

**MOORESTOWN FIRE DISTRICT NO. 2
MOORESTOWN, NEW JERSEY**

REPORT OF AUDIT

For the Year Ended December 31, 2013

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Introductory Section

**MOORESTOWN FIRE DISTRICT NO. 2
OFFICIALS IN OFFICE AND SURETY BONDS
December 31, 2013**

Amount Of
Surety Bond

Board of Commissioners

William Wesolowski - Chairman
Jacqueline Grant - Vice Chairwoman
Larry Niedermayer - Secretary
Michael W. Maahs - Treasurer
Lee Lieber - Commissioner (To February 15, 2013)
William Ruggiano (From February 15, 2013)

Other Officials

Booth Accounting and Financial Services - Administrator	
Robert Grant - Fire Chief	
Gregory R. McCloskey - Solicitor	
Cynthia Maahs-Knobbs - Fire Official	
Matt Orsini, Fire Prevention Specialist and Hall Rental Agent	\$ 100,000.00

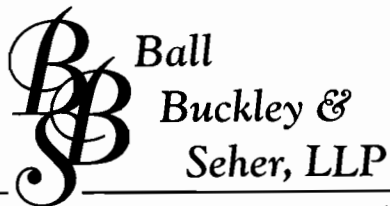
Surety Company

Selected Insurance Company of America

The Board also has a blanket bond in the amount of \$50,000.00 covering all employees of the District.

The Board purchased a surety bond covering the Treasurer, Steven W. Knobbs, of the Lenola Volunteer Fire Company in the amount of \$100,000.00.

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
Moorestown Fire District No. 2
Moorestown, 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 Moorestown Fire District No. 2, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2013, 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.

General fixed assets are presented in these general purpose financial statements at estimated cost, which is not in accordance with generally accepted accounting principles. The cost of land is not presented in these general purpose financial statements.

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, except for the presentation of the general fixed assets, as described above, 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, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

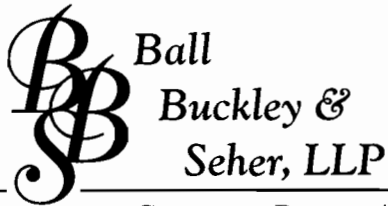
In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of the Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP

June 24, 2014



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
Moorestown Fire District No. 2
Moorestown, New Jersey

We have audited the financial statements of the Moorestown Fire District No. 2, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2013, and have issued our report thereon dated June 24, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with audit requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fire District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fire's financial statements that is more than inconsequential will not be prevented or detected by the Fire District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We noted no 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 Moorestown Fire District No. 2's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

This report is intended for the information of the Moorestown Fire District No. 2, its management, and appropriate state agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP

June 24, 2014

Required Supplementary Information - Part I

**MOORESTOWN FIRE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR DECEMBER 31, 2013
(UNAUDITED)**

As management of the Moorestown Fire District No. 2 (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, 2013. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should read it in conjunction with the notes to the financial statements and the financial statements to enhance their understanding of the Fire District's financial performance.

Financial Highlights

- The assets of the Fire District exceeded its liabilities at the close of the most recent year by \$3,057,913.80 (net assets).
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$1,008,338.28, an increase of \$138,113.44 in comparison with the prior year. The increase in fund balance was the result of unexpended balances of appropriation of \$55,197.84 increased by the excess in anticipated revenues of \$74,726.88 and the use of funds reserved for future employee benefits to offset payments made to cover the cost of health insurance for employees of \$15,607.00. The Fire District also appropriated an additional \$45,000.00 for the reserve for future employee benefits. The Fire District also appropriated \$19,000.00 of unreserved fund balance to cover budget appropriations.
- At the end of the current year, the fund balance for the general fund was \$748,353.37, an increase of \$138,112.98 or 22.63% over the prior year. It was comprised of \$153,747.00 reserved for future post-retirement benefits, \$3,525.00 reserved for encumbrances, and \$591,081.37 unreserved. Of the unreserved balance, \$133,200.00 had been reserved for subsequent year's expenditures.
- At the end of the current year, the fund balance for the capital projects fund was \$256,145.30, which was the same at the end of the prior year. It was comprised of \$247,862.30 reserved for future capital improvements and \$8,283.00 in unreserved fund balance.
- At the end of the current year, the fund balance for the debt service fund was \$3,839.61, an increase of \$0.46 or 0.01% over the prior year. The entire fund balance is unreserved.
- The total debt of the Fire District decreased by \$85,488.55 as a result of the budgeted debt payment.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

District-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Fire District, assets exceeded liabilities by \$3,057,913.80 at the close of the most recent year.

The largest portion of the Fire District’s net assets 67.18% reflects its investment in capital assets (i.e. buildings and equipment). The Fire District uses these assets to provide fire-fighting services to the citizens of the Fire District. Consequently, these assets are not available for future spending. Although the Fire District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Assets

	<u>2013</u>	<u>2012</u>
Assets:		
Current and other assets	\$ 1,058,188.71	\$ 931,424.75
Capital assets	<u>2,312,444.78</u>	<u>2,467,027.80</u>
Total assets	<u>3,370,633.49</u>	<u>3,398,452.55</u>
Liabilities:		
Other liabilities	168,536.79	153,238.35
Long-term liabilities outstanding	<u>144,182.90</u>	<u>258,104.56</u>
Total liabilities	<u>312,719.69</u>	<u>411,342.91</u>
Net assets	<u>\$ 3,057,913.80</u>	<u>\$2,987,109.64</u>

	<u>2013</u>	<u>2012</u>
Analysis of net assets:		
Investment in capital assets, net of related debt	\$ 2,054,340.22	\$ 2,123,434.69
Restricted:		
Capital projects	247,862.30	247,862.30
Post-retirement benefit reserve	153,747.00	123,354.00
Encumbrances	3,525.00	5,278.87
Subsequent year's expenditures	133,200.00	19,000.00
Unrestricted	<u>465,239.28</u>	<u>468,179.78</u>
Total net assets	<u>\$ 3,057,913.80</u>	<u>\$ 2,987,109.64</u>

An additional portion of the Fire District's net assets 13.13% represents resources that are subject to restrictions on how they may be used.

In total, assets of governmental activities increased by \$70,804.16 primarily due to results of operations in the current year. For the year 2013, capital assets are now reported net of accumulated depreciation that as of December 31, 2013 was \$2,312,444.78.

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

	<u>2013</u>	<u>2012</u>
Expenses:		
Operating expenses:		
Administration	\$ 219,839.49	\$ 221,211.04
Cost of operations and maintenance	246,115.41	218,319.95
Operating appropriations offset with revenues	285,572.02	252,528.42
Interest on long-term debt	14,593.80	18,405.10
Unallocated depreciation	<u>180,927.49</u>	<u>200,514.12</u>
Total program expenses	947,048.21	910,978.63
Revenues:		
Charges for services	(158,757.38)	(126,325.30)
Operating grants and contributions	<u>(1,177.00)</u>	<u>(1,177.00)</u>
Net program expenses	<u>787,113.83</u>	<u>783,476.33</u>
General revenues:		
Taxes:		
Property taxes, levied for general purposes	600,744.00	594,370.00
Property taxes, levied for debt service	101,868.00	101,868.00
Unrestricted interest earned	20,371.33	20,040.99
Rental of recreation hall	83,825.00	66,845.00
Polling place rental	240.00	120.00
Insurance claims	3,526.67	193.60
Smoke detector inspection	1,800.00	1,395.00
Refund of prior year insurance	-	1,059.00
Refund of prior year	1,703.91	-
Miscellaneous	<u>327.59</u>	<u>106.56</u>
Total general revenues	<u>814,406.50</u>	<u>785,998.15</u>
Other adjustments to net assets:		
Retirement of fixed assets	(1,037.64)	(5,130.00)
Prior period adjustment to fixed assets	-	250.00
Prior period adjustment	(450.87)	-
Increase in reserve for post-retirement benefits	<u>45,000.00</u>	<u>41,000.00</u>
Total other adjustments to net assets	<u>43,511.49</u>	<u>36,120.00</u>
Increase (decrease) in net assets	70,804.16	38,641.82
Net assets - January 1	<u>2,987,109.64</u>	<u>2,948,467.82</u>
Net assets - December 31	<u>\$ 3,057,913.80</u>	<u>\$ 2,987,109.64</u>

Property taxes constituted 72.11% of revenues for governmental activities for the Fire District for the year 2013.

Cost of operations and maintenance comprises 25.99% of the Fire District's expenses, with administration comprising 23.21%, and other operating appropriations offset with revenues comprising 30.15%.

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 \$1,008,338.28 an increase of \$138,113.44 in comparison with the prior year. The increase was the result of current year operations.

Of the combined ending fund balances of \$1,008,338.28 unreserved fund balance constituted \$603,203.98. Of the unreserved fund balance, \$133,200.00 has been utilized in the 2014 budget for the Fire District. Of the remaining fund balance in the amount of \$405,134.30, \$247,862.30 is reserved for planned future capital acquisitions or improvements, \$153,747.00 is reserved for future post-retirement benefits, and \$3,525.00 is reserved for encumbrances.

The general fund is the main operating fund of the Fire District. At the end of the current year, unreserved fund balance of the general fund was \$748,353.37, while the total fund balance was \$1,008,338.28.

The fund balance of the Fire District's general fund increased by \$138,112.98 during the current year. Key factors are as follows:

- The amount realized for miscellaneous revenues was \$74,726.88 more than the amount anticipated in the 2013 budget.
- The amount expended under the administrative budget category was \$12,160.29 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 \$37,882.57 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.
- The amount expended under the aid to first aid or rescue squad budget category was \$0.00 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 \$5,154.98 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.

The capital projects fund had a fund balance of \$256,145.30, at the end of the current year, which was the same at the end of prior year.

General Fund Budgetary Highlights

During the course of the year 2013, 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 \$796,569.00. The original budgetary estimate was the same.

During the year 2013, the Fire District budgeted revenues as follows:

- Property taxes (local tax levy) was \$600,744.00.
- Bureau of Fire Safety under the New Jersey Fire Safety Act in the amount of \$158,757.38 or \$38,932.38 more than anticipated. This was the result of higher than anticipated revenue from registration fees and higher than anticipated penalties.
- Revenues from the rental of recreation hall in the amount of \$83,825.00 or \$21,825.00 more than anticipated.

The Fire District's expenditures included payments to the state-sponsored P.E.R.S. and P.F.R.S. pension systems in the amounts of \$16,884.00 and \$0.00, respectively. The employees' payroll deductions for P.E.R.S. and P.F.R.S. were \$13,701.39 and \$0.00, respectively. 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 \$831,176.00. The original budget estimate was the same.

The final budgetary basis expenditures appropriation estimate exceeds the final budgetary basis revenue estimate by \$34,607.00. The difference was financed by the appropriation of \$15,607.00 of fund reserved for employees' post-retirement benefits and \$19,000.00 of unreserved fund balance.

State aid from supplemental fire safety grant was \$1,177.00.

Capital Assets and Debt Administration

Capital Assets. The Fire District's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$2,312,444.78 (net of accumulated depreciation). This investment in capital assets includes building improvements, vehicles, and firefighting equipment. The Fire District acquired and retired capital assets during 2013.

At the end of 2013, the Fire District had \$5,751,759.77 invested in building improvements, vehicles, and firefighting equipment. The accumulated depreciation on these items was \$3,739,314.99.

Capital Assets (Net of Accumulated Deprecation) At December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Buildings and improvements	\$ 1,212,763.93	\$ 1,310,179.15
Vehicles	785,054.31	840,978.85
Firefighting equipment and fixtures	<u>314,626.54</u>	<u>315,869.80</u>
Total capital assets	<u>\$ 2,312,444.78</u>	<u>\$ 2,467,027.80</u>

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

Long-Term Obligations. The Fire District had no outstanding serial bonds at December 31, 2013.

As of December 31, 2013, the Fire District has an obligation under a capital lease agreement in the amount of \$214,077.56; this represents installments on the lease-purchase of a fire-fighting vehicle. This obligation together with applicable interest will be paid on September 25, 2016.

As of December 31, 2013, the Fire District has an obligation under a capital lease agreement in the amount of \$44,027.00 this represents installments on the lease-purchase of fire-fighting equipment. The lease obligation together with applicable interest will be paid on January 7, 2015.

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

Economic Factors and Next Year's Budget

For the year 2013, the Fire District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 72.11% of total revenue is from the local tax levy, while the remaining 27.89% is from other sources.

The Board of Fire Commissioners adopted the 2014 budget on January 8, 2014 and the voters subsequently approved the budget at the annual Fire District election held on February 15, 2014.

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 Elizabeth Booth, Administrator, Moorestown Fire District No. 2, 225 North Lenola Road, Moorestown, New Jersey.

Basic Financial Statements

District-Wide Financial Statements

MOORESTOWN FIRE DISTRICT NO. 2
Statement of Net Assets
December 31, 2013

ASSETS:

Cash and cash equivalents	\$ 638,850.68
Accounts receivable	14,203.73
Restricted assets:	
Cash and cash equivalents	405,134.30
Capital assets, net	2,312,444.78
Total assets	<u><u>3,370,633.49</u></u>

LIABILITIES:

Accounts payable	49,850.43
Accrued interest payable	4,764.70
Noncurrent liabilities:	
Due within one year	89,567.77
Due beyond one year	168,536.79
Total liabilities	<u><u>312,719.69</u></u>

NET ASSETS:

Invested in capital assets, net of related debt	2,054,340.22
Restricted for:	
Capital projects	247,862.30
Post retirement benefits	153,747.00
Encumbrances	3,525.00
Subsequent year's expenditures	133,200.00
Unrestricted	465,239.28
Total net assets	<u><u>\$ 3,057,913.80</u></u>

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

MOORESTOWN FIRE DISTRICT NO. 2
Statement of Activities
For the Year Ended December 31, 2013

PROGRAM EXPENSES:

Operating appropriations:

Administration	\$ 219,839.49
Cost of operations and maintenance	246,115.41
Operating appropriations offset with revenues	285,572.02
Interest on long-term debt	14,593.80
Unallocated depreciation	180,927.49
Total program expenses	947,048.21

PROGRAM REVENUES:

Charges for services	158,757.38
Operating grants and contributions	1,177.00
Total program revenues	159,934.38
Net program expenses	787,113.83

GENERAL REVENUES:

Taxes:

Property taxes, levied for general purposes	600,744.00
Taxes levied for debt service	101,868.00
Unrestricted investment earnings	20,371.33
Rental of recreation hall	83,825.00
Polling place rental	240.00
Insurance claims	3,526.67
Smoke detector inspection	1,800.00
Refund prior year	1,703.91
Miscellaneous income	327.59
Total general revenues	814,406.50

OTHER ADJUSTMENTS TO NET ASSETS:

Disposal of fixed assets	(1,037.64)
Reserve for future post retirement benefits	45,000.00
Prior period adjustment	(450.87)
Total other adjustments to net assets	43,511.49

Increase (decrease) in net assets	70,804.16
Net assets - January 1	2,987,109.64
Net assets - December 31	\$ 3,057,913.80

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

Fund Financial Statements

MOORESTOWN FIRE DISTRICT NO. 2
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and investments	\$ 1,040,145.37	\$ 0.00	\$ 0.00	\$ 3,839.61	\$ 1,043,984.98
Prepaid salaries	14,203.73	0.00	0.00	0.00	14,203.73
Due from general fund	0.00	0.00	256,145.30	0.00	256,145.30
Total assets	\$ 1,054,349.10	\$ 0.00	\$ 256,145.30	\$ 3,839.61	\$ 1,314,334.01
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 34,999.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 34,999.33
Rental deposits and security	14,830.00	0.00	0.00	0.00	14,830.00
Payroll deductions payable	21.10	0.00	0.00	0.00	21.10
Due to capital projects fund	256,145.30	0.00	0.00	0.00	256,145.30
Total liabilities	305,995.73	0.00	0.00	0.00	305,995.73
Fund balances:					
Reserved for:					
Future capital outlays	0.00	0.00	247,862.30	0.00	247,862.30
Post-retirement benefits	153,747.00	0.00	0.00	0.00	153,747.00
Encumbrances	3,525.00	0.00	0.00	0.00	3,525.00
Unreserved:					
Designated for:					
Subsequent year's expenditures	133,200.00	0.00	0.00	0.00	133,200.00
Undesignated, reported in:					
General fund	457,881.37	0.00	8,283.00	3,839.61	470,003.98
Total fund balances	748,353.37	0.00	256,145.30	3,839.61	1,008,338.28
Total liabilities and fund balances	\$ 1,054,349.10	\$ 0.00	\$ 256,145.30	\$ 3,839.61	\$ 1,314,334.01

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:
Interest on long-term debt in the statement of activities is accrued regardless of when due

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,751,759.77 and the accumulated depreciation is \$3,4739,314.99

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.

(4,764.70)
2,312,444.78
\$ 3,057,913.80

MOORESTOWN FIRE DISTRICT NO. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Miscellaneous anticipated revenues	\$ 104,196.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 104,196.33
Operating grant revenue	0.00	1,177.00	0.00	0.00	1,177.00
Miscellaneous revenues offset with appropriations	158,757.38	0.00	0.00	0.00	158,757.38
Amount to be raised by taxation to support the district budget	600,744.00	0.00	0.00	101,868.00	702,612.00
Non-budgetary revenues	7,598.17	0.00	0.00	0.00	7,598.17
Total revenues	871,295.88	1,177.00	0.00	101,868.00	974,340.88
EXPENDITURES:					
Operating appropriations:					
Administration	219,839.49	0.00	0.00	0.00	219,839.49
Cost of operations and maintenance	272,320.52	1,177.00	0.00	0.00	273,497.52
Operating appropriations offset with revenues	285,572.02	0.00	0.00	0.00	285,572.02
Debt service:					
Principal	0.00	0.00	0.00	85,488.55	85,488.55
Interest and other charges	0.00	0.00	0.00	16,378.99	16,378.99
Total expenditures	777,732.03	1,177.00	0.00	101,867.54	880,776.57
Excess (deficiency) of revenues over (under) expenditures	93,563.85	0.00	0.00	0.46	93,564.31
OTHER FINANCING SOURCES (USES):					
Operating transfers	(450.87)	0.00	0.00	0.00	(450.87)
Reserve for future employee benefits	45,000.00	0.00	0.00	0.00	45,000.00
Total other financing sources (uses)	44,549.13	0.00	0.00	0.00	44,549.13
Net change in fund balances	138,112.98	0.00	0.00	0.46	138,113.44
Fund balance - January 1	610,240.39	0.00	256,145.30	3,839.15	870,224.84
Fund balance - December 31	\$ 748,353.37	\$ 0.00	\$ 256,145.30	\$ 3,839.61	\$ 1,008,338.28

MOORESTOWN FIRE DISTRICT NO. 2
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, 2013

Total net change in fund balances - governmental funds (from B-2)	\$	138,113.44
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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.</p>		
Depreciation expense	\$	(180,927.49)
Retirement of assets		(1,037.64)
Other increases in fixed assets		27,382.11
		(154,583.02)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		85,488.55
<p>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.</p>		
		1,785.19
Change in net assets of governmental activities	\$	70,804.16

Notes To The Financial Statements

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

Moorestown Fire District No. 2 is a political subdivision of the Township of Moorestown, County of Burlington, State of New Jersey. It was formed through the adoption of a Township 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.

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. Moorestown Fire District No. 2 has 1 fire company within its jurisdiction - the Lenola Fire Company.

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, 2013, it has been determined by the Fire District that no component units exist.

Basis of Presentation

The financial statements of the Fire District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described in this Note.

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

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

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

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.

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, interest, and related costs.

Measurement Focus

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

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

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Concluded)

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 Moorestown Fire District No. 2 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.

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.

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments (Concluded)

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, 2013, 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, 2013. The Fire District has prepaid expenses for salaries payable January 2014.

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 governmental column of the Statement of Net Assets.

Capital Assets

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

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

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Concluded)

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

Buildings and improvements - 40 years/20 years
Vehicles - 20 years
Firefighting equipment and fixtures - 10 years
Computer equipment - 5 years

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

Compensated Absences

Fire District employees are entitled to paid vacation, comp-time, and sick days. Vacation days are accrued at 15 days per year. Comp-time is accrued at one and one half times the number of overtime hours worked and does not carry forward into succeeding years. Sick days are accrued at 15 days per year which carry forward into succeeding years. Unused sick days are reimbursed to employees, upon retirement, at their current rate of pay, up to a maximum of 30 days. At December 31, 2013, no employees are near retirement nor can it be reasonably estimated when the Fire District employees will retire. As a result, no liability for accumulated sick time has been recorded in these general purpose financial statements. Actual payment and funding for sick time occurs through budget appropriation in the annual operating budget on a pay-as-you-go basis.

Deferred Revenue

Deferred 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.

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Net Assets

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

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

Fund Balance Reserves

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

Estimates

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

NOTE 2 - INVESTMENTS

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.

The District's investments are categorized into the following three categories of custodial risk. The Solicitor has determined that these investments conform to the criteria established by N.J.S.A. 40A:5-15.1.

Category 1

Uninsured or collateralized with securities held by the Fire District or by its agent in the Fire District's name.

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 2 - INVESTMENTS (Concluded)

Category 2

Uninsured and unregistered with securities held by the counter-party or its trust department or agent in the Fire District's name.

Category 3

Uninsured and unregistered with securities held by the counter-party or its trust department or agent but not in the Fire District's name.

At December 31, 2013, the Fire District's investments were as follows:

	<u>Category 2</u>	<u>Contract Value</u>	<u>Carrying Amount</u>
Annuity funds:			
Panorama Passage	\$ 163,086.59	\$ 163,086.59	\$ 163,086.59
Mass Mutual Odyssey	507,664.87	507,664.87	507,664.87
Mutual funds:			
Oppenheimer Cash Reserves	<u>1,484.26</u>	<u>1,484.26</u>	<u>1,484.26</u>
Total investments	<u>\$ 672,235.72</u>	<u>\$ 672,235.72</u>	<u>\$ 672,235.72</u>

The Fire District has invested funds in the amount of \$289,828.99. Since the purchase, with earnings reinvested and withdrawals have a contract value of \$672,235.72.

Contract values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record at contract value are recorded in the operating statement as increases or decreases in investments.

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, 2013, 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>122,971.87</u>
	<u>\$ 372,971.87</u>

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

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:

<u>Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2013	\$ 844,790,159.00	\$ 702,612.00	\$.084
2012	1,001,554,959.00	696,238.00	.070
2011	1,019,877,759.00	683,265.00	.067
2010	1,039,147,760.00	671,441.00	.065
2009	1,048,470,548.00	645,000.00	.062

NOTE 5 - RECEIVABLES

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Receivables:				
Prepaid salaries \$	14,203.75	\$ -	\$ -	\$ -

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 and 2012 was as follows:

	Balance January 1, 2013	Increases	Decreases	Prior Period Adjustment	Balance December 31, 2012
Buildings and improvements	\$ 2,456,821.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,456,821.74
Vehicles	2,298,490.83	0.00	190,000.00	0.00	2,108,490.83
Firefighting equipment and fixtures	1,211,480.79	27,382.11	52,415.70	0.00	1,186,447.20
Total capital assets being depreciated	\$ 5,966,793.36	\$ 27,382.11	\$ 242,415.70	\$ 0.00	\$ 5,751,759.77
Less accumulated depreciation					3,439,314.99
					\$ 2,312,444.78

Depreciation expense was charged to governmental fund as unallocated depreciation in the amount of \$180,927.49. The total accumulated depreciation at December 31, 2013 was \$3,439,314.99. In conjunction with the above decrease in fixed assets \$241,378.06 was removed from accumulated depreciation.

	Balance January 1, 2012	Increases	Decreases	Prior Period Adjustment	Balance December 31, 2012
Buildings and improvements	\$ 2,353,122.19	\$ 103,699.55	\$ 0.00	\$ 0.00	\$ 2,456,821.74
Vehicles	2,298,490.83	0.00	0.00	0.00	2,298,490.83
Firefighting equipment and fixtures	1,190,117.12	44,947.17	23,833.50	250.00	1,211,480.79
Total capital assets being depreciated	\$ 5,841,730.14	\$ 148,646.72	\$ 23,833.50	\$ 250.00	\$ 5,966,793.36
Less accumulated depreciation					3,499,765.56
					\$ 2,467,027.80

Depreciation expense was charged to governmental fund as unallocated depreciation in the amount of \$205,514.12. The total accumulated depreciation at December 31, 2012 was \$3,499,765.56. In conjunction with the above decrease in fixed assets \$18,703.50 was removed from accumulated depreciation.

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 7 - LONG-TERM OBLIGATIONS

During the year ended December 31, 2013, the following changes occurred in long-term obligations:

	<u>Principal Outstanding January 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Principal Outstanding December 31, 2013</u>
Obligations under lease	\$ 343,593.11	\$ -.	\$ 85,488.55	\$ 258,104.56
Total governmental activities long-term liabilities	<u>\$ 343,593.11</u>	<u>\$ -.</u>	<u>\$ 85,488.55</u>	<u>\$ 258,104.56</u>

General Obligation Bonds

At December 31, 2013, the Fire District had no outstanding general obligation bonds.

Bonds Authorized and Issued or Unissued

At December 31, 2013, the Fire District had no bonds and notes authorized but not issued.

Compensated Absences

Compensated absences will be paid from the fund from which the employees salaries are paid.

Capital Leases Payable

Lease #1 - The Fire District entered into a lease agreement with Oskosh Capital on September 25, 2006 to lease, with the option to purchase, a 95' midmount aerial ladder. The terms of the lease call for an initial payment of \$300,000.00 on January 25, 2007 and then ten annual installments of \$78,243.14 beginning on September 25, 2007 at 4.75% interest.

Lease #2 - The Fire District entered into a lease agreement with Susquehanna Commercial Finance on June 7, 2010 to lease, with the option to purchase, air packs and spare air cylinders. The terms of the lease call for payments on September 7 and October 7, 2010 of \$6,021.51, a payment on January 7, 2011 of \$12,043.02, and annual payments on January 7, 2012 to 2015 of \$23,624.40 at 4.75% interest.

The following schedule details the required lease payments:

<u>Year</u>	<u>Lease #1</u>	<u>Lease #2</u>	<u>Total</u>
2014	\$ 78,243.14	\$ 23,624.40	\$ 101,867.54
2015	78,243.14	23,624.40	101,867.54
2016	<u>78,243.14</u>	<u>-.</u>	<u>78,243.14</u>
	234,729.42	47,248.80	281,978.22
Less: amount representing interest	<u>20,651.86</u>	<u>3,221.80</u>	<u>23,873.66</u>
Present value of minimum lease payments	<u>\$ 214,077.56</u>	<u>\$ 44,027.00</u>	<u>\$ 258,104.56</u>

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 8 - OPERATING LEASE OBLIGATIONS

At December 31, 2013, the Fire District had no operating lease agreements in effect.

NOTE 9 - PENSION FUNDS

Description of Plans

Substantially all of the Fire District's employees are covered by the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) cost-sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division).

According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the systems terminate. The Division issues publicly available financial reports that include the financial statements and required supplementary information for the Public Employees' Retirements System and Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 8625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The Police and Fireman's Retirement System was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or fire fighting in the State of New Jersey. Members are eligible for retirement at age fifty-five with a benefit equal to two percent of final compensation for each year of creditable service up to twenty years. Members with at least twenty years but less than twenty-five years of service credit will receive fifty percent of final compensation. Special retirement is available at any age to those with twenty-five years of service credit. The annual benefit calculation is equal to sixty-five percent of final compensation plus one percent for each year of creditable service over twenty-five years but not to exceed thirty years. At December 31, 2013, the Fire District has no active employees eligible for the Police and Fireman's Retirement System.

MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 9 - PENSION FUNDS (Concluded)

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. 1994, Chapter 115, P.L. 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS) provide for employee contributions of 6.5% and 10.00% as of October 1, 2011, 6.64% and 10% as of July 1, 2012, and 6.78% and 10% as of July 1, 2013. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS employer rates in effect for 2011 are 11.05% and 29.36% of covered payroll, respectively, as reported on June 30, 2009. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Fire District's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$16,884.00, \$10,685.00, and \$15,920.00, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$0.00, \$9,560.00, and \$8,392.00, respectively, equal to the required contributions for each year.

Post-Retirement Medical Benefits

Chapter 383 of Public Laws 1987 and Chapter 6 of Public Laws 1990 require the Public Employees' Retirement System to fund post-retirement medical benefits for those covered employees who retire after reaching age 60 and accumulating 25 years of credited service. The cost of these benefits is actuarially determined and funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of the post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of payroll.

The Fire District entered the State Health Plan during the year ended December 31, 2012.

NOTE 10 - 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 Fire District purchases independent insurance coverage through commercial insurance brokers covering the following:

- 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

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.

**MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

NOTE 11 - DEFERRED COMPENSATION PLAN

The Fire District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Fire District employees, permits them to defer a portion of their salary until future years. The deferred funds invested in the plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries; and are held in a custodial account as described in IRC Section 457(g). Such amounts are part of a common fund held with the assets of other Section 457 plans.

All assets of the plant are held by an independent administrator, ITT Hartford of Marlton, New Jersey. The deferred compensation investment fund balance as of December 31, 2013 is \$103,911.77.

At December 31, 2013, no employees are currently contributing to the deferred compensation plan.

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables consist of the following:

Due From	Due To Capital Projects Fund	Total Due To
General fund	\$ 256,145.30	\$ 256,145.30
Total due from	<u>\$ 256,145.30</u>	<u>\$ 256,145.30</u>

NOTE 13 - 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 future 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, 2013, the balance is \$247,862.30. Of this balance, \$0.00 has been designated for capital expenditures in the 2014 budget.

For Post-Retirement Benefits - The Fire District has adopted a policy that will provide health insurance to retired employees. In preparation for this expense, the Fire District makes an annual appropriation to set aside money to cover future expenses when current employees retire. The 2013 budget contained a \$45,000.00 appropriation. As of December 31, 2013, the balance is \$153,747.00.

**MOORESTOWN FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013**

NOTE 13 - FUND BALANCES (Concluded)

Unreserved

The following is the status of the unreserved fund balance at December 31, 2013:

	Balance December 31, 2013	Designated For Subsequent Year's Expenditures
General fund	\$ 591,081.37	\$ 133,200.00
Debt service fund	\$ 3,839.61	-
Capital projects fund	\$ 8,283.00	-

NOTE 14 - LITIGATION

The Fire District is not a defendant in any legal proceedings at December 31, 2013.

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 24, 2014, which is the date that the financial statements were available to be issued.

Required Supplementary Information - Part II

MOORESTOWN FIRE DISTRICT NO. 2
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
REVENUES:					
Miscellaneous anticipated revenues:					
Interest on investments	\$ 14,000.00	\$ 0.00	\$ 14,000.00	\$ 20,371.33	\$ 6,371.33
Rental of recreation hall	62,000.00	0.00	62,000.00	83,825.00	21,825.00
Total miscellaneous anticipated revenues	76,000.00	0.00	76,000.00	104,196.33	28,196.33
Miscellaneous revenues offset with appropriations:					
Uniform fire safety act (P.L. 1983, C. 383):					
Annual registration fees	109,825.00	0.00	109,825.00	123,065.38	13,240.38
Other revenues	10,000.00	0.00	10,000.00	35,692.00	25,692.00
Total miscellaneous revenues offset with appropriations	119,825.00	0.00	119,825.00	158,757.38	38,932.38
Miscellaneous revenues not anticipated:					
Polling place rental	0.00	0.00	0.00	240.00	240.00
Prior year refunds	0.00	0.00	0.00	1,703.91	1,703.91
Smoke detector inspection fees	0.00	0.00	0.00	1,800.00	1,800.00
Insurance refunds	0.00	0.00	0.00	3,526.67	3,526.67
Miscellaneous	0.00	0.00	0.00	327.59	327.59
Total miscellaneous revenues not anticipated	0.00	0.00	0.00	7,598.17	7,598.17
Amount to be raised by taxation to support the district budget	600,744.00	0.00	600,744.00	600,744.00	0.00
Total anticipated revenues	796,569.00	0.00	796,569.00	871,295.88	74,726.88

**EXHIBIT C-1
(Continued)**

**MOORESTOWN FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
EXPENDITURES:					
Operating appropriations:					
Administration:					
Salaries and wages	\$ 11,000.00	\$ 0.00	\$ 11,000.00	\$ 11,000.00	\$ 0.00
Fringe benefits	56,113.00	(7,225.22)	48,887.78	47,526.73	1,361.05
Other expenses:					
Election	1,500.00	0.00	1,500.00	862.65	637.35
Insurance	64,135.00	(5,000.00)	59,135.00	59,104.12	30.88
Administrative services	36,823.00	6,938.24	43,761.24	43,761.24	0.00
Travel expenses	3,600.00	0.00	3,600.00	3,147.13	452.87
Professional services	22,360.00	(1,938.24)	20,421.76	17,800.00	2,621.76
Promotion	34,515.00	0.00	34,515.00	30,741.62	3,773.38
Miscellaneous	9,179.00	0.00	9,179.00	5,896.00	3,283.00
Total administration	<u>239,225.00</u>	<u>(7,225.22)</u>	<u>231,999.78</u>	<u>219,839.49</u>	<u>12,160.29</u>
Cost of operations and maintenance:					
Salaries and wages	73,011.00	0.00	73,011.00	60,943.22	12,067.78
Fringe benefits	4,038.00	7,225.22	11,263.22	11,263.22	0.00
Other expenses:					
Fire hydrant rental and services	19,500.00	0.00	19,500.00	19,272.00	228.00
Training and education	10,000.00	0.00	10,000.00	7,344.88	2,655.12
Utilities	50,610.00	(1,425.50)	49,184.50	40,969.93	8,214.57
Purchase of assets not considered capital	19,250.00	1,425.50	20,675.50	20,675.50	0.00

**EXHIBIT C-1
(Continued)**

**MOORESTOWN FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Cost of operations and maintenance:					
Other expenses: (continued)					
Maintenance and repairs	\$ 90,104.00	\$ (8,036.71)	\$ 82,067.29	\$ 68,382.80	\$ 13,684.49
Miscellaneous	4,000.00	0.00	4,000.00	2,967.39	1,032.61
Aid to first aid or rescue squad:					
Contribution to vehicle replacement	20,000.00	0.00	20,000.00	20,000.00	0.00
Materials and supplies	11,131.00	8,036.71	19,167.71	19,167.71	0.00
Total cost of operations and maintenance	<u>301,644.00</u>	<u>7,225.22</u>	<u>308,869.22</u>	<u>270,986.65</u>	<u>37,882.57</u>
Operating appropriations offset with revenues:					
Salaries and wages	177,594.00	0.00	177,594.00	175,948.50	1,645.50
Fringe benefits	60,286.00	0.00	60,286.00	57,557.43	2,728.57
Other expenses					
Utilities	5,400.00	(658.57)	4,741.43	4,731.76	9.67
Supplies expenses	5,000.00	(3,300.00)	1,700.00	1,047.23	652.77
Office expenses	9,500.00	3,958.57	13,458.57	13,458.57	0.00
Uniforms	2,000.00	(285.00)	1,715.00	1,705.29	9.71
Fire prevention materials	4,000.00	(1,425.00)	2,575.00	2,570.75	4.25
Education and seminars	4,500.00	(1,480.00)	3,020.00	3,017.62	2.38
Administrator	19,827.00	3,736.74	23,563.74	23,563.74	0.00
Miscellaneous	2,200.00	(546.74)	1,653.26	1,551.13	102.13
Total operating appropriations offset with revenues	<u>290,307.00</u>	<u>0.00</u>	<u>290,307.00</u>	<u>285,152.02</u>	<u>5,154.98</u>

EXHIBIT C-1
(Continued)

MOORESTOWN FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Capital appropriations:					
Roof replacement fire station	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total appropriations	831,176.00	(0.00)	831,176.00	775,978.16	55,197.84
Excess or (deficit) of revenues over (under) expenditures	(34,607.00)	0.00	(34,607.00)	95,317.72	129,924.72
Other financing sources and uses of funds:					
Prior period adjustment	0.00	0.00	0.00	(450.87)	(450.87)
Reserve for future employee benefits	0.00	0.00	0.00	45,000.00	45,000.00
Total other financing sources and uses of funds	0.00	0.00	0.00	44,549.13	44,549.13
Excess (deficiency) of revenues over (under) expenditures	(34,607.00)	0.00	(34,607.00)	139,866.85	174,473.85

**EXHIBIT C-1
(Concluded)**

**MOORESTOWN FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Fund balances - January 1	\$ 604,961.52	\$ 0.00	\$ 604,961.52	\$ 604,961.52	\$ 0.00
Fund balances - December 31	\$ 570,354.52	\$ 0.00	\$ 570,354.52	\$ 744,828.37	\$ 174,473.85
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Reserve for post retirement benefits	\$ (15,607.00)	\$ 0.00	\$ (15,607.00)	\$ 29,393.00	\$ 45,000.00
Fund balance appropriated	(19,000.00)	0.00	(19,000.00)	110,473.85	129,473.85
	\$ (34,607.00)	\$ 0.00	\$ (34,607.00)	\$ 139,866.85	\$ 174,473.85

MOORESTOWN FIRE DISTRICT NO. 2
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended December 31, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
REVENUES:					
Supplemental fire service grant	\$ 1,177.00	\$ 0.00	\$ 1,177.00	\$ 1,177.00	\$ 0.00
Total revenues	1,177.00	0.00	1,177.00	1,177.00	0.00
EXPENDITURES:					
Supplemental fire service grant	1,177.00	0.00	1,177.00	1,177.00	0.00
Total expenditures	1,177.00	0.00	1,177.00	1,177.00	0.00
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	0.00	0.00
Fund balance - January 1	0.00	0.00	0.00	0.00	0.00
Fund balance - December 31	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Notes To The Required Supplementary Information

MOORESTOWN FIRE DISTRICT NO. 2
Required Supplementary Information
Budgetary Comparison Schedule
Note To RSI
For the Year Ended December 31, 2013

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	\$ 871,295.88	\$ 1,177.00
Difference:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<u>0.00</u>	<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 871,295.88</u>	<u>\$ 1,177.00</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 775,978.16	\$ 1,177.00
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		
December 31, 2013	(3,525.00)	0.00
December 31, 2012	<u>5,278.87</u>	<u>0.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 777,732.03</u>	<u>\$ 1,177.00</u>

Other Supplementary Information

MOORESTOWN FIRE DISTRICT NO. 2
Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
December 31, 2013

REVENUES:

Investment earnings

\$ 0.00

Total revenues 0.00**EXPENDITURES:**

Capital outlay

0.00Total expenditures 0.00

Excess (deficiency) of revenues over (under) expenditures

0.00

Fund balance - January 1

256,145.30

Fund balance - December 31

\$ 256,145.30

MOORESTOWN FIRE DISTRICT NO. 2
Capital Projects Fund
Summary Statement of Project Expenditures - Budgetary Basis
December 31, 2013

Project Title	Balance December 31, 2012	2013 Budget Appropriation	Expended	Balance December 31, 2013
Major acquisitions	\$ 247,862.30	\$ 0.00	\$ 0.00	\$ 247,862.30
Total reserve for capital outlay	247,862.30	0.00	0.00	247,862.30
Undesignated	8,283.00	0.00	0.00	8,283.00
Total fund balance	\$ 256,145.30	\$ 0.00	\$ 0.00	\$ 256,145.30

MOORESTOWN FIRE DISTRICT NO. 2
General Long-Term Debt Account Group
Schedule of Obligations Under Capital Leases
December 31, 2013

Description	Date of Lease	Term of Lease	Interest Rate Payable	Amount of Original Issue	Amount Outstanding December 31, 2012 (a)	Retired Current Year	Amount Outstanding December 31, 2013 (a)
95' midmount aerial ladder Pierce Manufacturing	09/25/06	10 Years	4.75%	\$ 906,594.00	\$ 279,065.11	\$ 64,987.55	\$ 214,077.56
Acquisition of air packs and spare air bottles	02/20/10	55 Months	4.75%	\$ 105,389.35	64,528.00	20,501.00	44,027.00
					<u>\$ 343,593.11</u>	<u>\$ 85,488.55</u>	<u>\$ 258,104.56</u>

(a) Future interest payments are removed from outstanding balances at December 31, 2012 and 2013.

MOORESTOWN FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2013

	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	\$ 101,868.00	\$ 0.00	\$ 101,868.00	\$ 101,868.00	\$ 0.00
Total revenues	101,868.00	0.00	101,868.00	101,868.00	0.00
EXPENDITURES:					
Principal payments:					
Capital leases	85,489.00	0.00	85,489.00	85,488.55	0.45
Interest payments:					
Capital leases	16,379.00	0.00	16,379.00	16,378.99	0.01
Total expenditures	101,868.00	0.00	101,868.00	101,867.54	0.46
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	0.46	0.46
Fund balance - January 1	3,839.15	0.00	3,839.15	3,839.15	0.00
Fund balance - December 31	\$ 3,839.15	\$ 0.00	\$ 3,839.15	\$ 3,839.61	\$ 0.46

Schedule of Findings and Recommendations

MOORESTOWN FIRE DISTRICT NO. 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2013

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

Current Year Audit Findings

None.

MOORESTOWN FIRE DISTRICT NO. 2
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT
For the Year Ended December 31, 2013

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

None.

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

June 24, 2014