operating and maintenance	<u>310,513.00</u>	<u>(1,640.00)</u>	<u>308,873.00</u>	<u>294,126.99</u>	<u>14,746.01</u>
Operating appropriations offset with revenues:					
Salaries and wages	43,252.00	0.00	43,252.00	37,411.29	5,840.71
Fringe benefits	17,267.00	0.00	17,267.00	17,140.10	126.90
Other expenses	13,100.00	0.00	13,100.00	9,565.03	3,534.97
Total operating appropriations offset with revenues	<u>73,619.00</u>	<u>0.00</u>	<u>73,619.00</u>	<u>64,116.42</u>	<u>9,502.58</u>
Contribution to length of service awards program (L.O.S.A.P.)	<u>25,000.00</u>	<u>0.00</u>	<u>25,000.00</u>	<u>18,103.60</u>	<u>6,896.40</u>
Total appropriations	<u>496,633.00</u>	<u>0.00</u>	<u>496,633.00</u>	<u>454,290.61</u>	<u>42,342.39</u>
Excess (deficit) of revenues over (under) expenditures	<u>29,833.00</u>	<u>(0.00)</u>	<u>29,833.00</u>	<u>94,645.42</u>	<u>64,812.42</u>

WESTVILLE FIRE DISTRICT NO. 1  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Other financial sources and uses of funds:					
Operating transfers out - capital	\$ (65,000.00)	\$ 0.00	\$ (65,000.00)	\$ (65,000.00)	\$ 0.00
Total other financial sources and uses of funds	<u>(65,000.00)</u>	<u>0.00</u>	<u>(65,000.00)</u>	<u>(65,000.00)</u>	<u>0.00</u>
-35- Excess (deficiency) of revenues over (under) expenditures	(35,167.00)	(0.00)	(35,167.00)	29,645.42	64,812.42
Fund balances - January 1	<u>100,534.77</u>	<u>0.00</u>	<u>100,534.77</u>	<u>100,534.77</u>	<u>0.00</u>
Fund balances - December 31	<u>\$ 65,367.77</u>	<u>\$ (0.00)</u>	<u>\$ 65,367.77</u>	<u>\$ 130,180.19</u>	<u>\$ 64,812.42</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Fund balance appropriated	<u>\$ (35,167.00)</u>	<u>\$ 0.00</u>	<u>\$ (35,167.00)</u>	<u>\$ 29,645.42</u>	<u>\$ 64,812.42</u>
	<u>\$ (35,167.00)</u>	<u>\$ 0.00</u>	<u>\$ (35,167.00)</u>	<u>\$ 29,645.42</u>	<u>\$ 64,812.42</u>

**WESTVILLE FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
<b>REVENUES:</b>					
Supplemental fire service grant	\$ 1,764.00	\$ 0.00	\$ 1,764.00	\$ 1,764.00	\$ 0.00
FEMA - assistance to firefighters grant	0.00	54,400.00	\$ 54,400.00	0.00	(54,400.00)
Total grant funds	<u>1,764.00</u>	<u>54,400.00</u>	<u>56,164.00</u>	<u>1,764.00</u>	<u>(54,400.00)</u>
Amount to be raised by taxation for support the district budget	<u>13,610.00</u>	<u>0.00</u>	<u>13,610.00</u>	<u>13,610.00</u>	<u>0.00</u>
Total revenues	<u>15,374.00</u>	<u>54,400.00</u>	<u>69,774.00</u>	<u>15,374.00</u>	<u>(54,400.00)</u>
<b>EXPENDITURES:</b>					
Supplemental fire service grant	2,374.00	0.00	2,374.00	1,963.70	410.30
FEMA - assistance to firefighters grant	0.00	57,120.00	57,120.00	0.00	57,120.00
Matching funds for federal grant	13,000.00	(2,720.00)	10,280.00	0.00	10,280.00
Total expenditures	<u>15,374.00</u>	<u>54,400.00</u>	<u>69,774.00</u>	<u>1,963.70</u>	<u>67,810.30</u>
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	13,410.30	13,410.30
Fund balance - January 1	<u>14,701.63</u>	<u>0.00</u>	<u>14,701.63</u>	<u>14,701.63</u>	<u>0.00</u>
Fund balance - December 31	<u>\$ 14,701.63</u>	<u>\$ 0.00</u>	<u>\$ 14,701.63</u>	<u>\$ 28,111.93</u>	<u>\$ 13,410.30</u>

***Notes To The Required Supplementary Information***



**WESTVILLE FIRE DISTRICT NO. 1**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note To RSI**  
**For the Year Ended December 31, 2014**

*Note A - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures*

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 548,936.03	\$ 15,374.00
Difference: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<u>0.00</u>	<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 548,936.03</u>	<u>\$ 15,374.00</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 454,290.61	\$ 1,963.70
Differences - budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes 2013	<u>6,000.00</u>	<u>0.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 460,290.61</u>	<u>\$ 1,963.70</u>

***Other Supplementary Information***

**WESTVILLE FIRE DISTRICT NO. 1**  
**Capital Projects Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended December 31, 2014**

**REVENUES:**

Investment earnings		\$	0.00
	Total revenues		<u>0.00</u>

**EXPENDITURES:**

Capital outlay			0.00
	Total expenditures		<u>0.00</u>

Excess (deficiency) of revenues over (under) expenditures 0.00

**Other financing sources (uses):**

Operating transfers in			65,000.00
	Total other financing sources (uses)		<u>65,000.00</u>

Excess (deficiency) of revenues and other financing sources (uses)  
over (under) expenditures and other financing sources (uses) 65,000.00

Fund balance - January 1 244,824.00

Fund balance - December 31 \$ 309,824.00

**WESTVILLE FIRE DISTRICT NO. 1**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**As of December 31, 2014**

Project Title	Balance December 31, 2013	2014 Budget Appropriation	Balance December 31, 2014
Purchase of fire apparatus	\$ 244,824.00	\$ 65,000.00	\$ 309,824.00
Total fund balance	<u>\$ 244,824.00</u>	<u>\$ 65,000.00</u>	<u>\$ 309,824.00</u>

**WESTVILLE FIRE DISTRICT NO. 1**  
**Fiduciary Fund**  
**Combining Statement of Fiduciary Net Assets**  
**December 31, 2014**

	Payroll
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 6,004.00
Prepaid salaries	7,021.06
Total assets	\$ 13,025.06
<b>LIABILITIES AND FUND BALANCES:</b>	
Liabilities:	
Interfund accounts payable	\$ 13,025.06
Total liabilities	13,025.06
Fund balances:	
Reserved	0.00
Total fund balances	0.00
Total liabilities and fund balances	\$ 13,025.06

**WESTVILLE FIRE DISTRICT NO. 1**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursement**  
**For the Year Ended December 31, 2014**

	Balance January 1, 2013	Cash Receipts	Cash Disbursements	Balance December 31, 2014
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 8,332.90	\$ 182,813.36	\$ 185,142.26	\$ 6,004.00
Prepaid salaries	0.00	0.00	\$ (7,021.06)	\$ 7,021.06
<b>Total assets</b>	<b>\$ 8,332.90</b>	<b>\$ 182,813.36</b>	<b>\$ 178,121.20</b>	<b>\$ 13,025.06</b>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 0.00	\$ 127,634.04	\$ 127,634.04	\$ 0.00
Net payroll	0.00	50,367.16	50,367.16	0.00
Interfund accounts payable	8,332.90	4,812.16	120.00	13,025.06
<b>Total liabilities</b>	<b>\$ 8,332.90</b>	<b>\$ 182,813.36</b>	<b>\$ 178,121.20</b>	<b>\$ 13,025.06</b>

**WESTVILLE FIRE DISTRICT NO. 1**  
**General Long-Term Debt Account Group**  
**Schedule of Obligations Under Capital Leases**  
**December 31, 2014**

Description	Date of Lease	Term of Lease	Interest Rate Payable	Amount of Original Issue	Amount Outstanding December 31, 2013 (a)	Retired Current Year	Amount Outstanding December 31, 2014 (a)
Rescue pumper	5/4/05	8 Years	4.70%	\$ 498,000.00	\$ 1.00	\$ 0.00	\$ 1.00
Modular E.M.S. vehicle	2/1/09	6 Years	4.79%	88,043.00	<u>32,312.20</u>	<u>15,778.23</u>	<u>16,533.97</u>
					<u>\$ 32,313.20</u>	<u>\$ 15,778.23</u>	<u>\$ 16,534.97</u>

(a) Future interest payments are removed from outstanding balances at December 31, 2013 and 2014.

**WESTVILLE FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended December 31, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
<b>REVENUES:</b>					
Amount to be raised by taxation to support the district budget	\$ 17,326.00	\$ 0.00	\$ 17,326.00	\$ 17,326.00	\$ 0.00
Total revenues	<u>17,326.00</u>	<u>0.00</u>	<u>17,326.00</u>	<u>17,326.00</u>	<u>0.00</u>
<b>EXPENDITURES:</b>					
Principal payments:					
Capital leases	15,778.00	0.25	15,778.25	15,778.23	0.02
Interest payments:					
Capital leases	<u>1,548.00</u>	<u>(0.25)</u>	<u>1,547.75</u>	<u>1,547.75</u>	<u>0.00</u>
Total expenditures	<u>17,326.00</u>	<u>0.00</u>	<u>17,326.00</u>	<u>17,325.98</u>	<u>0.02</u>
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	0.02	0.02
Fund balance - January 1	<u>12,532.03</u>	<u>0.00</u>	<u>12,532.03</u>	<u>12,532.03</u>	<u>0.00</u>
Fund balance - December 31	<u>\$ 12,532.03</u>	<u>\$ 0.00</u>	<u>\$ 12,532.03</u>	<u>\$ 12,532.05</u>	<u>\$ 0.02</u>



## **Schedule of Findings and Recommendations**

**WESTVILLE FIRE DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2014**

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Current Year Audit Findings**

None.

**WESTVILLE FIRE DISTRICT NO. 1**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT**  
**For the Year Ended December 31, 2014**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Prior Year Audit Findings**

**Finding No. 2004-1**

**Condition**

The Fire District does not maintain an encumbrance system of accounting in accordance with N.J.A.C. 5:30-5.2.

**Recommendation**

The Fire District should establish an encumbrance system in accordance with N.J.A.C. 5:30-5.2.

**Status**

Condition remains unresolved.

## Appreciation

We express our appreciation for the assistance rendered and courtesies extended to us during the course of the audit.

Respectfully submitted,

*Ball, Buckley and Seher*

BALL, BUCKLEY AND SEHER, LLP

July 10, 2015