



**TOMS RIVER FIRE COMMISSIONERS
DISTRICT NO. 2
OCEAN COUNTY, NEW JERSEY**

Financial Statements

December 31, 2013 and 2012

With Independent Auditors' Report

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
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December 31, 2013 and 2012

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TOMS RIVER FIRE COMMISSIONERS, DISTRICT NO. 2

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**Kevin W. Britton, Chairman
Richard Heroy, Treasurer
Kevin Geoghegan, Clerk
Kenneth J. Taylor, Purchasing
Roger J. Brown**

**Pleasant Plain Fire Dept.
Clayton Avenue, Toms River, NJ**

**Silverton Fire Company
Kettle Creek Road, Toms River, NJ**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Toms River Fire Commissioners, District No. 2's financial performance provides an overview of the District's financial activities for the year ended December 31, 2013 and 2012.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Position and Governmental Funds Balance Sheet and Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position provides information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how district services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a Board for the benefit of those outside of the government.

Reporting on the District as a Whole

The Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's equipment to assess the overall health of the District.

In the Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position, we divide the District into two kinds of activities;

Toms River Fire Commissioners, District No. 2

Management's Discussion and Analysis (continued)

- General Fund activities – Most of the District's basic services are reported here. Property Tax Levies finance most of these activities.
- Capital Fund activities – The District's equipment acquisitions are financed by prior levies and approved by the taxpayers. The District's acquisitions are reported here.

Reporting on the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants.

- General funds – Most of the District's basic services are reported in general funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between general fund activities (reported in the Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position) and capital funds in reconciliation at the bottom of the fund financial statements.

The District as a Board

Reporting on the District's Fiduciary Responsibilities

The District is a board of commissioners for the safety and protection of the residents within its boundaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

For the years ended December 31, 2013 and 2012, net position changed as follows:

	2013 GAAP Basis		Total	Increase (Decrease) over 2012	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 2,729,807	\$ -	\$ 2,729,807	\$ (946,349)	-25.74%
Capital assets	-	3,606,618	3,606,618	1,450,040	67.24%
Total assets	<u>\$ 2,729,807</u>	<u>\$ 3,606,618</u>	<u>\$ 6,336,425</u>	<u>\$ 503,691</u>	8.64%
Total liabilities	\$ 396,212	\$ 246,726	\$ 642,938	\$ 272,372	73.50%
Net position					
Net investment in capital assets			\$ 3,606,618	\$ 1,450,040	67.24%
Restricted for capital acquisitions			96,930	(2,853)	-2.86%
Unrestricted			1,989,939	(911,245)	-31.41%
Total net position			<u>5,693,487</u>	<u>535,942</u>	10.39%
Total liabilities and net position			<u>\$ 6,336,425</u>	<u>\$ 808,314</u>	14.62%

Toms River Fire Commissioners, District No. 2

Management's Discussion and Analysis (continued)

	2012 GAAP Basis		Total	Increase (Decrease) over 2011	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 3,339,543	\$ 336,613	\$ 3,676,156	\$ 700,090	23.52%
Capital assets	-	2,156,578	2,156,578	321,195	17.50%
Total assets	<u>\$ 3,339,543</u>	<u>\$ 2,493,191</u>	<u>\$ 5,832,734</u>	<u>\$ 1,021,285</u>	21.23%
Total liabilities	\$ 370,566	\$ 304,623	\$ 675,189	\$ 420,814	165.43%
Net position					
Net investment in capital assets			\$ 2,156,578	\$ 321,195	17.50%
Restricted for capital acquisitions			99,783	10,053	11.20%
Unrestricted			2,901,184	269,223	10.23%
Total net position			<u>5,157,545</u>	<u>600,471</u>	13.18%
Total liabilities and net position			<u>\$ 5,832,734</u>	<u>\$ 1,021,285</u>	21.23%

The District's increase both years in net position signifies an improved financial condition.

Governmental Activities

The General Fund is used mainly to provide fire protection to its residents, educate the public as to fire prevention and precaution, and to train qualified personnel. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose. Capital Fund Activity is used mainly to provide for the acquisition of major fire equipment for fire extinguishment.

THE DISTRICT'S FUNDS

The following schedule presents a summary of general, capital fund revenues and expenditures for the fiscal years ended December 31, 2013 and 2012 and the amount and percentage of increases and decreases in relation to prior years.

	2013 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) over 2012	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 2,949,396	98.92%	\$ 58,119	2.01%
Interest income	14,058	0.47%	7,711	121.49%
Supplemental fire services grant	9,898	0.34%	-	0.00%
Insurance proceeds, net of losses	-	0.00%	(379,139)	100.00%
Miscellaneous income	8,185	0.27%	5,866	252.95%
	<u>\$ 2,981,537</u>	<u>100.00%</u>	<u>\$ (307,443)</u>	-9.35%

For the year ended December 31, 2013 the District experienced a decrease in total revenue of approximately \$300,000 or 9%. The majority of the decrease related to insurance proceeds received in 2012 due to Hurricane Sandy.

Toms River Fire Commissioners, District No. 2

Management's Discussion and Analysis (continued)

	2012 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) over 2011	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 2,891,277	87.91%	\$ (566)	-0.02%
Grant revenue	-	0.00%	(125,000)	-100.00%
Interest income	6,347	0.19%	(1,301)	-17.01%
Supplemental fire services grant	9,898	0.30%	-	0.00%
Insurance proceeds, net of losses	379,139	11.53%	379,139	100.00%
Miscellaneous income	2,319	0.07%	(15,633)	-87.08%
	<u>\$ 3,288,980</u>	<u>100.00%</u>	<u>\$ 236,639</u>	<u>7.75%</u>

Due to a stable assessed tax rate, district taxes were flat this year. The district received a grant to aid in the purchase of a tanker truck last year. No such grants were received in 2012. The district incurred damages from Superstorm Sandy in 2012 and lost fire-fighting equipment, including an aerial truck, with a cost basis of approximately \$50,000 and an insured value of \$430,000, resulting in a net gain of approximately \$380,000.

	2013 GAAP Basis	Percentage of Total Expenditures	Increase (Decrease) over 2012	Percentage Increase (Decrease)
Expenditures				
Office expenses	\$ 11,719	0.48%	\$ 1,937	19.80%
Professional services	22,298	0.91%	1,314	6.26%
Elections	3,705	0.15%	(1,121)	-23.23%
Travel expenses	7,043	0.29%	1,460	26.15%
Dues	2,635	0.11%	(221)	-7.74%
Communication expenses	-	0.00%	(50)	-100.00%
Salaries and wages	264,323	10.81%	13,133	5.23%
Fringe benefits	268,268	10.97%	(50,308)	-15.79%
Advertising	878	0.04%	10	1.15%
Telephone and opticom	2,669	0.11%	(198)	-6.91%
Insurance and health protection	156,029	6.38%	24,359	18.50%
Supplies	749	0.03%	(690)	-47.95%
Registrations, licenses and fees	100	0.00%	(500)	-83.33%
Uniforms	62,000	2.54%	(2,000)	-3.13%
Utilities and building maintenance	16,746	0.68%	1,862	12.51%
Physicals and fitness	10,222	0.42%	(2,814)	-21.59%
Fire hydrant service on rentals	255,887	10.46%	10,325	4.20%
Contracted services provided by volunteer fire companies	55,930	2.29%	(1,416)	-2.47%
Training	8,964	0.37%	760	9.26%
Non-bondable - radios	10,209	0.42%	(8,012)	-43.97%
Non-bondable - fire equipment	97,913	4.00%	(102,539)	-51.15%
Non-bondable - scuba and fire rescue	16,223	0.66%	445	2.82%
Gas and oil	27,637	1.13%	(9,863)	-26.30%
Vehicle maintenance	82,233	3.36%	(35,855)	-30.36%
Equipment repairs	26,183	1.06%	(10,035)	-27.71%
Contingent expenses	75	0.01%	(3)	-3.85%
Other rental charges	103,891	4.25%	(833)	-0.80%

Toms River Fire Commissioners, District No. 2

Management's Discussion and Analysis (continued)

	2013 GAAP Basis	Percentage of Total Expenditures	Increase (Decrease) over 2012	Percentage Increase (Decrease)
Expenditures (Continued)				
First aid	64,222	2.62%	(2,896)	-4.31%
Joint board expenses	687,092	28.10%	(49,202)	-6.68%
Depreciation expense	179,752	7.35%	(19,963)	-10.00%
	<u>\$ 2,445,595</u>	<u>100.00%</u>	<u>\$ (242,914)</u>	<u>-9.04%</u>

Most expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced a decrease in total expenditures of approximately \$240,000, or 9%, due to the decreased costs of operation.

	2012 GAAP Basis	Percentage of Total Expenditures	Increase (Decrease) over 2011	Percentage Increase (Decrease)
Expenditures				
Office expenses	\$ 9,782	0.36%	\$ 1,781	22.26%
Professional services	20,984	0.78%	1,354	6.90%
Elections	4,826	0.18%	2,072	75.24%
Travel expenses	5,583	0.21%	(2,886)	-34.08%
Dues	2,856	0.11%	(1,150)	-28.71%
Communication expenses	50	0.00%	50	100.00%
Salaries and wages	251,190	9.34%	14,815	6.27%
Fringe benefits	318,576	11.85%	(10,955)	-3.32%
Advertising	868	0.03%	(704)	-44.78%
Telephone and opticom	2,867	0.11%	699	32.24%
Insurance and health protection	131,670	4.90%	675	0.52%
Supplies	1,439	0.05%	130	9.93%
Registrations, licenses and fees	600	0.02%	(460)	-43.40%
Uniforms	64,000	2.38%	-	0.00%
Utilities and building maintenance	14,884	0.55%	(4,749)	-24.19%
Physicals and fitness	13,036	0.48%	1,539	13.39%
Fire hydrant service on rentals	245,562	9.13%	(1,630)	-0.66%
Contracted services provided by volunteer fire companies	57,346	2.13%	707	1.25%
Training	8,204	0.31%	2,764	50.81%
Non-bondable - radios	18,221	0.68%	(13,451)	-42.47%
Non-bondable - fire equipment	200,452	7.46%	72,686	56.89%
Non-bondable - scuba and fire rescue	15,778	0.59%	11,242	247.84%
Gas and oil	37,500	1.39%	8,945	31.33%
Vehicle maintenance	118,088	4.39%	39,468	50.20%
Equipment repairs	36,218	1.34%	3,751	11.55%
Contingent expenses	78	0.01%	(172)	-68.80%
Other rental charges	104,724	3.90%	-	0.00%
First aid	67,118	2.50%	(2,905)	-4.15%
Joint board expenses	736,294	27.39%	7,604	1.04%
Depreciation expense	199,715	7.43%	(36,935)	-15.61%
	<u>\$ 2,688,509</u>	<u>100.00%</u>	<u>\$ 94,285</u>	<u>3.63%</u>

Most expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced an increase in total expenditures of approximately \$100,000, or 4%, due to the rising costs of operations and increased purchases of fire equipment.

Toms River Fire Commissioners, District No. 2

Management's Discussion and Analysis (continued)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board revised the General Fund budget once. This budget amendment was a transfer within appropriations as a precaution to avoid over expending individual line items.

The budget relied on the expectation of an increase in the total tax levy. The district tax base decreased but the assessed tax rate increased to \$.066 from \$.051, which produced an increase in tax revenue of approximately \$58,000. For 2012, the District's assessed tax rate increased to \$.051 from \$.050 which produced an increase in tax revenue of approximately \$600.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For the year ended December 31, 2013 and 2012, capital assets changed as follows:

	2012 GAAP Basis	Additions	Transfers/ Disposals	2013 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Land	\$ 21,400	\$ -	\$ -	\$ 21,400	0.00%
Building	715,656	-	-	715,656	0.00%
Machinery & equipment	401,902	60,712	(12,958)	449,656	11.88%
Construction in progress	559,283	1,559,449	(559,283)	1,559,449	178.83%
Fire apparatus	3,509,761	9,631	559,283	4,078,675	16.21%
	<u>5,208,002</u>	<u>1,629,792</u>	<u>(12,958)</u>	<u>6,824,836</u>	31.05%
Accumulated depreciation	<u>3,051,424</u>	<u>179,752</u>	<u>(12,958)</u>	<u>3,218,218</u>	5.47%
Capital assets, net	<u>\$ 2,156,578</u>	<u>\$ 1,450,040</u>	<u>\$ -</u>	<u>\$ 3,606,618</u>	67.24%

The District accounted for the purchase of two new firefighting vehicles and additions made to the Commissioner's Office.

	2011 GAAP Basis	Additions	Disposals	2012 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Land	\$ 21,400	\$ -	\$ -	\$ 21,400	0.00%
Building	715,656	-	-	715,656	0.00%
Machinery & equipment	392,346	9,556	-	401,902	2.44%
Construction in progress	-	559,283	-	559,283	100.00%
Fire apparatus	3,838,410	-	328,649	3,509,761	-8.56%
	<u>4,967,812</u>	<u>568,839</u>	<u>328,649</u>	<u>5,208,002</u>	4.83%
Accumulated depreciation	<u>3,132,428</u>	<u>199,715</u>	<u>280,719</u>	<u>3,051,424</u>	-2.59%
Capital assets, net	<u>\$ 1,835,384</u>	<u>\$ 369,124</u>	<u>\$ 47,930</u>	<u>\$ 2,156,578</u>	17.50%

The District accounted for the purchase of new firefighting equipment and the loss of fire apparatus in Superstorm Sandy.

Toms River Fire Commissioners, District No. 2

Management's Discussion and Analysis (continued)

Debt

The District has no debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Next year's general fund budget was determined based on a slight decrease to the district tax rate. There will be fewer capital projects in 2014 than in 2013.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at 257 Warner Street, Toms River, New Jersey 08755.



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Independent Auditors' Report

Board of Fire Commissioners
Toms River Fire Commissioners, District No. 2
Ocean County, 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 Toms River Fire Commissioners, District No. 2, Ocean County, New Jersey as of and for the years ended December 31, 2013 and 2012, and related notes to the financial statements, which collectively comprise Toms River Fire Commissioners, District No. 2's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Toms River Fire Commissioners, District No. 2's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Toms River Fire Commissioners, District No. 2, Ocean County, New Jersey as of December 31, 2013 and 2012, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accounting principles generally accepted in the United States of America required that the Management's Discussion and Analysis on page A1 through A7 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Toms River Fire Commissioners, District No. 2's basic financial statements. The accompanying financial information listed as Supplementary Information and Other Schedules, as listed in the table of contents, is presented for purposes of additional analysis and are not required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 and 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 Supplementary Information and Other Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Statistical Information and Roster of Officials have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2014 on our consideration of the Toms River Fire Commissioners, District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Toms River Fire Commissioners, District No. 2's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ronald C. Petrics". The signature is written in a cursive, flowing style.

Ronald C. Petrics
Registered Municipal Accountant (#474)

October 2, 2014



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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditors' Report

Board of Fire Commissioners
Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Toms River Fire Commissioners, District No. 2, Ocean County, New Jersey, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Toms River Fire Commissioners, District No. 2's basic financial statements, and have issued our report thereon dated October 2, 2014.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Toms River Fire Commissioners, District No. 2's internal control over financial reporting 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 Toms River Fire Commissioners, District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Toms River Fire Commissioners, District No. 2's internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Toms River Fire Commissioners, District No. 2, Ocean County, New Jersey 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, reading "Ronald C. Petrics", enclosed in a thin black rectangular border.

Ronald C. Petrics
Registered Municipal Accountant (#474)

October 2, 2014

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2013

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash and cash equivalents	\$ 2,670,350	\$ -	\$ 2,670,350	\$ -	\$ 2,670,350
Accounts receivable	12,355	-	12,355	-	12,355
Prepaid insurance	47,102	-	47,102	-	47,102
Interfund receivable	-	1,206,652	1,206,652	(1,206,652)	-
Capital assets, net	-	-	-	3,606,618	3,606,618
Deferred charges to future taxation	35,003	-	35,003	(35,003)	-
Total assets	<u>\$ 2,764,810</u>	<u>\$ 1,206,652</u>	<u>\$ 3,971,462</u>	<u>\$ 2,364,963</u>	<u>\$ 6,336,425</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 49,149	\$ 39,596	\$ 88,745	\$ -	\$ 88,745
Encumbrances payable	246,387	207,130	453,517	-	453,517
Reserve for LOSAP trust	1,971	-	1,971	-	1,971
Compensated absences	92,288	-	92,288	-	92,288
Payroll taxes	6,417	-	6,417	-	6,417
Interfund payable	1,206,652	-	1,206,652	(1,206,652)	-
Improvement authorizations	-	96,930	96,930	(96,930)	-
Total current liabilities	<u>1,602,864</u>	<u>343,656</u>	<u>1,946,520</u>	<u>(1,303,582)</u>	<u>642,938</u>
Fund Balances and Net Position					
Fund balances:					
Committed:					
Capital improvements	-	807,996	807,996	(807,996)	-
Assigned:					
Appropriation reserves	224,185	-	224,185	(224,185)	-
Designated for subsequent years' expenditures	285,184	55,000	340,184	(340,184)	-
Unassigned:					
General fund	<u>652,577</u>	<u>-</u>	<u>652,577</u>	<u>(652,577)</u>	<u>-</u>
Total fund balances	<u>1,161,946</u>	<u>862,996</u>	<u>2,024,942</u>	<u>(2,024,942)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,764,810</u>	<u>\$ 1,206,652</u>	<u>\$ 3,971,462</u>		
Net Position					
Net investment in capital assets				3,606,618	3,606,618
Restricted for capital acquisitions				96,930	96,930
Unrestricted				<u>1,989,939</u>	<u>1,989,939</u>
Total net position				<u>\$ 5,693,487</u>	<u>\$ 5,693,487</u>

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

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2012

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash and cash equivalents	\$ 2,302,109	\$ -	\$ 2,302,109	\$ -	\$ 2,302,109
Accounts receivable	998,737	336,613	1,335,350	-	1,335,350
Prepaid insurance	38,697	-	38,697	-	38,697
Interfund receivable	-	1,566,461	1,566,461	(1,566,461)	-
Capital assets, net	-	-	-	2,156,578	2,156,578
Deferred charges to future taxation	35,003	-	35,003	(35,003)	-
Total assets	<u>\$ 3,374,546</u>	<u>\$1,903,074</u>	<u>\$ 5,277,620</u>	<u>\$ 555,114</u>	<u>\$ 5,832,734</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 17,170	\$ -	\$ 17,170	\$ -	\$ 17,170
Encumbrances payable	263,643	304,623	568,266	-	568,266
Reserve for LOSAP trust	1,519	-	1,519	-	1,519
Reserve for replacement of 2921	-	336,613	336,613	(336,613)	-
Compensated absences	85,576	-	85,576	-	85,576
Payroll taxes	2,658	-	2,658	-	2,658
Interfund payable	1,566,461	-	1,566,461	(1,566,461)	-
Improvement authorizations	-	99,783	99,783	(99,783)	-
Total current liabilities	1,937,027	741,019	2,678,046	(2,002,857)	675,189
Fund Balances and Net Position					
Fund balances:					
Committed:					
Capital improvements	-	362,055	362,055	(362,055)	-
Assigned:					
Appropriation reserves	281,242	-	281,242	(281,242)	-
Designated for subsequent years' expenditures	514,000	800,000	1,314,000	(1,314,000)	-
Unassigned:					
General fund	642,277	-	642,277	(642,277)	-
Total fund balances	<u>1,437,519</u>	<u>1,162,055</u>	<u>2,599,574</u>	<u>(2,599,574)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,374,546</u>	<u>\$1,903,074</u>	<u>\$ 5,277,620</u>		
Net Position					
Net investment in capital assets				2,156,578	2,156,578
Restricted for capital acquisitions				99,783	99,783
Unrestricted				2,901,184	2,901,184
Total net position				<u>\$ 5,157,545</u>	<u>\$ 5,157,545</u>

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

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Statement of Revenues, Expenses and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2013

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 2,319,527	\$ -	\$ 2,319,527	\$ 126,068	\$ 2,445,595
Capital appropriations	<u>1,737,583</u>	<u>-</u>	<u>1,737,583</u>	<u>(1,737,583)</u>	<u>-</u>
Total expenditures	4,057,110	-	4,057,110	(1,611,515)	2,445,595
Revenues and other financing sources:					
General revenues:					
District taxes	2,949,396	-	2,949,396	-	2,949,396
Supplemental fire services grant	9,898	-	9,898	-	9,898
Interest income	14,058	-	14,058	-	14,058
Miscellaneous revenue not anticipated	8,185	-	8,185	-	8,185
Fund balance utilized - restricted	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>(800,000)</u>	<u>-</u>
Total general revenues	3,781,537	-	3,781,537	(800,000)	2,981,537
Transfers:					
Reserve for future capital outlays	-	500,833	500,833	(500,833)	-
Capital fund balance utilized	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>800,000</u>	<u>-</u>
Total transfers	<u>-</u>	<u>(299,167)</u>	<u>(299,167)</u>	<u>299,167</u>	<u>-</u>
Total general revenues and transfers	<u>3,781,537</u>	<u>(299,167)</u>	<u>3,482,370</u>	<u>(500,833)</u>	<u>2,981,537</u>
Deficiency of revenue and transfers over expenditures	(275,573)	(299,167)	(574,740)	574,740	-
Changes in net position	-	-	-	535,942	535,942
Fund balances / net position:					
Beginning of the year	1,437,519	1,162,055	2,599,574	2,557,971	5,157,545
Cancellation of unexpended balances of improvement authorizations	<u>-</u>	<u>108</u>	<u>108</u>	<u>(108)</u>	<u>-</u>
End of year	<u>\$ 1,161,946</u>	<u>\$ 862,996</u>	<u>\$ 2,024,942</u>	<u>\$ 3,668,545</u>	<u>\$ 5,693,487</u>

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

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Statement of Revenues, Expenses and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2012

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 2,484,351	\$ -	\$ 2,484,351	\$ 204,158	\$ 2,688,509
Capital appropriations	961,583	-	961,583	(961,583)	-
Total expenditures	<u>3,445,934</u>	<u>-</u>	<u>3,445,934</u>	<u>(757,425)</u>	<u>2,688,509</u>
Revenues and other financing sources:					
General revenues:					
District taxes	2,891,277	-	2,891,277	-	2,891,277
Supplemental fire services grant	9,898	-	9,898	-	9,898
Interest income	6,347	-	6,347	-	6,347
Miscellaneous revenue not anticipated	92,775	-	92,775	288,683	381,458
Fund balance utilized - restricted	600,000	-	600,000	(600,000)	-
Total general revenues	<u>3,600,297</u>	<u>-</u>	<u>3,600,297</u>	<u>(311,317)</u>	<u>3,288,980</u>
Transfers:					
Reserve for future capital outlays	-	337,083	337,083	(337,083)	-
Capital fund balance utilized	-	(600,000)	(600,000)	600,000	-
Total transfers	<u>-</u>	<u>(262,917)</u>	<u>(262,917)</u>	<u>262,917</u>	<u>-</u>
Total general revenues and transfers	<u>3,600,297</u>	<u>(262,917)</u>	<u>3,337,380</u>	<u>(48,400)</u>	<u>3,288,980</u>
Excess (deficit) of revenue and transfers over expenditures	154,363	(262,917)	(108,554)	108,554	-
Changes in net position	-	-	-	600,471	600,471
Fund balances/ net position:					
Beginning of the year	1,283,156	1,383,808	2,666,964	1,890,110	4,557,074
Cancellation of unexpended balances of improvement authorizations	<u>-</u>	<u>41,164</u>	<u>41,164</u>	<u>(41,164)</u>	<u>-</u>
End of year	<u>\$ 1,437,519</u>	<u>\$ 1,162,055</u>	<u>\$ 2,599,574</u>	<u>\$ 2,557,971</u>	<u>\$ 5,157,545</u>

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

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

The accounting policies of the Toms River Fire Commissioners, District No. 2 (District) conform to the accounting principles generally accepted in the United States of America and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2013 and 2012, the financial statements of the Toms River Fire Commissioners, District No. 2 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.

A. Reporting Entity

The district is an instrumentality of the State of New Jersey, established to function as a special district. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the fiscal 2013 and 2012 year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

Combined Fund and Government-wide Financial Statements

As a special purpose governmental entity engaged in a single governmental program the District has opted to present its financial data in the form of combined fund and government-wide financial statements to simplify their annual financial reporting process.

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". The District does not maintain any proprietary or fiduciary funds.

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Capital Fund: The capital fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities and firefighting equipment.

In conformity with GASB 34, the District's combined fund and government-wide financial statements present adjustments to reconcile the general and capital fund balances to net position.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

The District also adopted the provisions of Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65 "Items Previously Reported as Assets and Liabilities". Statement No. 63 requires that Deferred Outflows of Resources be reported in a separate section after the assets, Deferred Inflows of Resources be reported in a separate section after liabilities, and replaces the term "Statement of Net Assets" with "Statement of Net Position". Statement No. 65 amends the financial statement classification of certain items to be included in the deferred inflows and outflow categories.

The adoption of Governmental Accounting Standards Board Statements 34, 63 and 65 have no significant effect on the basic financial statements, except for changing the term "Net Assets" to "Net Position" throughout the financial statements in accordance with Statement No. 63.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Basis of Accounting

Fund Basis of Accounting

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Government-wide Basis of Accounting

The government-wide statements are presented using the accrual basis of accounting. Under the full accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

D. Budgets/Budgetary Control

Annual budgets are prepared each year for the operations of the fire districts. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

E. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Specific encumbrances in governmental funds are reported as liabilities at year end as they constitute expenditures or rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the following year. The balance of the unencumbered appropriations is recorded as a reserve to fund balance for unrecorded expenditures and commitments that pertain to the prior year. At the end of the following year, an entry will be made to fund balance for the unexpended appropriations of the prior year.

F. Fixed Assets

In the fund financial statements, fixed assets used in governmental operations are accounted for as expenditures of the government fund upon acquisition.

In the government-wide basis of accounting, fixed assets are accounted for as capital assets. The District generally capitalizes assets with a cost of \$5,000 or more as outlays occur. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all fixed assets is recorded as an operating expense in the Statement of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position with accumulated depreciation reflected in the Statement of Net Position and Governmental Funds Balance Sheet. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation, generally 5 years for general purpose vehicles, 5-10 years for firefighting equipment, 15-20 years for firefighting vehicles and 39 years for leasehold improvements.

G. Interfund Transactions and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers between the general and capital fund of the District net to zero on the Statement of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those loans are reported as interfund receivables and payables on the fund basis of accounting. Interfund payables and receivables between funds are eliminated in the Statement of Net Position and Governmental Funds Balance Sheet.

H. Net Position

Fund Basis

Fund balance is reported in classifications depicting the relative strength of the constraint that controls how specific amounts can be spent. Classifications are as follows:

- Nonspendable – includes amounts that are not in a spendable form or not expected to be converted to cash (inventory, for example) or are legally and contractually required to be maintained intact (principal of an endowment fund, for example).
- Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors, contributors, creditors, law or regulations of other governments or through enabling legislation that creates a new revenue source and restricts its use. Restrictions may be changed or lifted with the consent of resource providers.
- Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Commissioners. The constraint can only be removed or changed by taking the same type of action the District employed to commit those amounts. Such formal action consists of an affirmative vote by the Board of Commissioners.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

- Assigned – comprises amounts intended to be used by the District for specific purposes, but are neither restricted nor committed. Intent is expressed by the District Board of Commissioners.
- Unassigned – this is the residual amount for the General Fund, and represents fund balance that has not been restricted, committed or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned, it may be necessary to report a negative unassigned fund balance.

Government-wide Basis

Net position is displayed in three components:

- Net investment in capital assets, – consists of capital assets, net of accumulated depreciation.
- Restricted for capital acquisitions – current balance consists of net position restricted for the expansion of the fire house, fire truck, brush truck and equipment.
- Unrestricted net position – net position that does not meet the definition of “restricted” or “net investment in capital assets”.

2. Adjustments to Arrive at Net Position

A. Capital Assets – Net and Net Investment in Capital Assets

For the years ended December 31, 2013 and 2012 capital assets, net and net investment in capital assets in the amount of \$3,606,618 and \$2,156,578, respectively, have been included in the government-wide presentation.

B. Interfund Receivables and Payables

For the years ended December 31, 2013 and 2012 interfund receivables and payables in the amount of \$1,206,652 and \$1,566,461, respectively, have been eliminated in arriving at the government-wide presentation.

C. Fund Balances, Unrestricted Net Position, and Net Position Restricted for Capital Acquisitions

For the years ended December 31, 2013 and 2012 fund balances in the amount of \$2,024,942 and \$2,599,574, respectively, have been eliminated. Unrestricted net position in the amount of \$1,989,939 and \$2,901,184, respectively, and net position restricted for capital acquisitions in the amount of \$96,930 and \$99,783, respectively, have been included in the government-wide presentation.

D. Improvement Authorizations

Improvement authorizations, which are liabilities that represent the District’s earmarking of fund balance for a specified future project, do not represent liabilities as defined by U.S. generally accepted accounting principles. Therefore, for the years ended December 31, 2013 and 2012, improvement authorizations in the amount of \$96,930 and \$99,783, respectively, have been eliminated in arriving at the government-wide presentation.

E. Deferred Charges to Future Taxation

For the years ended December 31, 2013 and 2012, amounts to be provided for future budget in the amount of \$35,003 each have been eliminated in arriving at the government-wide presentation.

3. Adjustments to Arrive at the Changes in Net Position

A. Operating Appropriations

For the year ended December 31, 2013, depreciation expense in the amount of \$179,752 has been included in the government-wide presentation. To account for fixed asset purchases expensed under

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

the fund basis of accounting, vehicle maintenance has been decreased by \$9,630, non-bondable fire equipment has been decreased by \$58,585 and first aid has been decreased by \$5,764. Additionally, to account for expenditures applied to improvement authorizations under the fund basis of accounting, joint board expenses has been increased by \$20,295. The net effect on operating appropriations is an increase of \$126,068.

For the year ended December 31, 2012, depreciation expense in the amount of \$199,715 has been included in the government-wide presentation. To account for fixed asset purchases expensed under the fund basis of accounting, non-bondable fire equipment has been decreased by \$9,557. Additionally, to account for expenditures applied to improvement authorizations under the fund basis of accounting, joint board expenses has been increased by \$14,000. The net effect on operating appropriations is an increase of \$204,158

B. Capital Appropriations

For the year ended December 31, 2013 reserve for future capital outlay has been reduced by \$500,833 on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of improvement authorizations. Additionally, capital projects have been reduced by \$1,236,750 to eliminate the general fund and capital fund expenditures related to the creation of improvement authorizations. The net effect on capital appropriations is a decrease of \$1,737,583.

For the year ended December 31, 2012 reserve for future capital outlay has been reduced by \$337,083 on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of improvement authorizations. Additionally, capital projects have been reduced by \$624,500 to eliminate the general fund and capital fund expenditures related to the creation of improvement authorizations. The net effect on capital appropriations is a decrease of \$961,583

C. Cancellation of Unexpended Balances of Improvement Authorizations

Cancellation of unexpended portions of capital projects are considered income in the year cancelled for budgetary purposes. For GAAP purposes, \$108 and \$41,164 is eliminated respectively, on the government-wide presentation for no revenue was recognized for the years ended December 31, 2013 and 2012.

D. Gain on Disposition of Capital Assets

Gross proceeds received from insurance settlement of fire truck damage during Superstorm Sandy are reserved for future replacement for budgetary purposes. For GAAP purposes, the net book value of the assets, \$- and \$288,683, respectively, is included on the government-wide presentation for the years ended December 31, 2013 and 2012 to reflect the net gain on disposition of assets.

4. Deposit and Investments

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums. Cash determined by the Board of Commissioners consists of all bank accounts including short term certificates of deposit which are considered to be a cash equivalent.

As of December 31, 2013 and 2012 the District's cash accounts consisted of:

	2013	2012
Wachovia – Checking	\$ -	\$ 1,085,100
Santander- Checking	79,239	-
Santander- Money Market	1,459,154	-
Santander- Payroll	13,141	23,371
Wachovia – Awards Program	-	1,600
Santander- Pension Account	4,850	-
Hudson City – CDs	233,759	232,135
Investors – CDs	84,091	167,826
Shore Community – CD	85,056	84,801
Kearney Federal Savings – CD	85,930	85,569
Manasquan Savings – CDs	170,581	169,980
Santander Bank – CD	227,866	226,727
Sun National - CD	<u>226,683</u>	<u>225,000</u>
Total cash	<u>\$ 2,670,350</u>	<u>\$ 2,302,109</u>

The carrying amount of the Board's cash and cash equivalents at December 31, 2013 was \$2,670,350 and the bank balance was \$2,684,361. Of the balance, \$1,136,100 was covered by federal depository insurance and \$1,548,261 was covered by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the federal deposit maximums.

The cash deposits held at financial institutions can be categorized according to three levels of risk as described below:

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the District or its agent, in the District's name	\$ 1,136,100
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or Agent in the District's name	1,548,261
Category 3	Deposits which are not collateralized or insured	-

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

Investments

New Jersey statutes establish the following securities as eligible for the investment of District funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- (c) Bonds or other obligations of the District or bonds or other obligations of school districts of which the district is a part or within which the school district is located.
- (d) Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.
- (e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United States of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2013 and 2012, no such investments were held by the District.

5. Assessment and Collection of Money Authorized By Voters

Upon proper certification pursuant to Section 9 of P.L. 1979 c. 453 (C.40[A]:14-79), the assessor of the municipality, in which the fire district is situate, shall assess the amount to be raised by taxation to support the district budget against the taxable property therein, in the same manner as municipal taxes are assessed and the same amount shall be assessed, levied and collected at the same time and in the same manner as other municipal taxes.

The collector or treasurer of the municipality, in which said district is situate, shall pay over all moneys so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all moneys so assessed; on or before July 1, an amount equaling 22.5% of all monies so assessed; on or before October 1, an amount equaling 25% of all monies so assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of such monies previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of fire districts moneys by which an amount greater than required on any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district moneys by which an amount less than required in any of the first three payment dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

6. Funding

The activities of the Toms River Fire Commissioners, District No. 2 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statute. For the years ended December 31, 2013 and 2012, the fire tax rate on Fire District No. 2 was \$.066 and \$.051, respectively, per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in certificates of deposit and savings during the year.

The District participates in the Supplemental Fire Services Program and received a basic entitlement grant of \$9,898 for the years ended December 31, 2013 and 2012.

7. Awards Program and LOSAP

The district maintains an Awards Program for payments to certain retired personnel. This program is administered by the Commissioners of the District. The payments for 2013 and 2012 were \$5,800 and \$11,400, respectively. Effective July 1, 1993 the Board of Commissioners began a Length of Service Pension Program through an outside insurance company. Contributions by the district to this program have been made each year since its inception. The amount of contributions for 2013 and 2012 were \$203,523 and \$189,170 respectively. In 2013 the district under expended funds and had a reserve of \$452. In 2012, the district had to utilize reserves of \$170 for future expenditures related to this program. Since this plan is administered by an outside insurance company, it was not made part of this audit. Detail of this program can be obtained from Toms River Fire Commissioners, District No. 2 upon request.

8. Capital Assets

The following schedules are a summarization of the capital assets by source for the years ended December 31, 2013 and 2012:

Description	January 1, 2013	Additions	Transfers/ Disposal	December 31, 2013
Capital assets not being depreciated:				
Land	\$ 21,400	\$ -	\$ -	\$ 21,400
Construction in progress	559,283	1,559,449	(559,283)	1,559,449
Total	580,683	1,559,449	(559,283)	1,580,849
Capital assets being depreciated:				
Buildings	715,656	-	-	715,656
Machinery & equipment	401,902	60,712	(12,958)	449,656
Fire apparatus	3,509,761	9,631	559,283	4,078,675
Total	4,627,319	70,343	546,325	5,243,987
Less accumulated depreciation:				
Buildings	370,575	18,351	-	388,926
Machinery & equipment	323,617	21,744	(12,958)	332,403
Fire apparatus	2,357,232	139,657	-	2,496,889
Total	3,051,424	179,752	(12,958)	3,218,218
Total capital assets being depreciated, net	1,575,895	(109,409)	559,283	2,025,769
Net capital assets	<u>\$ 2,156,578</u>	<u>\$ 1,450,040</u>	<u>\$ -</u>	<u>\$ 3,606,618</u>

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

Description	January 1, 2012	Additions	Transfers/ Disposal	December 31, 2012
Capital assets not being depreciated:				
Land	\$ 21,400	\$ -	\$ -	\$ 21,400
Construction in progress	-	559,283	-	559,283
Total	21,400	559,283	-	580,683
Capital assets being depreciated:				
Buildings	715,656	-	-	715,656
Machinery & equipment	392,346	9,556	-	401,902
Fire apparatus	3,838,410	-	(328,649)	3,509,761
Total	4,946,412	9,556	(328,649)	4,627,319
Less accumulated depreciation:				
Buildings	352,224	18,351	-	370,575
Machinery & equipment	300,390	23,227	-	323,617
Fire apparatus	2,479,814	158,137	(280,719)	2,357,232
Total	3,132,428	199,715	(280,719)	3,051,424
Total capital assets being depreciated, net	1,813,984	(190,159)	(47,930)	1,575,895
Net capital assets	<u>\$ 1,835,384</u>	<u>\$ 369,124</u>	<u>\$ -</u>	<u>\$ 2,156,578</u>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$179,752 and \$199,715, respectively.

9. Joint Venture

Several functions of the two Fire Districts of the Township of Toms River are performed on a pooled or shared basis. Expenditures are paid by District No. 1. The allocated portion of the disbursements is billed for reimbursement to District No. 2. This allocation is determined by a formula based on the ratio agreed upon by both districts. The joint activities produce revenues from fees charged at the Fire Academy and from fire inspection fees. The revenues are returned to each District based on their boundary of collections. For the years ended December 31, 2013 and 2012 expenditures, net of revenues, were \$666,797 and \$722,294, respectively.

The Board of commissioners of Fire District No. 1 has been designated as the "lead agency". As such, it is responsible for the bookkeeping of the joint activities.

10. Pension Plan

Plan Description

The employees of the Toms River Fire Commissioners, District No. 2 contribute to a cost-sharing multiple-employer defined benefit pension plan, the Public Employee's Retirement System Pension Plan (PERSP). The plan is administered by the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits. This plan provides retirement, death and disability, and medical benefits to plan members and beneficiaries. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B for its administration. The State of New Jersey issues a publicly available financial report that includes financial statements and required supplementary information.

Funding Policy

The contribution requirements of plan members are determined and may be amended by state statute. In accordance with Statute, plan members enrolled in PERS are required to contribute 6.64% of their annual covered salary through June 2013 and 6.78% effective July 2013.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

11. Vested Employee Benefits

In accordance with GASB – 16 and NCGA – 1 (Governmental Accounting and Financial Reporting Principles), the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund. For the years ended December 31, 2013 and 2012, the vested balances were \$92,288 and \$85,576, respectively.

12. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

13. Advertising

Advertising costs are expensed as incurred and approximated \$900 each year for the years ended December 31, 2013 and 2012, respectively.

14. Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2013 through the date of October 2, 2014, which is the date the financial statements were available to be issued. Based on this evaluation, the District has noted the following subsequent events which require disclosure in the financial statements.

On January 2, 2014 Toms River Fire District No. 1 received the insurance check from VFIS for the loss of the Fire Academy Burn Building that burnt down on November 8, 2013. It was determined that District No. 1 would hold the insurance proceeds until a legal agreement is signed that states the expenses to build the new Fire Academy Burn Building will first be deducted from the insurance proceeds. If the referendum fails to approve the new building, the insurance proceeds will be distributed immediately. In this situation Toms River Fire District No. 2 would receive 39% of the insurance reimbursement of \$285,979.60 or approximately \$115,500.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – All Governmental Fund Types
Year Ended December 31, 2013

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Revenues:								
District taxes	\$ 2,949,396	\$ -	\$ 2,949,396	\$ -	\$ 2,949,396	\$ 2,949,396	\$ 2,949,396	\$ -
Supplemental fire services grant	9,898	-	9,898	-	9,898	9,899	9,899	(1)
Interest income	14,058	-	14,058	-	14,058	8,000	8,000	6,058
Miscellaneous revenue not anticipated	8,185	-	8,185	-	8,185	-	-	8,185
Fund balance utilized - restricted	800,000	-	800,000	(800,000)	-	800,000	800,000	-
Fund balance utilized - unrestricted	-	-	-	-	-	514,000	514,000	(514,000)
Total revenues	3,781,537	-	3,781,537	(800,000)	2,981,537	4,281,295	4,281,295	(499,758)
Transfers:								
Capital fund balance utilized	-	(800,000)	(800,000)	800,000	-	-	-	(800,000)
Reserve for future capital outlays	-	500,833	500,833	(500,833)	-	-	-	500,833
Total transfers	-	(299,167)	(299,167)	299,167	-	-	-	(299,167)
Total general revenues and transfers	3,781,537	(299,167)	3,482,370	(500,833)	2,981,537	4,281,295	4,281,295	(798,925)
Expenditures:								
Operating appropriations:								
Administration:								
Elections	3,705	-	3,705	-	3,705	8,000	8,000	4,295
Office expenses	11,719	-	11,719	-	11,719	17,000	17,000	5,281
Professional services	22,298	-	22,298	-	22,298	31,000	26,000	3,702
Travel expenses	7,043	-	7,043	-	7,043	11,000	8,000	957
Dues	2,635	-	2,635	-	2,635	4,500	4,500	1,865
Communication expenses	-	-	-	-	-	2,800	2,800	2,800
Advertising	878	-	878	-	878	1,500	1,500	622
Telephone and opticom	2,669	-	2,669	-	2,669	8,500	3,500	831
Total administration	50,947	-	50,947	-	50,947	84,300	71,300	20,353

See Independent Auditors' Report.
The accompanying Notes to Supplementary Information are an integral part of this schedule.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – All Governmental Fund Types
Year Ended December 31, 2013

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Continued:								
Operations and maintenance:								
Salary and wages:								
Commissioners	72,523	-	72,523	-	72,523	71,032	71,032	(1,491)
Administrator and secretarial	191,800	-	191,800	-	191,800	178,655	178,655	(13,145)
Total salary and wages	264,323	-	264,323	-	264,323	249,687	249,687	(14,636)
Fringe benefits:								
LOSAP	209,500	-	209,500	-	209,500	200,000	209,500	-
Fringe benefits	58,768	-	58,768	-	58,768	71,772	68,772	10,004
Total fringe benefits	268,268	-	268,268	-	268,268	271,772	278,272	10,004
Contractual:								
Fire hydrant service on rentals	255,887	-	255,887	-	255,887	255,000	260,000	4,113
Contracted services provided by volunteer fire companies	55,930	-	55,930	-	55,930	61,930	61,930	6,000
Total contractual	311,817	-	311,817	-	311,817	316,930	321,930	10,113
Other expenses:								
Training	8,964	-	8,964	-	8,964	9,000	10,000	1,036
Insurance and health protection	156,029	-	156,029	-	156,029	180,000	159,000	2,971
Registrations, licenses and fees	100	-	100	-	100	1,100	1,100	1,000
Uniforms	62,000	-	62,000	-	62,000	64,000	64,000	2,000
Supplies	749	-	749	-	749	12,000	12,000	11,251
Equipment repairs	26,183	-	26,183	-	26,183	35,000	35,000	8,817
Vehicle maintenance	91,863	-	91,863	(9,630) (1)	82,233	84,000	91,500	(363)
Other rental charges	103,891	-	103,891	-	103,891	104,724	104,724	833
Contingent expenses	75	-	75	-	75	1,000	1,000	925
Non-bondable - radios	10,209	-	10,209	-	10,209	10,000	11,000	791
Non-bondable - fire equipment	156,498	-	156,498	(58,585) (1)	97,913	145,000	150,000	(6,498)
Non-bondable - scuba and fire rescue	16,223	-	16,223	-	16,223	19,000	19,000	2,777

See Independent Auditors' Report.
The accompanying Notes to Supplementary Information are an integral part of this schedule.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – All Governmental Fund Types
Year Ended December 31, 2013

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Continued:								
First aid	69,986	-	69,986	(5,764) ⁽¹⁾	64,222	70,000	70,000	14
Joint board expenses	666,797	-	666,797	20,295 ⁽¹⁾	687,092	820,049	820,049	153,252
Gas and oil	27,637	-	27,637	-	27,637	26,000	29,000	1,363
Physicals and fitness	10,222	-	10,222	-	10,222	13,500	16,500	6,278
Utilities and building maintenance	16,746	-	16,746	-	16,746	26,650	28,650	11,904
Depreciation expense	-	-	-	179,752 ⁽¹⁾	179,752	-	-	-
Total other expenses	<u>1,424,172</u>	<u>-</u>	<u>1,424,172</u>	<u>126,068</u>	<u>1,550,240</u>	<u>1,621,023</u>	<u>1,622,523</u>	<u>198,351</u>
Total operations and maintenance	<u>2,268,580</u>	<u>-</u>	<u>2,268,580</u>	<u>126,068</u>	<u>2,394,648</u>	<u>2,459,412</u>	<u>2,472,412</u>	<u>203,832</u>
Total operating appropriations	<u>2,319,527</u>	<u>-</u>	<u>2,319,527</u>	<u>126,068</u>	<u>2,445,595</u>	<u>2,543,712</u>	<u>2,543,712</u>	<u>224,185</u>
Capital appropriations:								
Reserve for future capital outlays	500,833	-	500,833	(500,833)	-	500,833	500,833	-
Capital projects	<u>1,236,750</u>	<u>-</u>	<u>1,236,750</u>	<u>(1,236,750) ⁽¹⁾</u>	<u>-</u>	<u>1,236,750</u>	<u>1,236,750</u>	<u>-</u>
Total capital appropriations	<u>1,737,583</u>	<u>-</u>	<u>1,737,583</u>	<u>(1,737,583)</u>	<u>-</u>	<u>1,737,583</u>	<u>1,737,583</u>	<u>-</u>
Total expenditures	<u>4,057,110</u>	<u>-</u>	<u>4,057,110</u>	<u>(1,611,515)</u>	<u>2,445,595</u>	<u>4,281,295</u>	<u>4,281,295</u>	<u>224,185</u>
Deficiency of revenues and transfers over expenditures	(275,573)	(299,167)	(574,740)	574,740	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (574,740)</u>
Changes in net position	-	-	-	535,942	535,942			
Fund balances/net position, beginning of the year	1,437,519	1,162,055	2,599,574	2,557,971 ⁽²⁾	5,157,545			
Cancellation of unexpended balances of improvement authorizations	<u>-</u>	<u>108</u>	<u>108</u>	<u>(108) ⁽¹⁾</u>	<u>-</u>			
Fund balances/net position, end of year	<u>\$ 1,161,946</u>	<u>\$ 862,996</u>	<u>\$ 2,024,942</u>	<u>\$ 3,668,545</u>	<u>\$ 5,693,487</u>			

See Independent Auditors' Report.
The accompanying Notes to Supplementary Information are an integral part of this schedule.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2013

A. Budgetary Basis of Accounting

There are no substantial differences between the District’s budgetary basis of accounting and the fund basis of accounting described below.

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”.

B. Budgetary to GAAP Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	Change in <u>Fund Balance</u>
(1) Expenditures for long-lived assets are reported as expenses in the year the orders are placed for budgetary purposes. For GAAP purposes, the assets are capitalized in the year purchased and depreciated over the life of the asset.	\$ 53,684
Capital projects approved in the current year budget are reported as expenses in the year the funds are designated by voter election. For GAAP purposes, expenses are recorded when actual invoices are received.	1,236,750
The unexpended portions of capital projects which are subsequently cancelled are considered income in the year cancelled for budgetary purposes. For GAAP purposes, no revenue is recognized for capital projects cancelled.	(108)
Depreciation expense is not recorded on the budgetary basis of accounting. For GAAP purposes, capitalized assets are depreciated on a straight line basis over their respective useful lives.	<u>(179,752)</u>
Net increase in fund balance – budget to GAAP	1,110,574
(2) The amount reported as “fund balance” on the budgetary basis of accounting derives from the basis of accounting used in preparing the District’s budget. (See Note A for a description of the District’s budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures and changes in fund balances because of the cumulative effect of transactions such as those described above.	<u>2,557,971</u>
	<u>\$ 3,668,545</u>

See Independent Auditors’ Report.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2013

C. Budget Cancellation

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2013, the District canceled no appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 4,281,295
Expenditures	<u>4,057,110</u>
Favorable variance	224,185
Canceled	<u>-</u>
Fund balance reserve	<u>\$ 224,185</u>

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Improvement Authorizations – Capital Fund
Year Ended December 31, 2013

Purpose	Authorized Appropriation		Balance	2013	2012	2013	2013	Balance
	Date	Amount	December 31, 2012	Authorization	Encumbrances Payable	Paid/Charged	Canceled	December 31, 2013
<u>DISTRICT NO. 2</u>								
Pumper truck	02/19/11	\$ 600,000	\$ 40,717	\$ -	\$ 304,623	\$ 341,719	\$ -	\$ 3,621
Arial truck	02/18/12	800,000	-	800,000	-	782,150	-	17,850
Commissioners' Office	02/18/12	400,000	-	400,000	-	399,957	-	43
Subtotal		<u>1,800,000</u>	<u>40,717</u>	<u>1,200,000</u>	<u>304,623</u>	<u>1,523,826</u>	<u>-</u>	<u>21,514</u>
<u>JOINT BOARD CAPITAL</u>								
Fire academy - renovations & repairs	02/21/09	39,000	11,166	-	-	-	-	11,166
Fire academy - generator	12/15/10	17,000	17,000	-	-	-	-	17,000
Fire academy - mechanical equipment	12/15/10	20,400	20,400	-	-	20,292	108	-
Fire academy - HVAC renovation	02/19/11	10,500	10,500	-	-	-	-	10,500
HVAC system and generator	02/18/12	36,750	-	36,750	-	-	-	36,750
Subtotal		<u>123,650</u>	<u>59,066</u>	<u>36,750</u>	<u>-</u>	<u>20,292</u>	<u>108</u>	<u>75,416</u>
Grand total		<u>\$ 1,923,650</u>	<u>\$ 99,783</u>	<u>\$ 1,236,750</u>	<u>\$ 304,623</u>	<u>\$ 1,544,118</u>	<u>\$ 108</u>	<u>\$ 96,930</u>
						Cash disbursements	\$ 1,297,392	
						Encumbrances payable	207,130	
						Accounts payable	39,596	
							<u>\$ 1,544,118</u>	

See Independent Auditors' Report.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Improvement Authorizations – Capital Fund
Year Ended December 31, 2012

Purpose	Authorized Appropriation		Balance	2012	2012	2012	Balance
	Date	Amount	December 31, 2011	Authorization	Paid/Charged	Cancelled	December 31, 2012
<u>DISTRICT NO. 2</u>							
Two chief vehicles	02/21/09	\$ 115,000	\$ 31,807	\$ -	\$ -	\$ 31,807	\$ -
Tanker truck	02/21/09	290,000	9,357	-	-	9,357	-
Pumper truck	02/19/11	600,000	-	600,000	559,283	-	40,717
Subtotal		1,005,000	41,164	600,000	559,283	41,164	40,717
<u>JOINT BOARD CAPITAL</u>							
Fire academy - renovations & repairs	02/21/09	39,000	11,166	-	-	-	11,166
Fire academy - generator	12/15/10	17,000	17,000	-	-	-	17,000
Fire academy - mechanical equipment	12/15/10	20,400	20,400	-	-	-	20,400
Fire academy - HVAC renovation	02/19/11	10,500	-	10,500	-	-	10,500
Bureau of fire prevention vehicles	02/19/11	14,000	-	14,000	14,000	-	-
Subtotal		100,900	48,566	24,500	14,000	-	59,066
Grand total		\$ 1,105,900	\$ 89,730	\$ 624,500	\$ 573,283	\$ 41,164	\$ 99,783
				Cash disbursements	\$ 268,660		
				Encumbrances payable	304,623		
					<u>\$ 573,283</u>		

See Independent Auditors' Report.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Fund Balance – Capital Fund
Year Ended December 31, 2013

Purpose	Balance December 31, 2012	2013 Budget RFFCO*	2013 Utilized in Budget	2013 Cancelled Projects	Balance December 31, 2013
<u>PPFD:</u>					
Replace 3017	\$ 24,166	\$ 30,833	\$ -	\$ -	\$ 54,999
Replace 3068	35,000	-	-	-	35,000
Replace 3000	-	13,750	-	-	13,750
Replace 3061	<u>256,667</u>	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>436,667</u>
PPFD Total	315,833	224,583	-	-	540,416
<u>SVFC:</u>					
Replace 2011	-	162,500	-	-	162,500
Replace 2900	-	13,750	-	-	13,750
Replace 2905	800,000	-	800,000	-	-
Refurbish 2917	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
SVFC Total	800,000	276,250	800,000	-	276,250
<u>OTHER:</u>					
Joint Board:					
Fire academy - renovations & repairs	2,998	-	-	-	2,998
Fire academy - mechanical equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>108</u>
Total Joint Board	2,998	-	-	108	3,106
District No. 2:					
Two asst. chief vehicles	2,060	-	-	-	2,060
Future capital projects	<u>41,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,164</u>
District No. 2 Total	<u>43,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,224</u>
Grand Total	<u>\$ 1,162,055</u>	<u>\$ 500,833</u>	<u>\$ 800,000</u>	<u>\$ 108</u>	<u>\$ 862,996</u>

RFFCO – Reserve for Future Capital Outlays.
See Independent Auditors' Report.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Fund Balance – Capital Fund
Year Ended December 31, 2012

Purpose	Balance December 31, 2011	2012 Budget RFFCO*	2012 Utilized in Budget	2012 Cancelled Projects	Balance December 31, 2012
<u>PPFD:</u>					
Replace 3017	\$ 8,750	\$ 15,416	\$ -	\$ -	\$ 24,166
Replace 3068	35,000	-	-	-	35,000
Replace 3051	600,000	-	600,000	-	-
Replace 3061	110,000	146,667	-	-	256,667
PPFD Total	<u>753,750</u>	<u>162,083</u>	<u>600,000</u>	<u>-</u>	<u>315,833</u>
<u>SVFC:</u>					
Replace 2905	625,000	175,000	-	-	800,000
SVFC Total	<u>625,000</u>	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
<u>OTHER:</u>					
Joint Board:					
Fire academy - renovations & repairs	2,998	-	-	-	2,998
District No. 2:					
Two asst. chief vehicles	2,060	-	-	-	2,060
Future capital projects	-	-	-	41,164	41,164
District No. 2 Total	<u>2,060</u>	<u>-</u>	<u>-</u>	<u>41,164</u>	<u>43,224</u>
Grand Total	<u>\$ 1,383,808</u>	<u>\$ 337,083</u>	<u>\$ 600,000</u>	<u>\$ 41,164</u>	<u>\$ 1,162,055</u>

RFFCO – Reserve for Future Capital Outlays.
See Independent Auditors' Report.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Statistical Information
Years Ended December 31, 2013 and 2012

Property Tax Levies

The following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuation for the current and preceding six years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2013	\$ 4,494,959,300	\$ 2,949,396	\$ 0.066
2012	5,681,293,242	2,891,277	0.051
2011	5,880,646,974	2,891,843	0.050
2010	5,926,927,100	2,762,452	0.047
2009 (revaluation)	6,024,706,975	2,794,209	0.047
2008	2,530,464,966	2,681,130	0.106
2007	2,513,067,883	2,390,004	0.096

General Fund – Fund Balance Before Current Year Appropriation Reserves

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2013	\$ 937,761	\$ 285,184
December 31, 2012	1,156,277	514,000
December 31, 2011	1,039,963	91,000
December 31, 2010	871,382	119,500
December 31, 2009	700,221	150,000
December 31, 2008	585,468	150,000

Capital Fund – Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2013	\$ 862,996	\$ 55,000
December 31, 2012	1,162,055	800,000
December 31, 2011	1,383,808	600,000
December 31, 2010	1,153,058	165,000
December 31, 2009	880,999	114,999
December 31, 2008	504,000	-

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Roster of Officials
Years Ended December 31, 2013 and 2012

<u>Board of Commissioners</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Robert J. Blank	Chairperson	\$ 1,000,000 *
Kevin W. Britton	Treasurer	1,000,000 *
Roger J. Brown	Clerk	1,000,000 *
Kenneth J. Taylor	Purchasing	1,000,000 *
Thomas McCann	Commissioner at Large	1,000,000 *

Other Officials

Richard M. Braslow Board Attorney

* Blanket Bond Coverage

Surety Company

American Alternative

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Comments and Recommendations
Years Ended December 31, 2013 and 2012

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Toms River Fire Commissioners, District No. 2 handled by the Treasurer.

The financial records were maintained in good condition.

Minutes of Board meetings were properly maintained by the Recording Secretary.

Cash in Banks

The balances in banks at December 31, 2013 were reconciled with statements issued by the depositories.

Our examination revealed that the Fire District maintains its investments in various short term certificates of deposit.

Examination of Claims

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocated to the proper accounts and charged to the proper fiscal period, and in agreement with bill list set forth in the approved minutes of the Board.

The District's five (5) Commissioners receive a fee for meeting attendance during the year.

Contracts and Agreements Required to be Advertised

For N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate of \$17,500 except by contract or agreement." Furthermore, contracting units now have a quotation threshold of \$2,625.

The members of the Toms River Fire Commissioners, District No. 2 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The results of our examination indicated that two individual payment, contract or agreement was made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

Miscellaneous

An exit conference was held in accordance with the Generally Accepted Government Auditing Standards.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.

See Independent Auditors' Report.

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Comments and Recommendations
Years Ended December 31, 2013 and 2012

Recommendations

None

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Respectfully submitted,



Ronald C. Petrics
Registered Municipal Accountant #474

For the Firm
WithumSmith & Brown, PC

**Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Findings and Recommendations
Years Ended December 31, 2013 and 2012**

Schedule of Financial Statement Findings

This section identifies the 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 Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Material Weaknesses

None

Toms River Fire Commissioners, District No. 2
Ocean County, New Jersey
Schedule of Prior Year Findings and Recommendations
Years Ended December 31, 2013 and 2012

Schedule of Prior Year Financial Statement Findings

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.

Material Weaknesses

None