

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

***REPORT OF AUDIT
For the Year Ended December 31, 2015***

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Introductory Section

**WESTVILLE FIRE DISTRICT NO. 1
OFFICIALS IN OFFICE AND SURETY BONDS
December 31, 2015**

	<u>Amount Of Surety Bond</u>
Board of Commissioners	
Fritz Sims - Chairman/Treasurer	\$ 15,000.00
Bruce Nordaby - Vice Chairman	
Deborah Holick - Secretary	
Bryan Miller - Commissioner	
Richard Moan - Commissioner	

Other Officials

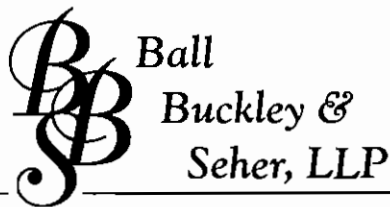
Gary D. Thompson, Esquire - Solicitor
Charles Murtaugh - Administrator
Eric Farley - Fire Chief
James Tucker - Fire Safety Official

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



CERTIFIED PUBLIC ACCOUNTANTS



**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, 2015, 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. Except as described in the following paragraph, 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, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in the notes to financial statements, during the year ended December 31, 2015, the Fire District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. Our opinions are not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of December 31, 2014 on the statement of activities has been restated, as discussed in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The accompanying major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying major fund supporting statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying major fund supporting statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

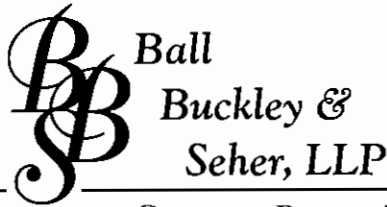
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016 on our consideration of the Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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* in considering the Fire District's internal control over financial reporting and compliance.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Woodbury, New Jersey

October 28, 2016



CERTIFIED PUBLIC ACCOUNTANTS



**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, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of Westville Fire District No. 1, County of Gloucester, State of New Jersey as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated October 28, 2016. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 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 Fire District'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 items 2015-1, 2015-2, 2015-3, 2015-4, and 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, Department of Community Affairs, State of New Jersey, which are described in the schedule of findings and recommendations as items 2015-1, 2015-2, 2015-3, 2015-4, and 2004-1.

Purpose of This Report

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Woodbury, New Jersey

October 28, 2016

Required Supplementary Information - Part I

**WESTVILLE FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR DECEMBER 31, 2015
(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, 2015. 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

- During the year ended December 31, 2015, the Fire District was required to implement Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. The notes to the financial statements provide a more thorough discussion of the implementation of GASB No. 68 and GASB No. 71 and the financial statement effects.
- The net position of the Fire District, which represents the difference between the summation of assets and deferred outflows of resources and the summation of liabilities and deferred inflows of resources, amounted to \$861,241.83 at the close of the current year. This reduction was directly attributable to the implementation of GASB Statement No. 68 and No. 71 which required recognition of the Fire District's pension liability.
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$287,284.93, a decrease of \$193,363.24 or 67.31% in comparison with the prior year.
- At the end of the current year, the fund balance for the general fund was \$224,016.49, an increase of \$93,836.30 or 41.89% in comparison with the prior year. Maintaining fund balance is vital for the Fire District's cash flow, especially for the first quarter of each year. In accordance with the established payment schedule of fire district taxes, the Fire District is required to receive on or before April 1, an amount equaling 21.25% of all moneys assessed; therefore, the Fire District needs sufficient cash flows to meet its obligations from January 1 to March 31.
- At the end of the current year, the fund balance for the special revenue fund was \$28,112.37, an increase of \$0.44 or 0.01% in comparison with the prior year.
- At the end of the current year, the fund balance for the capital projects fund was \$22,624.00, which was a decrease of \$287,200.00 or 1,269.45% in comparison with the prior year.
- At the end of the current year, the fund balance for the debt service fund was \$12,532.07, an increase of \$0.02 or 0.00% in comparison with the prior year.
- The total debt of the Fire District increased by \$533,416.03 as a result of the issuance of a capital lease off set by budgeted debt payments.

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 position* presents information on all of the assets and liabilities of the Fire District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position of the Fire District changed during the most recent year. All changes in net position 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-retirements 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 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 position 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 position 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 \$861,241.83 at the close of the most recent year.

The largest portion of the Fire District's net position 101.53% reflects its investment in capital assets (i.e. vehicles and equipment); this is due the implementation of GASB Statement No. 68. 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.

During 2015, the Fire District's net position increased by \$21,497.99, increasing net position from \$839,743.84 in 2014 (after restatement for the implementation of GASB Statement No. 68 and Statement No. 71) to \$861,241.83 in 2015. The analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Fire District's governmental-type activities.

In total, assets increased by \$592,686.94, deferred outflows of resources increased by \$75,859.00, liabilities increased by \$875,808.95, and deferred inflows of resources increased by \$23,923.00. The increase in assets was attributable to the increase in fixed assets. The increases in deferred outflows of resources, liabilities, and deferred inflows of resources are directly related to the implementation of GASB Statement No. 68 and Statement No. 71 (pensions - see notes to financial statements and Table 2 that follows).

Table 1
Statement of Net Position

	2015	2014
Assets:		
Current and other assets	\$ 325,779.13	\$ 528,552.28
Capital assets	1,424,368.73	628,908.64
Total assets	1,750,147.86	1,157,460.92
Deferred outflows of resources	75,859.00	-
Liabilities:		
Other liabilities	105,283.34	65,033.08
Long-term liabilities outstanding	835,558.69	-
Total liabilities	940,842.03	65,033.08
Deferred inflows of resources	23,923.00	-
Net investment in capital assets	874,417.73	612,373.67
Restricted	69,833.00	329,640.00
Unrestricted	(83,008.90)	150,414.17
Total net position	861,241.83	1,092,427.84
Restatement to record net pension liability (GASB Statement No. 68 and Statement No. 71)	-	(252,684.00)
Net position	\$ 861,241.83	\$ 839,743.84

\$874,417.73 of the Fire District's net position at the end of the current year reflects its net investment in capital assets (ie., vehicles and firefighting equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Fire District uses these assets to provide fire-fighting and emergency services to the citizens of the Borough of Westville; consequently, these assets are not available for future spending.

Although the Fire District's investments in 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.

An additional component of the Fire District's net position, \$69,833.00, represents resources that are restricted.

The third and final component of net position is unrestricted. The unrestricted net position at year-end is (\$83,008.90). This component represents sources and uses that do not meet the criteria of the aforementioned two components of net position.

Table 2 that follows illustrates the changes in net position of the Fire District's governmental activities. During 2015, the Fire District's revenues increased by \$101,194.62, increasing from \$581,636.03 in 2014 to \$682,830.65 in 2015.

Property taxes constituted approximately 55.55% of total revenues for governmental activities for the Fire District for the year 2015. In addition, cost of operations and maintenance comprises 46.35% of the Fire District's expenses, with administration comprising 12.23%, and other operating appropriations offset with revenues comprising 10.96%.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
Expenses:		
Operating expenses:		
Administration	\$ 81,901.16	\$ 76,026.83
Cost of operations and maintenance	310,553.90	261,570.49
Operating appropriations offset with revenues	73,409.92	70,116.42
Contribution to length of service awards program	19,236.81	18,103.60
Interest on long-term debt	8,742.84	980.94
Pension expenses	39,232.00	-
Unallocated depreciation	<u>136,949.71</u>	<u>142,106.44</u>
Total program expenses	670,026.34	568,904.72
Revenues:		
Charges for services	(166,779.62)	(183,820.36)
Operating grants and contributions	<u>(53,444.00)</u>	<u>(1,764.00)</u>
Net program expenses	<u>449,802.72</u>	<u>383,320.36</u>
General revenues:		
Taxes:		
Property taxes, levied for general purposes	348,366.00	348,366.00
Property taxes, levied to match grant funds	13,610.00	13,610.00
Property taxes, levied for debt service	17,326.00	17,326.00
Unrestricted interest earned	954.69	1,023.76
Interlocal services agreement	3,350.00	4,855.00
J.I.F. dividend	3,844.08	2,739.43
Sale of surplus equipment	75,000.00	7,050.00
Miscellaneous	<u>156.26</u>	<u>1,081.48</u>
Total general revenues	<u>462,607.03</u>	<u>396,051.67</u>
Other adjustments to net position:		
Bonds and notes authorized but not issued	10,050.00	-
Prior period adjustment	<u>(1,356.32)</u>	<u>-</u>
Total other adjustments to net position	<u>8,693.68</u>	<u>-</u>
Change in net position	21,497.99	12,731.31
Net position - January 1	<u>839,743.84</u>	<u>1,079,696.53</u>
Net position - December 31 (prior to restatement)	861,241.83	1,092,427.84
Restatement to record net pension liability (GASB Statement No. 68 and Statement No. 71)	<u>-</u>	<u>(252,684.00)</u>
Net position - December 31	<u>\$ 861,241.83</u>	<u>\$ 839,743.84</u>

During 2015, the Fire District's expenses increased by \$101,121.62, increasing from \$568,904.72 in 2014 to \$670,026.34 in 2015.

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 \$287,284.93 a decrease of \$193,363.24 in comparison with the prior year.

Of the combined ending fund balances of \$287,284.93, unreserved fund balance constituted \$264,660.93. Of the unreserved fund balance, \$47,209.00 has been utilized in the 2016 budget for the Fire District. Of the remaining fund balance in the amount of \$22,624.00, \$14,824.00 is reserved for planned future capital acquisitions or improvements and \$7,800.00 is reserved for the purchase of aerial fire apparatus.

The general fund is the main operating fund of the Fire District. At the end of the current year, the total fund balance of the general fund was \$224,016.49; all of which is unreserved.

The fund balance of the Fire District's general fund increased by \$93,836.30 during the current year. Key factors are as follows:

- The amount realized for miscellaneous revenues was \$71,984.65 more than the amount anticipated in the 2015 budget.
- The amount expended under the administrative budget category was \$6,605.88 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 \$26,119.82 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 \$4,535.08 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 \$5,763.19 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.

The special revenue fund had a fund balance of \$28,112.37, at the end of the current year, which is an increase of \$0.44 in comparison with the prior year.

The capital projects fund had a fund balance of \$22,624.00, at the end of the current year, which is a decrease of \$287,200.00 in comparison with the prior year.

General Fund Budgetary Highlights

During the course of the year 2015, 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 2015, 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 was in the amount of \$17,357.59 or \$3,257.59 more than anticipated. This was the result of higher than anticipated revenue registration fees.
- Revenues from the emergency medical services billing in the amount of \$149,422.03 or \$10,577.97 less than anticipated.

The Fire District's expenditures included payments to the state-sponsored P.E.R.S. pension system in the amounts of \$11,592.00. The employees' payroll deductions for P.E.R.S. were \$7,281.62. The employer's share and the minor differences were budgeted and paid as part of the budgetary appropriation for employee benefits.

The final budgetary basis expenditures appropriation estimate was \$546,282.00. The original budget estimate was the same.

The final budgetary basis expenditures appropriation estimate exceeds the final budgetary basis revenue estimate by \$19,816.00. The difference was financed by unreserved fund balance.

Special Revenue Fund Budgetary Highlights

- Property taxes (local tax levy) was \$13,610.00.
- State aid from the supplemental fire safety grant was \$1,764.00
- State aid from the assistance to firefighters grant was \$51,680.00

Capital Assets and Debt Administration

Capital Assets. The Fire District's investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$1,424,368.73 (net of accumulated depreciation). This investment in capital assets includes vehicles and firefighting equipment.

At the end of 2015, the Fire District had \$3,156,899.57 invested in vehicles and firefighting equipment. The accumulated depreciation on these items was \$1,732,530.84.

Capital Assets (Net of Accumulated Depreciation) At December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 1,182,674.27	\$ 418,916.01
Firefighting equipment	<u>241,694.46</u>	<u>209,992.63</u>
Total capital assets	<u>\$ 1,424,368.73</u>	<u>\$ 628,908.64</u>

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

Long-Term Obligations. The Fire District had no outstanding serial bonds at December 31, 2015.

As of December 31, 2015, 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, 2015, the Fire District has an obligation under a capital lease agreement in the amount of \$549,951.00; this represents the cost of the new aerial fire apparatus less the down payment from the reserve for future capital acquisitions. This obligation together with interest will be paid in annual installments until July 14, 2025.

The Fire District's annual required contribution to PERS is budgeted and paid on an annual basis. For additional details on the net pension liability see the notes to financial statements.

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

Economic Factors and Next Year's Budget

For the year 2015, the Fire District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 55.55% of total revenue is from the local tax levy, while the remaining 44.45% is from other sources.

The Board of Fire Commissioners adopted the 2016 budget on January 12, 2016 and the voters subsequently approved the budget at the annual Fire District election held on February 20, 2016.

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 Position
December 31, 2015

ASSETS:

Cash and cash equivalents	\$	285,983.62
Accounts receivable		14,921.51
Bonds and notes authorized but not issued		10,050.00
Restricted assets:		
Cash and cash equivalents		14,824.00
Capital assets, net		1,424,368.73
Total assets		<u>1,750,147.86</u>

DEFERRED OUTFLOWS OF RESOURCES:

Related to pensions		<u>75,859.00</u>
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LIABILITIES:

Accounts payable		45,309.86
Unearned revenues		4,310.34
Accrued interest payable		8,544.83
Noncurrent liabilities:		
Due within one year		47,118.31
Due beyond one year		835,558.69
Total liabilities		<u>940,842.03</u>

DEFERRED INFLOWS OF RESOURCES:

Related to pensions		<u>23,923.00</u>
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NET POSITION:

Invested in capital assets, net of related debt		874,417.73
Restricted for:		
Purchase of aerial fire apparatus		7,800.00
Capital projects		14,824.00
Subsequent year's expenditures		47,209.00
Unrestricted:		<u>(83,008.90)</u>
Total net position	\$	<u><u>861,241.83</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, 2015

PROGRAM EXPENSES:

Operating appropriations:

Administration	\$ 81,901.16
Cost of operations and maintenance	310,553.90
Operating appropriations offset with revenues	73,409.92
Contribution to length of service awards program (L.O.S.A.P.)	19,236.81
Interest on long-term debt	8,742.84
Pension expenses	39,232.00
Unallocated depreciation	136,949.71
Total program expenses	<u>670,026.34</u>

PROGRAM REVENUES:

Charges for services	166,779.62
Operating grants and contributions	53,444.00
Total program revenues	<u>220,223.62</u>
Net program expenses	<u>449,802.72</u>

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	954.69
Interlocal services - emergency medical services	3,350.00
JIF dividend	3,844.08
Sale of surplus equipment	75,000.00
Miscellaneous income	156.26
Total general revenues	<u>462,607.03</u>

OTHER FINANCIAL SOURCES (USES) OF FUNDS:

Bonds and notes authorized but not issued	10,050.00
Prior period adjustments accounts payable	(1,356.32)
	<u>8,693.68</u>

Increase (decrease) in net position	21,497.99
Net position - January 1 (restated)	<u>839,743.84</u>
Net position - December 31	<u>\$ 861,241.83</u>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
\$	255,852.84	\$ 32,422.71	\$ 0.00	\$ 12,532.07	\$ 300,807.62
	4,676.01	0.00	0.00	0.00	4,676.01
	10,245.50	0.00	0.00	0.00	10,245.50
	0.00	0.00	10,050.00	0.00	10,050.00
	0.00	0.00	12,574.00	0.00	12,574.00
Total assets	\$ 270,774.35	\$ 32,422.71	\$ 22,624.00	\$ 12,532.07	\$ 338,353.13

LIABILITIES AND FUND BALANCES:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
\$	30,922.65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 30,922.65
	1,906.36	0.00	0.00	0.00	1,906.36
	2.00	0.00	0.00	0.00	2.00
	887.61	0.00	0.00	0.00	887.61
	465.24	0.00	0.00	0.00	465.24
	0.00	4,310.34	0.00	0.00	4,310.34
	12,574.00	0.00	0.00	0.00	12,574.00
	46,757.86	4,310.34	0.00	0.00	51,068.20
Total liabilities	\$ 50,708.26	\$ 4,310.34	\$ 0.00	\$ 0.00	\$ 55,018.60

Fund balances:

Reserved for:					
Purchase aerial fire apparatus	0.00	0.00	7,800.00	0.00	7,800.00
Future capital outlays	0.00	0.00	14,824.00	0.00	14,824.00
Unreserved:					
Designated for:					
Subsequent year's expenditures	47,209.00	0.00	0.00	0.00	47,209.00
Undesignated, reported in:					
General fund	176,807.49	28,112.37	0.00	12,532.07	217,451.93
	224,016.49	28,112.37	22,624.00	12,532.07	287,284.93
Total fund balances	\$ 224,016.49	\$ 28,112.37	\$ 22,624.00	\$ 12,532.07	\$ 287,284.93
Total liabilities and fund balances	\$ 270,774.35	\$ 32,422.71	\$ 22,624.00	\$ 12,532.07	\$ 338,353.13

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

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets \$3,156,899.57 and the accumulated depreciation is \$1,732,530.84

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

Net pension liability

Accounts payable related to the April 1, 2016 required PERS pension contribution that is not to be liquidated with current financial resources

Deferred outflows of resources - related to pensions

Deferred inflows of resources - related to pensions

WESTVILLE FIRE DISTRICT NO. 1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Miscellaneous anticipated revenues	\$ 150,376.72	\$ 0.00	\$ 0.00	\$ 0.00	\$ 150,376.72
Operating grant revenue	0.00	53,444.00	0.00	0.00	53,444.00
Miscellaneous revenues offset with appropriations	17,357.59	0.00	0.00	0.00	17,357.59
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	82,350.34	0.00	0.00	0.00	82,350.34
Total revenues	598,450.65	67,054.00	0.00	17,326.00	682,830.65
EXPENDITURES:					
Operating appropriations:					
Administration	81,901.16	0.00	0.00	0.00	81,901.16
Cost of operations and maintenance	328,710.14	67,053.56	0.00	0.00	395,763.70
Operating appropriations offset with revenues	73,409.92	0.00	0.00	0.00	73,409.92
Contribution to length of services award program (L.O.S.A.P.)	19,236.81	0.00	0.00	0.00	19,236.81
Capital outlay	0.00	0.00	847,200.00	0.00	847,200.00
Debt service:					
Principal	0.00	0.00	0.00	16,533.97	16,533.97
Interest and other charges	0.00	0.00	0.00	792.01	792.01
Total expenditures	503,258.03	67,053.56	847,200.00	17,325.98	1,434,837.57
Excess (deficiency) of revenues over (under) expenditures	95,192.62	0.44	(847,200.00)	0.02	(752,006.92)
OTHER FINANCING SOURCES (USES):					
Operating transfers out - capital	(295,000.00)	0.00	295,000.00	0.00	0.00
Operating transfers in - capital	295,000.00	0.00	(295,000.00)	0.00	0.00
Prior period adjustment - accounts payable	(1,356.32)	0.00	0.00	0.00	(1,356.32)
Proceeds of capital lease	0.00	0.00	549,950.00	0.00	549,950.00
Bonds and notes authorized but not issued	0.00	0.00	10,050.00	0.00	10,050.00
Total other financing sources (uses)	(1,356.32)	0.00	560,000.00	0.00	558,643.68
Net change in fund balances	93,836.30	0.44	(287,200.00)	0.02	(193,363.24)
Fund balance - January 1	130,180.19	28,111.93	309,824.00	12,532.05	480,648.17
Fund balance - December 31	\$ 224,016.49	\$ 28,112.37	\$ 22,624.00	\$ 12,532.07	\$ 287,284.93

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, 2015

Total net change in fund balances - governmental funds (from B-2)	\$	(193,363.24)
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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	\$	(136,949.71)	
Other increases in capital assets		<u>932,409.80</u>	795,460.09

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

16,533.97

Proceeds from debt issues are a financial source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital lease proceeds	(549,950.00)
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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.

(7,950.83)

Governmental funds report Fire District pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the Fire District's pension contributions in the current period.

(39,232.00)

Change in net position of governmental activities	\$	<u>21,497.99</u>
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WESTVILLE FIRE DISTRICT NO. 1
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2015

	<u>Payroll and Payroll Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 1,284.00
Prepaid salaries	<u>8,961.47</u>
Total assets	<u>\$ 10,245.47</u>
 LIABILITIES:	
Interfund payable	<u>\$ 10,245.17</u>
Total liabilities	<u>\$ 10,245.17</u>

Notes To The Financial Statements

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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, 2015, 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 position 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 position 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 position 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, 2015

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, 2015

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 position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and 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, 2015

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, 2015

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, 2015, 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, 2015. 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 Position.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The 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.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

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, 2015.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

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

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represent the difference between assets and liabilities. Net position 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 position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Fire District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. As a result of adopting such statements, the Fire District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to its defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$252,684.00, and was recognized as a restatement of the Fire District's December 31, 2014 net position on the statement of activities.

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future years as shown below:

GASB Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will become effective for the Fire District for the year ending December 31, 2016. Management has not yet determined the impact of this statement on the financial statements.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The statement will become effective for the Fire District for the year ending December 31, 2016. Management does not expect this statement will have an impact on the financial statements.

GASB Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans. The objective of this statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The statement will become effective for the Fire District for the year ending December 31, 2017. Management does not expect this statement will have an impact on the financial statements.

GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The statement will become effective for the Fire District for the year ending December 31, 2018. Management has not yet determined the impact of this statement on the financial statements.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Impact of Recently Issued Accounting Principles (Concluded)

Recently Issued and Adopted Accounting Pronouncements (Concluded)

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The GAAP hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will become effective for the Fire District for the year ending December 31, 2016. Management does not expect this statement will have an impact on the financial statements.

GASB Statement No. 77, Tax Abatement Disclosures. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This statement will become effective for the Fire District for the year ending December 31, 2017. Management does not expect this statement will have an impact on the notes to the financial statements.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state and local governmental employers who employees are provided with such pensions. The statement will become effective for the Fire District for the year ending December 31, 2016. Management does not expect this statement will have an impact on the financial statements.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. The statement will become effective for the Fire District for the year ending December 31, 2016. Management does not expect this statement will have an impact on the financial statements.

NOTE 2 - INVESTMENTS

As of December 31, 2015 and 2014, 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, 2015

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, 2015, 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>75,992.25</u>
	<u>\$ 325,992.25</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, 2015, the District's deposits with the New Jersey Cash Management Fund were \$79,331.93.

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
2015	\$237,243,853.00	\$ 379,302.00	\$.160
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

*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	\$ 10,245.17	\$ -	\$ -	\$ -
Other	4,676.34	-	-	-

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the years ended December 31, 2015 and 2014 was as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Vehicles	\$ 1,530,559.04	\$ 847,200.00	\$ 382,000.00	\$ 1,995,759.04
Firefighting equipment	<u>1,077,430.73</u>	<u>85,209.80</u>	<u>1,500.00</u>	<u>1,161,140.53</u>
Total capital assets being depreciated	<u>\$ 2,607,989.77</u>	<u>\$ 932,409.80</u>	<u>\$ 383,500.00</u>	3,156,899.57
Less: accumulated depreciation				<u>1,732,530.84</u>
				<u>\$ 1,424,368.73</u>

Depreciation expense was charged to governmental funds as unallocated depreciation in the amount of \$136,949.71. The total accumulated depreciation at December 31, 2015 was \$1,732,530.84.

	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.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 7 - LONG-TERM DEBT

Long-term debt as of December 31, 2015, consisted of the following:

	Restated Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Obligations under leases	\$ 16,534.97	\$ 549,950.00	\$ 16,533.97	\$ 549,951.00
Net pension liability	252,684.00	80,042.00	-	332,726.00
	\$ 269,218.97	\$ 629,992.00	\$ 16,533.97	\$ 882,677.00

\$47,117.31 is due within one year.

General Obligation Bonds

The Fire District has no general obligation bonds at December 31, 2015.

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 July 14, 2015 for the acquisition of an E-One aerial fire apparatus. Upon the signing of the lease, it called for 10 payments in arrears commencing on July 14, 2016. The lease is for a 10-year period and requires annual installments of \$65,760.62 beginning on July 14, 2016 at 3.35% interest.

Year	Lease #1	Lease #2	Total
2015	\$ 1.00	\$ -	\$ 1.00
2016	-	65,760.62	65,760.62
2017	-	65,760.62	65,760.62
2018	-	65,760.62	65,760.62
2019	-	65,760.62	65,760.62
Thereafter	-	394,563.72	394,563.72
	1.00	657,606.20	657,607.20
Less: amount representing interest	-	107,656.20	107,656.20
Present value of minimum lease payments	\$ 1.00	\$ 549,950.00	\$ 549,951.00

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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/BONDS AND NOTES

The Fire District has no bond anticipation notes at December 31, 2015. The Fire District has bonds and notes authorized but not issued in the amount of \$10,050.00 at December 31, 2015.

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 \$961.50.

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 \$19,611.72.

NOTE 10 - PENSION PLAN

A substantial number of the Fire District's employees participate in the following defined benefit pension plan: the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625-0295, <http://www.state.nj.us/treasury/pensions>.

General Information About the Pension Plan

Plan Description

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Fire District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 10 - PENSION PLAN (Continued)

General Information About the Pension Plan (Continued)

Vesting and Benefit Provisions

Public Employees' Retirement System

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier 1 - Members who were enrolled prior to July 1, 2007

Tier 2 - Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008

Tier 3 - Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010

Tier 4 - Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011

Tier 5 - Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not yet reached the service retirement age for the respective tier.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 10 - PENSION PLAN (Continued)

General Information About the Pension Plan (Concluded)

Contributions

Public Employees' Retirement System

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.80% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Fire District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Fire District's contractually required contribution rate for the year ended December 31, 2015 was 12.66% of the Fire District's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Fire District's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$11,126.00, which was paid on April 1, 2016. The Fire District's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$11,592.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$7,281.62.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Public Employees' Retirement System

At December 31, 2015, the Fire District's proportionate share of the PERS net pension liability was \$332,726.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, which was the measurement date, the Fire District's proportion was 0.0014822064% which was a decrease of 0.0002993416% from its proportion measured as of June 30, 2014.

As previously mentioned, for the year ended December 31, 2015, the Fire District's contributions to the PERS were \$11,126.00 and were paid on April 1, 2016.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 10 - PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Public Employees' Retirement System (Continued)

At December 31, 2015, the Fire District had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflow Of Resources	Deferred Inflow Of Resources
Differences between expected and actual experience	\$ 7,938.00	\$ -
Changes of assumptions	35,732.00	-
Net difference between projected and actual earnings on pension plan investments	21,063.00	18,573.00
Changes in proportion and differences between Fire District contributions and proportionate share of contributions	-	5,350.00
Fire District contributions subsequent to the measurement date	11,126.00	-
	\$ 75,859.00	\$ 23,923.00

\$11,126.00 included in deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the year ending December 31, 2016.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 10 - PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Concluded)

Public Employees' Retirement System (Concluded)

The Fire District will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

	Deferred Outflow Of Resources	Deferred Inflow Of Resources
Differences between expected and actual experience:		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of assumptions:		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in proportion and differences between Fire District contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Fiscal Year Ending June 30,	PERS
2016	\$ 12,708.00
2017	12,708.00
2018	12,708.00
2019	12,708.00
2020	(8,056.00)
Thereafter	(3,544.00)
	\$ 39,232.00

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 10 - PENSION PLAN (Continued)

Actuarial Assumptions

Public Employees' Retirement System

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% based on age
Thereafter	3.15% - 5.40% based on age
Investment rate of return	7.90%
Mortality rate table	RP-2000
Period of actuarial experience study upon which actuarial assumptions were based	July 1, 2008 - June 30, 2011

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees, and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in target asset allocation as of June 30, 2015, the plans' measurement dates, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment grade credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High yield bonds	2.00%	4.03%
Inflation-indexed bonds	1.50%	3.25%
Broad US equities	27.25%	8.52%
Developed foreign equities	12.00%	6.88%
Emerging market equities	6.40%	10.00%
Private equity	9.25%	12.41%
Hedge funds/absolute return	12.00%	4.72%
Real estate (property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global debt ex US	3.50%	(0.40%)
REIT	4.25%	5.12%
	<u>100.00%</u>	

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 10 - PENSION PLAN (Concluded)

Actuarial Assumptions (Concluded)

Public Employees' Retirement System (Concluded)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last 5 years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System

The following presents the Fire District's proportionate share of the net pension liability at June 30, 2015, the plan's measurement date, calculated using a discount rate of 4.90%, as well as what the Fire District's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rates used:

	1.00% Decrease (3.90%)	Current Discount Rate (4.90%)	1.00% Increase (5.90%)
Fire District's proportionate share of the net pension liability	\$ 413,537.00	\$ 332,726.00	\$ 264,974.00

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

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, 2015, they are not members of the State Health Benefits Plan.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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, 2015, which can be obtained from:

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

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 2015 a contract was in force for these billings with D.M. Medical Billing Service.

During 2015, the Fire District received \$149,422.03 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.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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, 2015, the value of the plan was \$197,790.05 and members were vested. During the year under audit, the District's contributed liability was \$19,236.81 and said amount has been set up as a payable on December 31, 2015 balance sheet.

NOTE 15 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles the interfund receivable and payable for the year ended December 31, 2015:

Due From	General Fund	Due To Capital Projects Fund	Total Due To
General fund	\$ -	\$ 12,574.00	\$ 12,574.00
Payroll account	10,245.50	-	10,245.50
Total due from	<u>\$ 10,245.50</u>	<u>\$ 12,574.00</u>	<u>\$ 22,819.50</u>

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, 2015, the balance is \$22,624.00.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 16 - FUND BALANCES (Concluded)

Unreserved

The following is the status of the unreserved fund balance at December 31, 2015:

	<u>Balance December 31, 2015</u>	<u>Designated For Subsequent Year's Expenditures</u>
General fund	\$ 224,016.49	\$ 47,209.00
Special revenue fund	28,112.37	-
Debt service fund	12,532.07	-

NOTE 17 - RESTATEMENT OF PRIOR PERIOD NET POSITION

The Fire District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, for the year ended December 31, 2015. As a result of implementing these two statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the Fire District's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for December 31, 2015 is as follows:

Beginning net position as previously reported at December 31, 2014	\$ 1,092,427.84
Prior period adjustment - implementation of GASB Statement No. 68 and Statement No. 71: Net pension liability at June 30, 2014 (measurement date)	<u>(252,684.00)</u>
Net position - December 31, 2014 (restated)	<u>\$ 839,743.84</u>

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 October 28, 2016, which is the date that the financial statements were available to be issued.

Required Supplementary Information - Part II

WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
REVENUES:					
Miscellaneous anticipated revenues:					
Emergency medical services billing	\$ 160,000.00	\$ 0.00	\$ 160,000.00	\$ 149,422.03	\$ (10,577.97)
Interest in investments and deposits	4,000.00	0.00	4,000.00	954.69	(3,045.31)
Total miscellaneous anticipated revenues	<u>164,000.00</u>	<u>0.00</u>	<u>164,000.00</u>	<u>150,376.72</u>	<u>(13,623.28)</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	17,132.59	3,132.59
Other revenues	<u>100.00</u>	<u>0.00</u>	<u>100.00</u>	<u>225.00</u>	<u>125.00</u>
Total miscellaneous revenues offset with appropriations	<u>14,100.00</u>	<u>0.00</u>	<u>14,100.00</u>	<u>17,357.59</u>	<u>3,257.59</u>
Miscellaneous revenues not anticipated:					
Interlocal services - emergency medical services billing	0.00	0.00	0.00	3,350.00	3,350.00
JIF dividend	0.00	0.00	0.00	3,844.08	3,844.08
Sale of surplus equipment	0.00	0.00	0.00	75,000.00	75,000.00
Miscellaneous	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>156.26</u>	<u>156.26</u>
Total miscellaneous revenues not anticipated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>82,350.34</u>	<u>82,350.34</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>598,450.65</u>	<u>71,984.65</u>

**EXHIBIT C-1
(Continued)**

**WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
EXPENDITURES:					
Operating appropriations:					
Administration:					
Salaries and wages	\$ 17,524.00	\$ 0.00	\$ 17,524.00	\$ 14,433.73	\$ 3,090.27
Fringe benefits	1,691.00	0.00	1,691.00	1,200.12	490.88
Other expenses:					
Election	1,000.00	(160.60)	839.40	432.05	407.35
Insurance	44,880.00	0.00	44,880.00	43,919.54	960.46
Office expenses	6,250.00	2,164.74	8,414.74	6,964.95	1,449.79
Professional services	10,100.00	93.68	10,193.68	10,986.71	(793.03)
Promotion	1,000.00	409.07	1,409.07	1,409.07	0.00
Purchase of assets not considered capital	4,000.00	(444.85)	3,555.15	2,554.99	1,000.16
Total administration	86,445.00	2,062.04	88,507.04	81,901.16	6,605.88
Cost of operations and maintenance:					
Salaries and wages	120,780.00	0.00	120,780.00	121,252.82	(472.82)
Fringe benefits	44,712.00	0.00	44,712.00	42,220.99	2,491.01
Other expenses:					
Advertising	1,500.00	0.00	1,500.00	510.20	989.80
Membership/dues	1,000.00	0.00	1,000.00	782.00	218.00
Professional services	7,500.00	0.00	7,500.00	4,811.00	2,689.00
Rental charges	36,000.00	0.00	36,000.00	36,000.84	(0.84)
Supplies expense	39,000.00	602.09	39,602.09	43,028.33	(3,426.24)
Training and education	7,000.00	(2,664.13)	4,335.87	4,335.87	0.00

WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	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	\$ 12,755.90	\$ 244.10
Purchase of assets not considered capital	59,400.00	0.00	59,400.00	40,649.50	18,750.50
Aid to first aid or emergency squad	27,000.00	0.00	27,000.00	22,362.69	4,637.31
Total cost of operating and maintenance	356,892.00	(2,062.04)	354,829.96	328,710.14	26,119.82
Operating appropriations offset with revenues:					
Salaries and wages	44,117.00	0.00	44,117.00	42,985.28	1,131.72
Fringe benefits	20,728.00	0.00	20,728.00	19,619.61	1,108.39
Other expenses:					
Supplies and materials	2,500.00	0.00	2,500.00	1,275.29	1,224.71
Uniforms	4,000.00	0.00	4,000.00	2,992.50	1,007.50
Operating lease	6,600.00	0.00	6,600.00	6,537.24	62.76
Total operating appropriations offset with revenues	77,945.00	0.00	77,945.00	73,409.92	4,535.08
Contribution to length of service awards program (L.O.S.A.P.)	25,000.00	0.00	25,000.00	19,236.81	5,763.19
Total appropriations	546,282.00	0.00	546,282.00	503,258.03	43,023.97
Excess (deficit) of revenues over (under) expenditures	(19,816.00)	0.00	(19,816.00)	95,192.62	115,008.62

**EXHIBIT C-1
(Concluded)**

**WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Other financial sources and uses of funds:					
Operating transfers in - capital	\$ 295,000.00	\$ 0.00	\$ 295,000.00	\$ 295,000.00	\$ 0.00
Operating transfers out - capital	(295,000.00)	0.00	(295,000.00)	(295,000.00)	0.00
Prior period adjustment - accounts payable	0.00	0.00	0.00	(1,356.32)	(1,356.32)
Total other financial sources and uses of funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,356.32)</u>	<u>(1,356.32)</u>
Excess (deficiency) of revenues over (under) expenditures	(19,816.00)	0.00	(19,816.00)	93,836.30	113,652.30
Fund balances - January 1	130,180.19	0.00	130,180.19	130,180.19	0.00
Fund balances - December 31	<u>\$ 110,364.19</u>	<u>\$ 0.00</u>	<u>\$ 110,364.19</u>	<u>\$ 224,016.49</u>	<u>\$ 113,652.30</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Fund balance appropriated	\$ (19,816.00)	\$ 0.00	\$ (19,816.00)	\$ 93,836.30	\$ 113,652.30
	<u>\$ (19,816.00)</u>	<u>\$ 0.00</u>	<u>\$ (19,816.00)</u>	<u>\$ 93,836.30</u>	<u>\$ 113,652.30</u>

WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended December 31, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
REVENUES:					
Supplemental fire service grant	\$ 1,764.00	\$ 0.00	\$ 1,764.00	\$ 1,764.00	\$ 0.00
FEMA - assistance to firefighters grant	51,680.00	0.00	51,680.00	51,680.00	0.00
Total grant funds	53,444.00	0.00	53,444.00	53,444.00	0.00
Amount to be raised by taxation for support the district budget	13,610.00	0.00	13,610.00	13,610.00	0.00
Total revenues	67,054.00	0.00	67,054.00	67,054.00	0.00
EXPENDITURES:					
Supplemental fire service grant	2,374.00	0.00	2,374.00	2,373.56	0.44
FEMA - assistance to firefighters grant	51,680.00	0.00	51,680.00	51,680.00	0.00
Matching funds for federal grant	13,000.00	0.00	13,000.00	13,000.00	0.00
Total expenditures	67,054.00	0.00	67,054.00	67,053.56	0.44
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	0.44	0.44
Fund balance - January 1	28,111.93	0.00	28,111.93	28,111.93	0.00
Fund balance - December 31	\$ 28,111.93	\$ 0.00	\$ 28,111.93	\$ 28,112.37	\$ 0.44

Notes To The Required Supplementary Information

WESTVILLE FIRE DISTRICT NO. 1
Required Supplementary Information
Budgetary Comparison Schedule
Notes To Required Supplementary Information
For the Year Ended December 31, 2015

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 598,450.65	\$ 67,054.00
Difference:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	0.00	0.00
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 598,450.65	\$ 67,054.00
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 503,258.03	\$ 67,053.56
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:		
2015	0.00	0.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 503,258.03	\$ 67,053.56

Required Supplementary Information - Part III

WESTVILLE FIRE DISTRICT NO. 1
Required Supplementary Information
Schedule of the Fire District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Two Fiscal Years

	Measurement Date Ending	
	June 30,	
	2015	2014
Fire District's proportion of the net pension liability	0.0014822064%	0.0017815480%
Fire District's proportionate share of the net pension liability	\$ 332,726.00	\$ 252,684.00
Fire District's covered-employee payroll	\$ 177,231.00	\$ 170,480.00
Fire District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.74%	148.22%
Plan fiduciary net position as a percentage of the total pension liability	81.28%	128.04%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WESTVILLE FIRE DISTRICT NO. 1
Required Supplementary Information
Schedule of the Fire District's Contributions
Public Employees' Retirement System (PERS)
Last Two Fiscal Years

	Fiscal Year Ended	
	June 30,	
	2015	2014
Contractually required contribution	\$ 11,126.00	\$ 11,592.00
Contributions in relation to the contractually required contribution	11,126.00	11,592.00
Contribution deficiency (excess)	\$ 22,252.00	\$ 23,184.00
Fire District's covered-employee payroll	\$ 177,231.00	\$ 170,480.00
Contributions as a percentage of Fire District's covered-employee payroll	6.28%	6.80%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**WESTVILLE FIRE DISTRICT NO. 1
Required Supplementary Information
Note to Required Supplementary Information
For the Year Ended December 31, 2015**

NOTE 1 - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Changes In Benefit Terms

None.

Changes In Assumptions

The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

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, 2015

REVENUES:

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

EXPENDITURES:

Capital outlay			847,200.00
	Total expenditures		<u>847,200.00</u>

Excess (deficiency) of revenues over (under) expenditures (847,200.00)

Other financing sources (uses):

Operating transfers in			295,000.00
Operating transfers out			(295,000.00)
Bonds and notes authorized but not issued			10,050.00
Proceeds of capital lease			549,950.00
	Total other financing sources (uses)		<u>560,000.00</u>

Excess (deficiency) of revenues and other financing sources (uses)
over (under) expenditures and other financing sources (uses) (287,200.00)

Fund balance - January 1 309,824.00

Fund balance - December 31 \$ 22,624.00

WESTVILLE FIRE DISTRICT NO. 1
Capital Projects Fund
Summary Statement of Project Expenditures
As of December 31, 2015

Project Title	Balance December 31, 2014	2015 Budget Appropriation	Proceeds of Capital Lease	Refunds	Appropriated in 2015 Budget	Expended	Balance December 31, 2015
E-One aerial fire apparatus	\$ 0.00	\$ 295,000.00	\$ 560,000.00	\$ 2,250.00	\$ 0.00	\$ 849,450.00	\$ 7,800.00
Purchase of fire apparatus	<u>309,824.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>295,000.00</u>	<u>0.00</u>	<u>14,824.00</u>
	<u>\$ 309,824.00</u>	<u>\$ 295,000.00</u>	<u>\$ 560,000.00</u>	<u>\$ 2,250.00</u>	<u>\$ 295,000.00</u>	<u>\$ 849,450.00</u>	<u>\$ 22,624.00</u>

WESTVILLE FIRE DISTRICT NO. 1
Fiduciary Fund
Combining Statement of Fiduciary Net Position
December 31, 2015

	Payroll
ASSETS:	
Cash and cash equivalents	\$ 1,284.00
Prepaid salaries	8,961.47
Total assets	\$ 10,245.47
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Interfund accounts payable	\$ 10,245.47
Total liabilities	10,245.47
Fund balances:	
Reserved	0.00
Total fund balances	0.00
Total liabilities and fund balances	\$ 10,245.47

WESTVILLE FIRE DISTRICT NO. 1
Payroll Agency Fund
Schedule of Receipts and Disbursement
For the Year Ended December 31, 2015

	Balance January 1, 2014	Cash Receipts	Cash Disbursements	Balance December 31, 2015
ASSETS:				
Cash and cash equivalents	\$ 6,004.00	\$ 176,422.67	\$ 181,142.67	\$ 1,284.00
Prepaid salaries	7,021.06	0.00	(1,940.41)	8,961.47
Total assets	\$ 13,025.06	\$ 176,422.67	\$ 179,202.26	\$ 10,245.47
LIABILITIES:				
Payroll deductions and withholdings	\$ 0.00	\$ 127,837.68	\$ 127,837.68	\$ 0.00
Net payroll	0.00	50,834.15	50,834.15	0.00
Interfund accounts payable	13,025.06	(2,249.16)	530.43	10,245.47
Total liabilities	\$ 13,025.06	\$ 176,422.67	\$ 179,202.26	\$ 10,245.47

WESTVILLE FIRE DISTRICT NO. 1
General Long-Term Debt Account Group
Schedule of Obligations Under Capital Leases
December 31, 2015

Description	Date of Lease	Term of Lease	Interest Rate Payable	Amount of Original Issue	Amount Outstanding December 31, 2014 (a)	Issued Current Year	Retired Current Year	Amount Outstanding December 31, 2015 (a)
Rescue pumper	5/4/05	8 Years	4.70%	\$ 498,000.00	\$ 1.00	\$ 0.00	\$ 0.00	\$ 1.00
Modular E.M.S. vehicle	2/1/09	6 Years	4.79%	88,043.00	16,533.97	0.00	16,533.97	0.00
E-One aerial ladder apparatus	7/14/15	10 Years	3.35%	549,950.00	0.00	549,950.00	0.00	549,950.00
				\$ 16,534.97	\$ 549,950.00	\$ 16,533.97	\$ 549,951.00	

(a) Future interest payments are removed from outstanding balances at December 31, 2014 and 2015.

WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
REVENUES:					
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	17,326.00	0.00	17,326.00	17,326.00	0.00
EXPENDITURES:					
Principal payments:					
Capital leases	16,534.00	(0.01)	16,533.99	16,533.97	0.02
Interest payments:					
Capital leases	792.00	0.01	792.01	792.01	0.00
Total expenditures	17,326.00	0.00	17,326.00	17,325.98	0.02
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	0.02	0.02
Fund balance - January 1	12,532.05	0.00	12,532.05	12,532.05	0.00
Fund balance - December 31	\$ 12,532.05	\$ 0.00	\$ 12,532.05	\$ 12,532.07	\$ 0.02

Schedule of Findings and Recommendations

WESTVILLE FIRE DISTRICT NO. 1
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2015

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

Finding 2015-1

Criteria or Specific Requirement

The Borough of Westville adopted an ordinance establishing the fees to be collected on all commercial buildings not required to be registered by the State (specifically exempts churches).

Condition

The Fire District has chosen not to bill certain governmental and fraternal organizations for their annual registration fees. Also, the Fire District has not taken any formal action to waive the fees.

Effect

The Fire District's revenues from the operations of the Bureau of Fire Prevention are lower than required by the ordinance established by the Borough of Westville.

Recommendation

The Bureau of Fire Prevention should charge fees in accordance with the fee schedule adopted in the ordinance of the Borough of Westville.

View of Responsible Official and Corrective Action

The Fire District is currently working with the Borough of Westville to update the Borough's ordinance regarding this issue as recommended by the State's field monitoring visit letter dated June 17, 2016. In 2016, the Fire District will introduce resolutions to take formal action to waive previous fees.

Findings 2015-2

Criteria or Specific Requirement

New Jersey statute require that fire districts are not to make payments for goods or services prior to the receipt of such goods or services.

Condition

On December 15, 2015, the Fire District placed two orders, one for upgrades to the light tower and emergency lighting system on Rescue 736 and one for ultra high radio frequency equipment. These services were not received until the calendar year 2016, however, payment for these services were authorized and paid in December 2015.

Findings 2015-2 (Concluded)

Effect

In one case this resulted in a duplicate payment when goods were received for which the Fire District had to request a refund for the overpaid amount.

Recommendation

The Fire District should not make any payments for goods or services prior the receipt of such goods or services in accordance with New Jersey statute.

View of Responsible Official and Corrective Action

The Fire District did authorize this purchase as stated. The checks were written and sent out to vendors early, in error. In the future, these purchases will not be sent out until services are rendered and completed with said purchases being charged to appropriation reserves as done in the past.

Findings 2015-3

Criteria or Specific Requirement

New Jersey statute requires that all individual contracts in excess of \$17,500.00, when the Fire District does not have a qualified purchasing agent, be advertised for public bids.

Condition

The Fire District award a contract for upgrades to the light tower and emergency lighting to Kaler Motor Company is the amount of \$20,117.39.

Effect

The Fire District was in violation of the statute requiring open public bidding for contracts in excess of the statutory bid limit.

Recommendation

All contracts that can reasonably be expected to exceed the statutory bid limit be advertised in accordance with local public contracts law.

View of Responsible Official and Corrective Action

The Fire District approved the purchase stated as two separate purchases which we believed to be under the bid threshold. Therefore, we are disputing this finding.

Findings 2015-4

Criteria or Specific Requirement

The State requires the full funding of all capital projects.

Condition

The Fire District was imposed a late payment penalty in the amount of \$4,500.00 for the cost of the acquisition of new aerial fire apparatus. This penalty was offset by a refund of \$2,250.00, leaving a deficit balance in the capital projects fund of \$2,250.00.

Effect

The Fire District's capital projects fund has a shortage of funds which is offset by bonds and notes authorized but not issued.

Recommendation

The Fire District should take action to raise the required \$2,250.00 in the 2017 budget.

View of Responsible Official and Corrective Action

Since the Fire District did not exceed the amount approved by the voters and this finding is directly related to the timely submission of the Fire District's 2014 Audit by Ball, Buckley & Seher, LLP, we are also disputing this finding until this can be explained in more detail.

**WESTVILLE FIRE DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT
For the Year Ended December 31, 2015**

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
Woodbury, New Jersey

October 28, 2016