

**MAURICE RIVER**  
**FIRE DISTRICT NO. 2**  
**COUNTY OF CUMBERLAND**  
**REPORT OF AUDIT**  
**DECEMBER 31, 2019**

**MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 2**

**COUNTY OF CUMBERLAND**

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**MAURICE RIVER TOWNSHIP FIRE DISTRICT NO. 2**

**COUNTY OF CUMBERLAND**

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**MAURICE RIVER**  
**FIRE DISTRICT NO. 2**  
**ROSTER OF OFFICIALS**

The following officials were in office during 2019:

<b><u>NAME</u></b>	<b><u>TITLE</u></b>	
<b><u>Board of Commissioners</u></b>		
Sandra Whildin	Chairman	
Robert P. Camp, Jr.	Secretary	
Michael Ardrey	Commissioner	
Terri Whildin	Treasurer	
April Camp	Commissioner	
<b><u>Surety Company</u></b>		
Selective Insurance Company of America – Blanket Bond		\$20,000

## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the  
Maurice River Fire District No. 2  
County of Cumberland  
P.O. Box 4  
Heislerville, New Jersey 08324

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Maurice River Fire District No. 2 ("the Fire District"), County of Cumberland, State of New Jersey as of and for the year ended December 31, 2019, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinions.

### **Opinions**

In our opinion, the basic 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 Maurice River Township Fire District No. 2, County of Cumberland, State of New Jersey, as of December 31, 2019, and the respective changes in financial position thereof and 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 accompanying Management Discussion and Analysis on pages 6 through 11, along with budgetary comparison information on pages 28 through 29 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The 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. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with **Government Auditing Standards**, we have also issued our report dated April 24, 2020 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, 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,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

Raymond Colavita, C.P.A.  
Registered Municipal Accountant  
April 24, 2020



# NIGHTLINGER, COLAVITA & VOLPA

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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

Chairman and Members of the  
Maurice River Fire District No. 2  
County of Cumberland  
P.O. Box 4  
Heislerville, New Jersey 08324

We have audited the financial statements of the governmental activities and each major fund of the Maurice River Township Fire District No. 2, County of Cumberland, State of New Jersey as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Maurice River Township Fire District No. 2's basic financial statements and have issued our report thereon dated April 24, 2020. 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 as prescribed by the Bureau of Authority Regulation, New Jersey Division of Local Government Services, State of New Jersey.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 and correct misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, additional material weaknesses may exist that have not been identified.

**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**.

**Purpose of this Report**

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

Raymond Colavita, C.P.A.  
Registered Municipal Accountant  
April 24, 2020

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MAURICE RIVER TOWNSHIP FIRE DISTRICT No. 2**  
**COUNTY OF CUMBERLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**  
**UNAUDITED**

As management of the Maurice River Township Fire District No. 2, we offer readers of the Maurice River Township Fire District No. 2 financial statements this narrative overview and analysis of the financial activities of the Maurice River Township Fire District No. 2 for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements, along with the financial statements to enhance their understanding of the Fire District's financial performance. In addition to GAAP reporting, this report also reflects the implementation of GASB 34, which provides more detailed comparisons to prior year financial information.

### **Financial Highlights**

- The assets of Maurice River Township Fire District No. 2 exceeded its liabilities at the close of the most recent year by \$120,722 (Net Position).
- As of the close of the current year, the Maurice River Township Fire District No. 2's governmental funds reported combined ending fund balances of \$92,419, representing an increase of \$15,115 in comparison with the prior year.

### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Maurice River Township Fire District No. 2's basic financial statements. The Maurice River Township Fire District No. 2's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

**District-Wide Financial Statements** - The district-wide financial statements are designed to provide readers with a broad overview of the Maurice River Township Fire District No. 2's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Maurice River Township Fire District No. 2's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Maurice River Township Fire District No. 2 is improving or deteriorating.

The Statement of Activities presents information showing how the Maurice River Township Fire District No. 2's net position changed during the most recent year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will result in cash flows in future periods.

Both of the district-wide financial statements distinguish functions of the Maurice River Township Fire District No. 2 that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Maurice River Township Fire District No. 2 include fire-fighting/suppression services that are provided to the citizens of the Maurice River Township Fire District No. 2.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Maurice River Township Fire District No. 2, 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 Maurice River Township Fire District No. 2 constitute one fund type, which is the governmental fund type.

**Governmental Funds** - All of the Maurice River Township Fire District No. 2's activities are reported in governmental funds, which focus on how 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 Maurice River Township Fire District No. 2's general government operations and the basic services it provides. Government fund information provides insight as to determining a range of financial resources available to finance fire-fighting/suppression services in the near future.

The Maurice River Township Fire District No. 2 maintains a maximum of 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, special revenue fund, capital projects fund, and the debt service fund.

The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Also, Maurice River Township Fire District No. 2 adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance regarding spending within the budget, as well as provide management with a planning tool to achieve the goals of the District.

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

### **District-Wide Financial Analysis**

The Net Position reported each year, and amount of change thereon, provides a useful indicator of a government's financial position. In the case of the Maurice River Township Fire District No. 2, assets exceeded liabilities by \$120,722 at the close of the current year.

The largest portion of the Maurice River Township Fire District No. 2's Net Position is Unrestricted.

The Maurice River Township Fire District No. 2 uses these assets to provide fire-fighting/suppression services to the citizens of the Maurice River Township Fire District No. 2; consequently these assets are not available for future spending. Although the Maurice River Township Fire District No. 2'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 operating sources, since the capital assets themselves cannot be used to liquidate those liabilities.

### Statement of Net Position

Table 1 provides a comparative summary of the Fire District's Net Position for the years ended in 2019 and 2018.

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash	\$ 51,734	\$ 40,044
Accounts Receivable	41,949	38,523
Capital Assets	28,303	16,996
	<u>121,986</u>	<u>95,563</u>
<b>Liabilities</b>		
Accounts Payable	1,264	1,263
	<u>1,264</u>	<u>1,263</u>
<b>Net Position</b>	<u>\$ 120,722</u>	<u>\$ 94,300</u>
<b>Analysis of Net Position</b>		
Invested in Capital Assets, Net of Related Debt	\$ 28,303	\$ 16,996
Restricted for:		
Future Capital Outlay	46,247	37,473
Unrestricted	46,172	39,831
	<u>120,722</u>	<u>94,300</u>
<b>Total Net Position</b>	<u>\$ 120,722</u>	<u>\$ 94,300</u>

In total, Net Position of governmental activities increased \$26,422 from the previous year. This net increase is the result of increases in total assets and total liabilities of \$26,423 and \$1, respectively.

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

**Table 2**  
**Statement of Activities**

	<u>2019</u>	<u>2018</u>
Expenses		
Operating Expenses		
Administration	\$ 15,250	\$ 14,933
Cost of Operations and Maintenance	87,253	99,061
Depreciation Expense	5,930	6,863
Total Program Expenses	<u>108,433</u>	<u>120,857</u>
Program Revenues		
Operating Grants & Contributions	576	576
Net Program Expenses	<u>107,857</u>	<u>121,433</u>
Taxes:		
Property Taxes, Levied for General Purpose	134,239	123,272
Unrestricted Investment Earnings	40	21
Total General Revenues	<u>134,279</u>	<u>123,293</u>
Other Financing Sources (Uses)		
Increase (Decrease) in Net Position	26,422	3,012
Net Position, January 1	94,300	91,288
Net Position, December 31	<u>\$ 120,722</u>	<u>\$ 94,300</u>

Property taxes constituted 99% of revenues for the Fire District during 2019. Cost of Operations and Maintenance comprise 80% of the Fire District expenses, while administrative expenses represented 14% and the remaining 6% was attributed to depreciation expense.

### **Financial Analysis of the Government Funds**

As previously stated, the Maurice River Township Fire District No. 2 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund** - The focus of the Maurice River Township Fire District No. 2's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Maurice River Township Fire District No. 2's financing requirements. In particular, unassigned 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 Maurice River Township Fire District No. 2's governmental funds reported combined ending fund balances of \$92,419, which represents an increase of \$15,115 in comparison with the prior year.

The ending fund balance of \$92,419 is comprised of \$46,172 in unrestricted funds, of which \$11,593 has been assigned to support the 2020 adopted budget. The remaining \$46,247 of fund balance is restricted and represents the reserve for future capital outlay. The general fund is the main operating fund of the Fire District.

During 2019, revenues increased \$10,986 and expenditures decreased \$1,319 from the year before, which represents a net increase of \$12,305 in operations over the prior year.

### **Capital Projects Fund**

There were no open capital projects; therefore, a capital projects fund was not required to be maintained.

### **Long-Term Obligations**

As of December 31, 2019, the Maurice River Township Fire District No. 2 had no bonded debt or obligations under capital lease agreement.

### **General Fund Budgetary Highlights**

The Maurice River Township Fire District No. 2 modified its 2019 general fund budget in conformance with statute through budget transfers approved in the minutes. None of these transfers were considered material.

No grants or aid were awarded during the year other than \$576 from the Supplemental Fire Services Program. The original budgetary revenue estimate of \$134,239 was the same as the final budget.

Actual cost of operations and administration expenditures resulted in a favorable variance of \$17,960, when compared with budgeted appropriations.

During the year 2019, the Maurice River Township Fire District No. 2 received \$92,290 of its \$134,239 tax levy. The remaining \$41,949 is reflected on the Balance Sheet as an accounts receivable.

The final budgetary appropriations estimate exceeded the final anticipated revenue estimate by \$23,625, which represents the amount of unassigned fund balance utilized to support the budget expenditures.



## Capital Assets and Debt Administration

Maurice River Township Fire District No. 2's investment in capital assets for its governmental activities as of December 31, 2019 amounts to \$172,099, with accompanying accumulated depreciation of \$143,796, resulting in net capital assets of \$28,303. This investment in capital assets is for firefighting equipment and leasehold improvements, of which, additions during 2019 were \$17,237.

### CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION COMPUTED)

	<u>2019</u>	<u>2018</u>
Equipment	\$ 16,784	\$ 16,996
Leasehold Improvement	11,519	
Total Capital Assets	<u>\$ 28,303</u>	<u>\$ 16,996</u>

Additional information on the Maurice River Township Fire District No. 2's capital assets can be found in Note 4 in the notes to financial statements.

## Economic Factors and Next Years Budget

For the 2019 year, Maurice River Township Fire District No. 2 was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 99% of total revenue is from the local tax levy, while the remaining 1% is from other sources.

The Board of Fire Commissioners adopted the 2020 budget December 17, 2019 and the voters subsequently approved the budget at the annual fire district election held on February 15, 2020.

The Fire District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of accrual accounting.

## Contacting the Fire District's Financial Management

This financial report is designed to provide our patrons, citizens, taxpayers, and creditors with a general overview of the Fire District's finances and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Terri Whildin, Treasurer of Maurice River Fire District No. 2, PO Box 4, Heislerville, NJ 08324.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 2)	\$ 51,734
Accounts Receivable	41,949
Capital Assets, Net (Note 4)	28,303
Total Assets	<u>121,986</u>
<b>LIABILITIES</b>	
Accounts Payable	1,264
Total Liabilities	<u>1,264</u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	28,303
Restricted for:	
Future Capital Outlay	46,247
Unrestricted	46,172
Total Net Position	<u>\$ 120,722</u>

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

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2019**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>
Expenses:	
Operating Appropriations:	
Administration	\$ 15,250
Cost of Operations and Maintenance	87,253
Depreciation Expense	5,930
	<hr/>
Total Program Expenses	108,433
	<hr/>
Program Revenues:	
Operating Grants and Contributions	576
	<hr/>
Net Program Expenses	107,857
	<hr/>
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	134,239
Interest on Deposits and Investments	40
	<hr/>
Total General Revenues	134,279
	<hr/>
Other Financing Sources (Uses)	
	<hr/>
Increase in Net Position	26,422
	<hr/>
Net Position, January 1	94,300
	<hr/>
Net Position, December 31	\$ 120,722
	<hr/> <hr/>

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

## **FUND FINANCIAL STATEMENTS**

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	<b><u>General Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents (Note 2)	\$ 51,734	\$ 51,734
Accounts Receivable	41,949	41,949
	<hr/>	<hr/>
Total Assets	\$ 93,683	\$ 93,683
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ 1,264	\$ 1,264
	<hr/>	<hr/>
Total Liabilities	1,264	1,264
	<hr/>	<hr/>
Fund Balances:		
Restricted for:		
Reserved for Future Capital Outlay	46,247	46,247
Assigned:		
Designated for Subsequent Year (Note 6)	11,593	11,593
Unassigned Reported in:		
General Fund (Note 6)	34,579	34,579
	<hr/>	<hr/>
Total Fund Balances	92,419	92,419
	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 93,683	
	<hr/> <hr/>	

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 \$172,099 and the accumulated depreciation is \$143,796. (Note 4)

28,303

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (Note 5)

Net position of governmental activities

\$ 120,722

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

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b><u>General Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b>REVENUES</b>		
Amount to be Raised by Taxation	\$ 134,239	\$ 134,239
Supplemental Fire Services Program	576	576
Interest on Deposits and Investments	40	40
Total Revenues	<u>134,855</u>	<u>134,855</u>
<b>EXPENDITURES</b>		
Operating Appropriations:		
Administration	15,250	15,250
Cost of Operations and Maintenance	92,505	92,505
Capital Outlay	11,985	11,985
Total Expenditures	<u>119,740</u>	<u>119,740</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,115</u>	<u>15,115</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Net Change in Fund Balances	15,115	15,115
Fund Balance—Jan 1	77,304	77,304
Fund Balance—Dec 31	<u>\$ 92,419</u>	<u>\$ 92,419</u>

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



**MAURICE RIVER 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, 2019**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	\$ 15,115
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	(5,930)
Capital outlays	17,237
<b>Change in net assets of governmental activities (A-2)</b>	<u>\$ 26,422</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. **Description of Reporting Entity** - Fire District No. 2 of Maurice River is a political subdivision of the Township of Maurice River, Cumberland County, New Jersey. It was formed through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The board of commissioners of Fire District No. 2 has five members. 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 taxpaying authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. Fire District No. 2 serves the Heislerville area of the Township.

The Fire District is not a component unit of any other financial reporting entity as to Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and No. 61.

- b. **Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Fire District conform to 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting. The more significant of the Fire District's accounting policies are described in this Note.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b. Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)**

**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, which is governmental.

**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 financial resources. The acquisition of certain capital assets, such as firefighting 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. There were no such grants in 2019.

**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 firefighting 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. There were no open projects in 2019.

**Debt Service Fund** - The Debt Service Fund is used to account for resources that will be used to service general long-term debt liabilities recorded in the Statement of Net Position. There is no long-term debt as of December 31, 2019.

**c. Budgets and Budgetary Accounting** - 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 hearings 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 basic financial statements. Amounts reported under "final budget" in Exhibit C-1 and I-3, and in the detail statements, include modifications to the adopted budget that were made during the year as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund revenues 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, 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. Due to the small size of the Fire District, the selective encumbrance method is implemented rather than a full encumbrance system. Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as unearned revenues at year-end. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year-end.

- d. Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. All certificates of deposit are recorded as cash regardless of the date of maturity.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d. Cash, Cash Equivalents and Investments (Continued)**

**N.J.S.A. 17:9-41 et seq.** establishes the requirements for 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 Act. Public depositories include state or federally chartered banks, savings banks or associations located in the State of New Jersey; state or federally chartered banks, savings 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 the 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.

**e. Inventories and Prepaid Expenses** - Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

**f. Interfunds** - Interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the period in which the transaction is executed.

**g. Capital Assets** - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District maintains a capitalization threshold of \$1,000. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. All reported capital assets except land and construction work in progress is required to be depreciated. Improvements are to be depreciated over the remaining useful lives of the related capital assets.

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

<b><u>Description</u></b>	<b><u>Estimated Lives</u></b>
Buildings and Improvements	30 Years
Vehicles	5-10 Years
Firefighting Equipment	5 Years

While depreciation has not been computed or reported as reflected in the comments section of the audit, it will be computed and reported as of December 31, 2019.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g. Capital Assets (continued)**

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 firefighting 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 or property within the district upon the approval of the legal voters. Debt may be issued up to the larger of either \$60,000 or 2 percent of the assessed valuation of property.

**h. Long-Term Obligations** - Long-term debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the Fire District. The remaining portion of such obligations is reported in the Statement of Net Position.

**i. Unearned Revenue** - Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned.

**j. 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, per N.J.S.A. 40A:14-79: 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.

**k. Fund Equity** - Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**l. Use of Estimates** – In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**m. Comparative Data** - Comparative total data for the prior year have been presented in selected sections of the accompanying basic financial statements in order to provide an understanding of the changes in the Fire District's financial position and operations.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- n. **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 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 laws 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.

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

- o. **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:

**Non-Spendable-** The non-spendable fund balance classification included 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" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted-** The restricted 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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Committed-** The committed fund balance classification includes amounts that can 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 Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**o. Fund Balance (Continued)**

**Assigned-** The assigned 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. Intent is expressed by either the Board of Commissioners or by the business manager, to which the Board of Commissioners or by the business manager, to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business manager is established by way of formal job description for the position, approved by the Board of Commissioners.

**Unassigned-** The unassigned fund balance classification is the residual classification for the general fund. This classification 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.

**p. New Accounting Standards:**

The District has adopted the following GASB statements:

- GASB No. 83 - Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the District.
- GASB No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the District.
- GASB No. 84 - Fiduciary Activities: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**p. New Accounting Standards (Continued):**

- GASB Statement - No. 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District’s financial statements.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 86 on the District’s financial statements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 87 - Leases: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 on the School District’s financial statements.
- GASB No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District’s financial statements.
- GASB Statement - No. 91 – Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District’s financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risks**

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act.

Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: **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 Protection Act.

The Fire District designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of December 31, 2019, the District's bank balance of \$52,384 was exposed to custodial credit risk as follows:

Insured	\$ 52,384
Uninsured and collateralized with securities held by pledging financial institutions	
	<u>\$ 52,384</u>

**3. PROPERTY TAX LEVIES**

Following is a tabulation of Fire District assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2019	\$ 54,038,600	\$ 134,239	\$ 0.249
2018	54,729,848	123,272	0.226
2017	55,905,923	120,855	0.217
2016	56,069,528	116,005	0.207
2015	56,731,984	106,352	0.188

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance December 31, 2018	Additions	Adjustment	Balance December 31, 2019
Equipment	\$ 154,862	\$ 5,252	\$	\$ 160,114
Leasehold Improvement		11,985		11,985
Total Capital Assets Being Depreciated	154,862	17,237		172,099
Less Accumulated Depreciation:				
Equipment	(137,866)	(5,464)		(143,330)
Leasehold Improvement		(466)		(466)
Total Accumulated Depreciation	(137,866)	(5,930)		(143,796)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	16,996	11,307		28,303
Capital Assets, Net	\$ 16,996	\$ 11,307	\$	\$ 28,303

**5. BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

There was no balance in bond anticipation notes at December 31, 2019.

**6. FUND BALANCES APPROPRIATED**

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

Year	End of Year		Utilized in Subsequent Budget	
	Unrestricted	Restricted	Unrestricted	Restricted
2019	\$ 46,172	\$ 46,247	\$ 11,593	\$
2018	39,831	37,473	11,640	11,985
2017	49,321	25,173	13,050	
2016	58,938	13,173	12,450	
2015	62,058	3,750	10,000	

**7. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGET**

There were no deferred charges to be raised in 2019.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(CONTINUED)**

**8. LITIGATION**

No contingent liabilities were noted per the solicitor's written response to our inquiry.

**9. 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; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability and surety bonds.

**10. SUBSEQUENT EVENTS**

None

**End of Notes to Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(WITH TOTALS FOR 2018)**

	<b>2019</b>			Variance	<b>2018</b>
	Original Budget	Modified Budget	Actual	Favorable (Unfavorable)	Actual
<b><u>Revenues</u></b>					
Revenues and Other Financing Sources:					
Miscellaneous Revenues:					
Interest on Deposits and Investments	\$ 20	\$ 20	\$ 40	\$ 20	\$ 21
Total Miscellaneous Revenues	20	20	40	20	21
Operating Grant Revenue:					
Supplemental Fire Services Program	575	575	576	1	576
District Taxes to Support the District Budget	134,239	134,239	134,239		123,272
Total Revenues and Other Financing Sources	134,834	134,834	134,855	21	123,869
<b><u>Expenditures</u></b>					
Administration:					
Salaries and Wages	\$ 3,600	\$ 3,600	\$ 3,600	\$	\$ 3,600
Benefits	305	305	301	4	301
Memberships/Dues	350	350	300	50	300
Office Expenses	200	200	108	92	102
Professional Services	5,435	5,435	5,435		5,355
Legal	2,000	1,890	96	1,794	
Insurance	5,300	5,410	5,410		5,275
Total Administration	17,190	17,190	15,250	1,940	14,933
Cost of Operations:					
Advertising	375	400	371	29	275
Maintenance and Repairs	21,000	20,900	10,059	10,841	19,470
Utilities	9,000	9,000	6,098	2,902	6,613
Membership Dues	450	525	455	70	169
Equipment	6,000	6,000	5,717	283	7,065
Agreement to Fight Fires NJSA 40A:14-70.1	60,000	60,000	60,000		63,645
Training	5,500	5,500	3,650	1,850	4,055
Supplies	6,000	6,000	5,955	45	4,634
Election	200	200	200		200
Total Cost of Operations	108,525	108,525	92,505	16,020	106,126
Capital Appropriations:					
Reserve for Future Capital Outlays	20,759	20,759		20,759	
Heating System	11,985	11,985	11,985		
Total Capital Appropriations	32,744	32,744	11,985	20,759	
Total Expenditures	158,459	158,459	119,740	38,719	121,059
Excess (Deficit) of Revenue Over Expenditures	(23,625)	(23,625)	15,115	38,740	2,810
Fund Balance - Beginning of Year	77,304	77,304	77,304		74,494
Fund Balance - End of Year	\$ 53,679	\$ 53,679	\$ 92,419	\$ 38,740	\$ 77,304

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**



**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>General Fund</u>
<b>Sources/inflows of resources</b>	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 134,855
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>\$ 134,855</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 119,740
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 119,740</u>

**OTHER SUPPLEMENTARY INFORMATION**

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>State Funding Department</b>	<b>State Program</b>	<b>GMIS Number</b>	<b>Grant Award Amount</b>	<b>From</b>	<b>To</b>	<b>Balance 1/1/2019</b>	<b>Receipts or Revenue Realized</b>	<b>Expenditures</b>	<b>Balance Receivable 12/31/2019</b>
Department of Community Affairs	Supplemental Fire Services Program	8030-100-022 8030-023-F165- 6020	\$ 576	1/1/19	12/31/19	\$	\$ 576	\$ (576)	\$

**MAURICE RIVER FIRE DISTRICT NO. 2**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH AND INVESTMENTS**

Cash - January 1, 2019		\$	40,044
Receipts:			
District Taxes Received	\$	130,813	
Supplemental Fire Services Program		576	
Interest		40	
			<hr/>
			131,429
			<hr/>
			171,473
Disbursements:			
Budget Expenditures		118,476	
Prior Accounts Payable		1,263	
			<hr/>
			119,739
			<hr/>
Cash - December 31, 2019		\$	<u>51,734</u>

See Notes to Financial Statements

## **GENERAL COMMENTS**

## **GENERAL COMMENTS**

We have audited the financial statements of the Maurice River Fire District No. 2 as of and for the year ended December 31, 2019 and have issued our report thereon dated April 24, 2020. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Maurice River Fire District No. 2 to the extent deemed necessary to evaluate the system as required by generally accepted auditing standards.

The purpose of our study and evaluation was to determine the nature, timing and extent of performing the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal control taken as a whole.

The Board of Fire Commissioners of the Maurice River Fire District No. 2 is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of accounting control of the Maurice River Fire District No. 2 taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

The size of the staff is not large enough to achieve adequate segregation of duties. This can result in accounting errors or irregularities that may go undetected.

Therefore, to increase the likelihood of detecting material errors or irregularities at an early date, management should monitor and review the financial area and analytically review significant fluctuations between actual and budgeted results of operations. All significant fluctuations should be investigated and resolved in a timely manner.

These conditions were considered in determining the nature, timing and extent of audit tests to be applied in our audit of the 2019 financial statements, and this report does not affect our report on the financial statements dated April 24, 2020.

The report is intended solely for the use of management and the Division of Local Government Services and should not be used for any other purpose.

**GENERAL COMMENTS** (Continued)

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S. 40A:11-4**

N.J.S. 40A:11-4 requires every appropriate contract or agreement shall be made or awarded only after public advertising for bids, except as provided otherwise by any other law for the sum exceeding the aggregate of \$17,500.

The Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made. The minutes indicate that no bids were requested by public advertising in 2019 and our examination did not reveal any items required to be advertised for bids.

**AWARD OF PURCHASES, CONTRACTS OR AGREEMENTS BY QUOTATIONS**

**N.J.S. 40A:11-6.1**

Prior to the award of any purchase, contract or agreement, the District shall (except in the case of the performance of professional services) solicit quotations, whenever practicable, on any purchase, contract or agreement, the estimated cost or price of which is in excess of \$2,625. The award shall be made on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the contracting agent deems it impracticable to solicit competitive quotations in the case of extraordinary, unspecifiable services, or, in the case of such or any other purchase, contract or agreement awarded hereunder, having sought such quotations received, the contracting agent shall file a statement of explanation of the reason or reasons therefore, which shall be placed on file with said purchase, contract or agreement. Our examination of expenditures revealed that solicitation of quotations appeared to be made where needed.

**OTHER GENERAL COMMENTS**

**Purchase Orders/Vouchers**

Our review of the purchasing and disbursements procedure disclosed that purchase orders/vouchers were used and contained the appropriate signatures for approval. The selective encumbrance method of expenditures was not sufficiently implemented as required by directive of the Director of the Division of Local Government.

**Minutes**

Signed minutes of the meetings of the Commissioners were available, provided various and sufficient detail, and were signed and prepared on a timely basis.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

*Schedule of Financial Statement Findings:*

This section identifies the significant deficiencies, 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.

**RECOMMENDATIONS**

None

**PRIOR YEAR AUDIT FINDINGS**

None

**APPRECIATION**

We desire to express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

Raymond Colavita, C.P.A.  
Registered Municipal Accountant