

**DELANCO TOWNSHIP
FIRE DISTRICT NO. 1
County of Burlington**

**REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013**

DELANCO TOWNSHIP FIRE DISTRICT NO.1

	<u>Page</u>
Roster of Officials	2
FINANCIAL SECTION	
Independent Auditor's Report	4
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	6
Required Supplementary Information - Part I Management's Discussion and Analysis	9
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	17
A-2 Statement of Activities	18
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Fiduciary Funds:	
B-4 Statement of Fiduciary Position	N/A
Notes to the Financial Statements	23
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	34
C-2 Budget-to-GAAP Reconciliation	36

Other Supplementary Information

D.	Special Revenue Fund	
D-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	N/A
E.	Capital Projects Fund:	
E-1	Summary Statement of Project Expenditures	39
F.	Fiduciary Funds:	
F-1	Combining Statement of Fiduciary Net Position	N/A
F-2	Payroll Agency Fund Schedule of Receipts and Disbursements	N/A
G.	Long-Term Debt:	
G-1	Schedule of Serial Bonds	N/A
G-2	Schedule of Obligations Under Capital Leases	N/A
G-3	Budgetary Comparison Schedule - Debt Service Fund	N/A

GENERAL COMMENTS AND RECOMMENDATIONS

Schedule of Findings and Questioned Costs	41
Summary Schedule of Prior Audit Findings	41
Appreciation	41

DELANCO TOWNSHIP FIRE DISTRICT NO. 1
BOARD OF FIRE COMMISSIONERS

Frederick V. McQuade, Sr.
Chairman

John Zuber
Vice-Chairman

Jennifer Salvado
Treasurer

John R. VanEmburch, Jr.
Secretary/Asst. Treasurer

Gary Stahl
Commissioner

Financial Section

INVERSO & STEWART, LLC

Certified Public Accountants

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Delanco Township Fire District No. 1
County of Burlington
Delanco, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, and each major fund of the Delanco Township Fire District No. 1, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Delanco Township Fire District No. 1, in the County of Burlington, State of New Jersey, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delanco Township Fire District No. 1's basic financial statements. The related major fund supporting statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

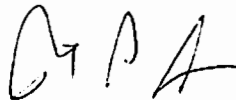
The statements and schedules previously referred to are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2014 on my consideration of the Delanco Township Fire District No. 1's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delanco Township Fire District No. 1's internal control over financial reporting and compliance.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 24, 2014

INVERSO & STEWART, LLC

Certified Public Accountants

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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 AUDITOR'S REPORT

Board of Fire Commissioners
Delanco Township Fire District No. 1
County of Burlington
Delanco, New Jersey

I have audited, in accordance with the 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 the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, and each major fund of Delanco Township Fire District No. 1, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued my report thereon dated April 24, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Delanco Township Fire District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Delanco Township Fire District No.1's internal control.

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

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

Compliance and Other Matters

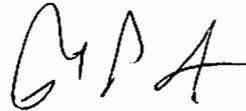
As part of obtaining reasonable assurance about whether the Delanco Township Fire District No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 24, 2014

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Delanco Township Fire District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2013**

As management of the Delanco Township Fire District No. 1, New Jersey (Fire District), we offer readers of the Fire District's financial statements this narrative overview and analysis of the Fire District for the fiscal year ended December 31, 2013.

Financial Highlights

- The assets of the Fire District exceeded its liabilities at the close of the most recent fiscal year by \$1,331,418.
- Governmental activities have unrestricted net position of \$370,446.
- The total net position of the Fire District decreased by \$26,364 or a 1.94% decrease from the prior fiscal year-end balance. The majority of the decrease is attributable to the results of operation in the General Fund.
- Fund balance of the Fire District's governmental funds increased \$61,326 resulting in an ending fund balance of \$588,986. This increase is due to the net increase in the General Fund.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the Fire District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the Fire District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the Fire District that are supported from taxes and intergovernmental revenues (*governmental activities*). Governmental activities consolidate governmental funds including the General Fund, Capital Projects Fund, Special Revenue Fund and Debt Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the Fire District are *governmental funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The Fire District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The Fire District adopts an annual appropriated budget for the General Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

District-wide Financial Analysis

The assets of the Fire District are classified as current assets and capital assets. Cash, investments, and receivables are current assets. These assets are available to provide resources for the near-term operations of the Fire District. The majority of the current assets are cash generated from general operations of the District.

Capital assets are used in the operations of the Fire District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2014. Long-term liabilities such as long-term debt obligations will be liquidated from resources that will become available after fiscal year 2014. The assets of the primary government activities exceeded liabilities by \$1,331,418 with an unrestricted balance of \$370,446. The net position of the primary government does not include internal balances.

A net investment of \$742,432 in land, vehicles and equipment which provide the services to the Fire District's citizens is 55.76% of total net position. Net position of \$178,540 has been restricted to provide resources for future capital projects and \$40,000 for appropriation in the 2014 Budget.

**Delanco Township Fire District No. 1
Statement of Changes in Net Position
For the Year Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 601,053	\$ 539,757
Capital assets	<u>742,432</u>	<u>830,122</u>
Total assets	<u>1,343,485</u>	<u>1,369,879</u>
Liabilities:		
Current Liabilities	12,067	12,097
Noncurrent Liabilities	<u> </u>	<u> </u>
Total liabilities	<u>12,067</u>	<u>12,097</u>
Net position	<u>\$ 1,331,418</u>	<u>\$ 1,357,782</u>
 Net position consist of:		
Net Investment in capital assets	\$ 742,432	\$ 830,122
Restricted net position	210,000	188,940
Unrestricted net position	<u>378,986</u>	<u>338,720</u>
Net position	<u>\$ 1,331,418</u>	<u>\$ 1,357,782</u>

Governmental Activities

Governmental activities decreased the net position of the Fire District by \$26,364.

**Delanco Township Fire District No. 1
Statement of Changes in Net Position
For the Year Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues:		
General Revenues:		
Property Taxes	\$ 325,000	\$ 325,000
Unrestricted State Aid	1,700	1,700
Other Revenues	<u>24,289</u>	<u>21,222</u>
Total Revenues	<u>350,989</u>	<u>347,922</u>
Expenses:		
Governmental Activities:		
Administration	73,817	44,328
Cost of Operations	215,846	174,818
Interest on long-term Debt		2,929
Unallocated	<u>87,690</u>	<u>87,690</u>
Total Expenses	<u>377,353</u>	<u>309,765</u>
Changes in net position	(26,364)	38,157
Net position, January 1	<u>1,357,782</u>	<u>1,319,625</u>
Net position, December 31	<u>\$ 1,331,418</u>	<u>\$ 1,357,782</u>

Financial Analysis of the Governmental Funds

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

Governmental Funds - 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 fiscal year.

As of the end of the current fiscal year, the Fire District's governmental funds reported a combined ending fund balance of \$588,986, an increase of \$61,326 in comparison with the prior year. The majority of the increase is attributable to the results of operations of the General Fund.

The unreserved fund balance for the Fire District at the end of the fiscal year includes an unreserved fund balance for the General Fund of \$370,446 and \$8,540 balance in the Capital Projects Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlays of \$170,000 and 2) \$40,000 appropriated as a revenue source in the subsequent year's budget

General Fund Budgetary Highlights

At the end of the current fiscal year, unreserved fund balance of the general fund was \$370,446, while total fund balance was \$580,446. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures. Actual expenditures of the General Fund including other financing uses amounted to \$300,363. Unreserved fund balance (budgetary basis) represents 123.33% of expenditures while total fund balance represents 193.25% of that same amount.

Capital Asset and Debt Administration

The Fire District’s investment in capital assets for its governmental activities as of December 31, 2013, totaled \$742,432 (net of accumulated depreciation). This investment in capital assets includes buildings, and vehicles. The total decrease in the District’s investment in capital assets for the current fiscal year was \$87,690, or a 10.56% decrease.

**Capital Asset (net of accumulated depreciation)
For the Year Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Land	\$ 182,400	\$ 182,400
Buildings	62,138	76,380
Equipment	<u>497,894</u>	<u>571,342</u>
 Total	 <u>\$ 742,432</u>	 <u>\$ 830,122</u>

Additional information on the Fire District’s capital assets can be found in the notes to the basic financial statements (Note 3) of this report.

Long-term debt – During the fiscal year ended December 31, 2013, the Fire District had no debt.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$9,696,831. The available amount as of December 31, 2013 is \$9,696,831.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered and incorporated into the preparation of the Fire District’s budget for the 2014 calendar year.

For the 2014 calendar year the Fire District local tax levy did not increase from the previous year. Operating expenses continue to increase; however, the District has managed to control costs. The 2014 Operating Budget decreased by \$70,700 from the previous year or a 15.43% decrease due to a reduction in future capital outlays.

For the Future

The Delanco Township Fire District No. 1 is in good financial condition presently. However, a major concern is the continued growth of the Township and the ability to provide quality service at an affordable cost.

In conclusion, the Delanco Township Fire District No. 1 has committed itself to financial excellence for many years. In addition, the Fire District's system for financial planning and budgeting are well regarded. The Fire District plans to continue its sound fiscal management to meet the challenges of the future.

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 Fire District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Delanco Township Fire District No. 1 Board of Fire Commissioners, P.O. Box 192, Delanco, New Jersey 08075.

Basic Financial Statements

District-Wide Financial Statements

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Statement of Net Position
December 31, 2013

	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 590,352
Capital assets, net (Note 3)	742,432
Deferred Charge - Emergency Appropriation	10,700
Total assets	1,343,484
LIABILITIES:	
Accounts Payable	12,067
Accrued interest	
Noncurrent liabilities (Note 5)	
Due within one year	
Due beyond one year	
Total liabilities	12,067
NET POSITION:	
Net investment in capital assets	742,432
Restricted for:	
Capital projects fund	178,540
Other purposes	40,000
Unrestricted	370,446
Total net position	\$ 1,331,418

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

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Statement of Activities
For the Fiscal Year Ended December 31, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:					
Administration:					
Other expenses	\$ 73,817.00				\$ (73,817.00)
Cost of Operations:					
Other expenses:					
Fire hydrant services	47,480				(47,480)
Equipment	39,026				(39,026)
Maintenance and repairs	46,806				(46,806)
Utilities	23,837				(23,837)
Other expenses	31,443				(31,443)
Uniform Fire Safety Act	25,754			\$ 22,713	(3,041)
Supplemental Fire Safety					
First Aid/Rescue:					
Materials and Supplies	1,500				(1,500)
Unallocated		\$ 87,690			(87,690)
Total governmental activities	<u>289,663</u>	<u>87,690</u>	<u>-</u>	<u>22,713</u>	<u>(354,640)</u>
Total primary government	<u>\$ 289,663</u>	<u>\$ 87,690</u>	<u>-</u>	<u>\$ 22,713</u>	<u>\$ (354,640)</u>
General revenues:					
Taxes:					
District taxes, levied for general purposes, net					325,000
Federal and State aid not restricted					1,700
Investment earnings					1,104
Miscellaneous income					472
Total general revenues, special items, extraordinary items and transfers					<u>328,276</u>
Change in Position					(26,364)
Net Position--January 1					<u>1,357,782</u>
Net Position--December 31					<u>\$ 1,331,418</u>

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

Fund Financial Statements

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Balance Sheet
Governmental Funds
December 31, 2013

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 581,813		\$ 8,540		\$ 590,353
Deferred Charge: Emergency Appropriation	<u>10,700</u>				<u>10,700</u>
Total assets	<u>\$ 592,513</u>	<u>-</u>	<u>\$ 8,540</u>	<u>-</u>	<u>\$ 601,053</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	12,067				12,067
Bond anticipation note payable					
Total liabilities	<u>12,067</u>	<u>-</u>		<u>-</u>	<u>12,067</u>
Fund Balances:					
Restricted Fund Balance:					
Reserved for future capital outlays	170,000				170,000
Assigned Fund Balance:					
Designated for subsequent year's expenditures	40,000				40,000
Unassigned Fund Balance	<u>370,446</u>		<u>8,540</u>		<u>378,986</u>
Total fund balances	<u>580,446</u>		<u>8,540</u>		<u>588,986</u>
Total liabilities and fund balances	<u>\$ 592,513</u>	<u>-</u>	<u>\$ 8,540</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,041,253 and the accumulated depreciation is \$1,298,821

742,432

Net position of governmental activities

\$ 1,331,418

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

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended December 31, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 325,000				\$ 325,000
Uniform Fire Safety Act	22,713				22,713
Interest earned	1,104				1,104
Miscellaneous	472				472
Total revenues-local sources	349,289				349,289
State sources	1,700				1,700
Total revenues	350,989	-			350,989
EXPENDITURES:					
Current expense:					
Administration:					
Other expenses	73,817				73,817
Cost of Operations:					
Other expenses:					
Fire hydrant services	47,480				47,480
Equipment	39,026				39,026
Maintenance and repairs	46,806				46,806
Utilities	23,837				23,837
Other expenses	42,143				42,143
Uniform Fire Safety Act	25,754				25,754
Supplemental Fire Safety					
First Aid/Rescue:					
Materials and Supplies	1,500				1,500
Capital Outlay					
Debt Service Fund					
Total expenditures	300,363				300,363
Excess (deficiency) of revenues over (under) expenditures	50,626	-		-	50,626
Other Financing Sources (Uses):					
Expenditures to be Raised by Future Taxes	10,700				10,700
Total other financing sources (uses)	10,700	-		-	10,700
Net change in fund balance	61,326				61,326
Fund balances, January 1	519,120		8,540		527,660
Fund balances, December 31	\$ 580,446	-	\$ 8,540	-	\$ 588,986

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

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended December 31, 2013

Total net change in fund balances - governmental funds (from B-2)	\$	61,326
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on 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 current fiscal year.</p>		
Depreciation expense	\$ (87,690)	
Capital outlay		<u>(87,690)</u>
Change in net position of governmental activities	\$	<u>(26,364)</u>

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

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity - Delanco Township Fire District No. 1 is located in Burlington County, New Jersey. It is a political subdivision of the Township of Delanco and was formed through the adoption of a Township ordinance. As of the 2010 United States Census, the Township's population was 4,287. A Board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held 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 District charged with the responsibility of providing fire fighting services to the residents within its territorial location. Delanco Township Fire District No. 1 has one fire company within its jurisdiction.

Component Units - GASB Statement No. 14 and GASB No. 39, provide 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 meet the criteria established by GASB statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. As of December 31, 2013, it has been determined by the 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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The district's basic financial statements consists of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. Elimination's have been made to minimize the double counting of internal activities. The Statement of Net Position presents the financial condition of the governmental activities of the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Indirect expenses are not allocated to programs. Program revenues include charges paid by the recipients of goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the 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 District.

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level reporting. The 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. There are two categories of funds: governmental and fiduciary.

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund - 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 all expendable financial resources except those required to be accounted for in another fund. 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 all financial resources to be used for the acquisition or construction of major capital facilities such as fire houses. The financial resources are derived from temporary notes or serial bonds which are specifically 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 resources that will be used to service principal and interest payments on general long-term liabilities.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Fire District are included on the statement of Net Position.

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

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the 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 and Expenses - Revenues are recorded when they are determined to be available and measurable. Generally, fees and other non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

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

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Taxes - Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following 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.

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

The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget. Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.3.

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 the approval of the legal voters. If the voters reject the budget, the Township Council is required to review and determine the annual budget. Amounts reported under the final budget on Exhibits C-1 and I-3, include modifications to the adopted budget that were made during the year as approved by the Board of Commissioners.

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 the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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 fiscal year end.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

**Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments(Continued)- N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having 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 amount of their deposits to the governmental units.

The cash management plan adopted by the Fire District requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Inventories and Prepaid Expenses - Inventories and prepaid expenses which benefit future periods, other than those recorded in the enterprise funds, are recorded as an expenditure during the year of purchase.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or 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 Position

Capital Assets

These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The Fire District maintains a capitalization threshold of \$5,000. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not. All reported capital assets except land, land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Asset Class	Governmental Activities Estimated Lives
Buildings	30 years
Building Improvements	20 years
Machinery and Equipment	5-20 years
Vehicles	5-20 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 mils 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 or two percent (2%) of the assessed valuation of property, whichever is larger.

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Position - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is 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 law or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

It is the Fire District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Fund Balance - The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision making authority, which for the Fire District is the Board of Fire Commissioners. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes, the specified use by taking the same type of action imposing the commitment.

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Assigned – This fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Fire Commissioners has the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. 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 to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the Fire District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State 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. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the Fire 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 Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Fire District's amount on deposit of \$609,124 as of December 31, 2013, \$449,612 was insured under FDIC and the remaining balance of \$159,512 was collateralized under GUDPA.

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2013, was as follows:

	<u>Balance</u> <u>December 31,</u> <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>December 31,</u> <u>2013</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 182,400			\$ 182,400
Total at historical cost	<u>182,400</u>			<u>182,400</u>
<i>Capital Assets, being depreciated:</i>				
Building and Building Improvements	427,258			427,258
Equipment	<u>1,431,595</u>			<u>1,431,595</u>
Total at historical cost	<u>1,858,853</u>			<u>1,858,853</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements				
Building and Building Improvements	(350,878)	\$ (14,242)		(365,120)
Equipment	<u>(860,253)</u>	<u>(73,448)</u>		<u>(933,701)</u>
Totals accumulated depreciation	<u>(1,211,131)</u>	<u>(87,690)</u>		<u>(1,298,821)</u>
Total Capital Assets, being depreciated, net	<u>647,722</u>	<u>(87,690)</u>		<u>560,032</u>
Governmental Activities Capital Assets, Net	<u>\$ 830,122</u>	<u>\$ (87,690)</u>	<u>\$ ---</u>	<u>\$ 742,432</u>

Depreciation expense in the amount of \$87,690 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Unallocated	\$ 87,690
Total	<u>\$ 87,690</u>

4. RECEIVABLES

The District had no receivables as of December 31, 2013.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance – The District maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

6. PROPERTY TAXES

The following is a four year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ <u>0.067</u>	\$ <u>0.066</u>	\$ <u>0.064</u>	\$ <u>0.063</u>	\$ <u>0.062</u>

Assessed Valuation

2013	\$	484,841,526
2012	\$	495,064,202
2011	\$	497,350,907
2010	\$	505,071,814
2009	\$	497,479,214

7. FUND BALANCES

The Fire District has classified its fund balances with the following hierarchy:

Nonspendable – The Fire District does not have any nonspendable funds.

Spendable – The Fire District has classified the spendable fund balances as *Restricted, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The Fire District currently has no funds classified as *Committed*.

Restricted Items:

Reserve for Future Capital Outlays – As of December 31, 2013, the balance in the Reserve for future capital outlays is \$170,000.

Assigned:

Designated for Subsequent Year's Expenditures – The Fire District has assigned a total of \$40,000 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in the upcoming 2014 budget.

Unassigned items - Represents the remainder of the Fire District's equity in governmental fund type balances. The balance at December 31, 2013 is \$370,446.

Delanco Township Fire District No. 1
Notes to Basic Financial Statements
For the Fiscal Year Ended December 31, 2013

7. FUND BALANCES (Continued)

The following presents the assigned and unassigned fund balance as of the last five years and the amount utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance</u> <u>Dec. 31,</u>	<u>Utilized In</u> <u>Budget Of</u> <u>Succeeding Year</u>	<u>Percentage</u> <u>Budget of</u> <u>Succeeding Year</u>
2013	\$ 410,446	\$ 40,000	9.75%
2012	449,120	110,400	24.58
2011	431,353	114,480	26.54
2010	431,999	99,380	23.00
2009	421,258	97,260	23.09

Capital Projects Fund – The District has a fund balance of \$8,540 in the Capital Projects Fund as of December 31, 2013.

8. SPECIAL ELECTION

The Fire District obtained voter approval from the legal voters on October 22, 2013 to purchase a fire truck not to exceed \$675,000. The Fire District proposes to finance the lease purchase of the fire truck through competitive bidding in 2014.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended December 31, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 325,000		\$ 325,000	\$ 325,000	\$ -
Interest on investments	1,000		1,000	1,104	104
Uniform Fire Safety Act	20,000		20,000	22,713	2,713
Miscellaneous				472	472
Total local sources	346,000		346,000	349,289	3,289
State sources:					
Supplemental Fire Services Grant	1,687		1,687	1,700	13
Total state sources	1,687		1,687	1,700	13
TOTAL REVENUES	347,687		347,687	350,989	3,302
EXPENDITURES:					
GENERAL EXPENSE:					
Administration:					
Other Expenses:					
Elections	1,500		1,500	1,129	371
Insurance	57,000	\$ 5,000	62,000	61,598	402
Office expense	2,000		2,000	1,853	147
Professional services	11,000		11,000	9,237	1,763
Total Administration	71,500	5,000	76,500	73,817	2,683
Cost of Operations:					
Other Expenses:					
Fire hydrant services	70,000		70,000	47,480	22,520
Equipment	45,000		45,000	39,026	5,974
Maintenance and repairs	50,000		50,000	46,806	3,194
Utilities	35,000	(5,000)	30,000	23,837	6,163
Other expenses:					
Advertising	1,000		1,000	282	718
Training and education	12,500		12,500	1,520	10,980
Miscellaneous medical	3,000		3,000	375	2,625
Other outside services	27,000	10,700	37,700	29,556	8,144
Fire protection agreement	12,400		12,400	10,410	1,990
Total Other Expense	255,900	5,700	261,600	199,292	62,308
Total Cost of Operations	255,900	5,700	261,600	199,292	62,308

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended December 31, 2013

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Appropriations Off-Set with Revenues:					
Other expenses	\$ 27,500		\$ 27,500	\$ 25,754	\$ 1,746
Total Appropriations Off-Set with Revenues	27,500		27,500	25,754	1,746
Supplemental Fire Services:					
Other expenses	1,687		1,687		1,687
Total Supplemental Fire Services	1,687		1,687		1,687
Appropriations for Duty Inc. First Aid/Rescue:					
Materials and Supplies	1,500		1,500	1,500	
Capital Appropriations:					
Reserve for Future Capital Outlays	100,000		100,000		100,000
Total Expenditures	458,087	\$ 10,700	468,787	300,363	168,424
Other Financing Sources (uses)					
Less: Expenditures to be Raised by Future Taxes				10,700	(10,700)
Total Expenditures	458,087	10,700	468,787	289,663	179,124
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(110,400)	(10,700)	(121,100)	61,326	182,426
Fund Balance, January 1	519,120		519,120	519,120	
Fund Balance, December 31	<u>\$ 408,720</u>	<u>\$ (10,700)</u>	<u>\$ 398,020</u>	<u>\$ 580,446</u>	<u>\$ 182,426</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Future Capital Outlays				\$ 170,000	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				40,000	
Unassigned Fund Balance				<u>370,446</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 580,446</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Notes to Required Supplementary Information
Budgetary Comparison

Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures

	General Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 350,989
Difference - budget to GAAP:	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ <u>350,989</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 300,363
Differences - budget to GAAP	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ <u>300,363</u>

Other Supplementary Information

**Capital Projects Fund
Detail Statements**

DELANCO TOWNSHIP FIRE DISTRICT NO.1
Capital Projects Fund
Summary Statement of Project Expenditures
Year Ended December 31, 2013

<u>Purpose</u>	<u>Date Authorized</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Ambulance	February 18, 2006	\$ 175,000	\$ 166,460		\$ 8,540
Total		<u>\$ 175,000</u>	<u>\$ 166,460</u>	<u>-</u>	<u>\$ 8,540</u>

General Comments and Recommendations

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

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 the requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no prior year audit findings requiring corrective action.

APPRECIATION

I express my appreciation for the assistance and courtesies extended to the audit team by the Fire District Commissioners during the course of the audit.

Respectfully submitted,

INVERSO & STEWART, LLC



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

April 24, 2014