

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
PLAINSBORO, NEW JERSEY**

**ANNUAL FINANCIAL REPORT**

**December 31, 2013**

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**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
ROSTER OF OFFICIALS  
December 31, 2013**

**BOARD OF FIRE COMMISSIONERS**

Ted Wagner, Chairman

Robert Brown, Vice Chairman

Krishna Jagannathan, Secretary

Justin Schwartz, Vice Chairman

Scott Kivet, DRC Liason

**OTHER OFFICIALS**

Richard Braslow, Esq. - Attorney

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Board of Fire Commissioners  
Plainsboro Township Fire District No. 1  
Plainsboro, New Jersey

**Report on Financial Statements**

We have audited the accompanying financial statements of the Plainsboro Township Fire District No. 1 (the "District"), in the County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2013, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 Governmental Auditing 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 District's basic financial statements. The introductory section and supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

*William E. Antonides and Company*

**Independent Auditors**

A handwritten signature in black ink, appearing to read "William E. Antonides, Jr.", with a stylized flourish at the end.

**William E. Antonides, Jr.  
Certified Public Accountant**

Wall Township, New Jersey  
January 23, 2015

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**



**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

The discussion and analysis of Plainsboro Township Fire District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

General revenues accounted for \$1,881,339.11 or 100.00 percent of all revenues.

Total assets of governmental activities increased by \$392,230.02 as cash and cash equivalents increased by \$438,054.96, and net capital assets decreased by \$45,824.94.

The District had \$1,565,852.43 in expenses; none of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$1,881,339.11 and fund balance were adequate to provide for these programs.

Among governmental funds, the General Fund had \$1,231,339.11 in revenues and \$1,330,728.09 in expenditures. The General Fund's fund balance decreased \$99,388.98 over 2012.

**Using this Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Plainsboro Township Fire District No. 1 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

Continued

## District-Wide Financial Statements (Statement of Net Position and Statement of Activities)

These statements provide both short-term and long-term information about the District's overall financial status.

### Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Figure A-1  
Major Features of District-Wide and Fund Financial Statements**

	District-wide Statements	Fund Financial Statements Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else
Required financial statements	•Statement of net position •Statement of activities	•Balance sheet •Statement of revenues, expenditures, and changes in fund balances	•Statement of fiduciary net position •Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities, both short-term, and long-term. The District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions, during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Plainsboro Township Fire District No. 1, the General Fund is by far the most significant fund.

Continued

## **Reporting the District as a Whole Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in its net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required programs and other factors.

## **Reporting the District's Most Significant Funds Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transaction. The District's governmental funds are the General Fund, Capital Projects Fund and Debt Service Fund.

## **Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## **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 District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Continued

**Table A-1  
Summary of Net Position**

	Governmental Activities		Percentage Change <u>2012-2013</u>
	<u>2013</u>	<u>2012</u>	
Current and Other Assets	\$ 2,069,875.06	\$ 1,631,820.10	26.84%
Capital Assets	4,880,872.84	4,926,697.78	-0.93%
Total Assets	\$ 6,950,747.90	\$ 6,558,517.88	5.98%
Long-Term Liabilities	\$ 28,946.98	\$ 21,415.68	35.17%
Other Liabilities	189,383.10	120,171.06	57.59%
Total Liabilities	\$ 218,330.08	\$ 141,586.74	54.20%
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 4,880,872.84	\$ 4,926,697.78	-0.93%
Restricted	598,719.49	130,487.59	358.83%
Unrestricted	1,252,825.49	1,359,745.77	-7.86%
Total Net Position	\$ 6,732,417.82	\$ 6,416,931.14	4.92%

**Table A-2  
Changes in Net Position**

REVENUES:			
General Revenues:			
Property Taxes	\$ 1,848,000.00	\$ 1,848,000.00	0.00%
State Formula Aid	5,596.00	5,596.00	0.00%
Other	27,743.11	12,978.88	113.76%
Total Revenues	\$ 1,881,339.11	\$ 1,866,574.88	0.79%
EXPENSES:			
Administration	\$ 90,295.59	\$ 91,131.17	-0.92%
Cost of Operations and Maintenance	1,393,072.14	1,328,881.17	4.83%
First Aid Squad	6,000.00	6,000.00	0.00%
Length of Service Award Program	76,484.70	75,988.10	0.65%
Total Expenses	\$ 1,565,852.43	\$ 1,502,000.44	4.25%
Increase (Decrease) in Net Position	\$ 315,486.68	\$ 364,574.44	-13.46%

Continued

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 98.23% of revenues for governmental activities for Plainsboro Township Fire District No. 1 for 2013. The District’s total revenues were \$1,881,339.11 for the year ended December 31, 2013. State aid accounted for another 0.30% of revenue, other miscellaneous revenue accounted for the remaining 1.47%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions.

**Table A-3  
Total and Net Cost of Services**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Administration	\$ 90,295.59	\$ 90,295.59	\$ 91,131.17	\$ 91,131.17
Cost of Operations and Maintenance	1,393,072.14	1,393,072.14	1,328,881.17	1,328,881.17
First Aid Squad	6,000.00	6,000.00	6,000.00	6,000.00
Length of Service Award Program	76,484.70	76,484.70	75,988.10	75,988.10
Total Expenses	\$ 1,565,852.43	\$ 1,565,852.43	\$ 1,502,000.44	\$ 1,502,000.44

Administration includes expenses associated with administrative and financial supervision of the District.

Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

**The District’s Funds**

All governmental funds (i.e., general fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$1,881,339.11 and expenditures were \$1,512,496.19. The change in fund balance for the year in the general fund was a decrease of \$99,388.98 and an increase of \$468,231.90 in the capital projects fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the General Fund for the year ended December 31, 2013 and the amount of increases and decreases in relation to prior year revenues.

Continued

**Table A-4  
Summary of Revenues-General Fund**

<u>REVENUES:</u>	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
Local Sources:				
Miscellaneous Revenue	\$ 27,743.11	\$ 12,978.88	\$ 14,764.23	113.76%
Amount to be Raised by Taxation	1,198,000.00	1,191,500.00	6,500.00	0.55%
State Sources	5,596.00	5,596.00	-	0.00%
<b>Total</b>	<b>\$ 1,231,339.11</b>	<b>\$ 1,210,074.88</b>	<b>\$ 21,264.23</b>	<b>1.76%</b>

The following schedule presents a summary of General Fund expenditures for the year ended December 31, 2013 and the increases and decreases in relation to prior year amounts.

**Table A-5  
Summary of Expenditures-General Fund**

<u>EXPENDITURES:</u>	<u>2013</u>	<u>2012</u>	<u>(Decrease) from 2012</u>	<u>Increase (Decrease)</u>
Administration	\$ 82,764.29	\$ 91,131.17	\$ (8,366.88)	-9.18%
Cost of Operations and Maintenance	1,165,479.10	1,070,397.13	95,081.97	8.88%
First Aid Squad	6,000.00	6,000.00	-	0.00%
Length of Service Award Program	76,484.70	75,988.10	496.60	0.65%
<b>Total</b>	<b>\$ 1,330,728.09</b>	<b>\$ 1,243,516.40</b>	<b>\$ 87,211.69</b>	<b>7.01%</b>

**Capital Assets**

At the end of the year 2013, the District had \$7,166,510.93 invested in land, buildings, equipment, and vehicles. Table 6 shows 2013 balances compared to 2012.

**Table A-6  
Summary of Capital Assets  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
	<u>2013</u>	<u>2012</u>		
Land	\$ 100,000.00	\$ 100,000.00	\$ -	-
Buildings and Building Improvements	1,264,452.49	1,320,904.57	(56,452.08)	-4.27%
Vehicles	3,430,191.83	3,438,275.39	(8,083.56)	-0.24%
Equipment	86,228.52	67,517.82	18,710.70	27.71%
<b>Total</b>	<b>\$ 4,880,872.84</b>	<b>\$ 4,926,697.78</b>	<b>\$ (45,824.94)</b>	<b>-0.93%</b>

Continued

## Debt Administration

At December 31, the District had \$28,946.98 of outstanding debt consisting of compensated absences payable.

**Table A-7  
Summary of Outstanding Long-Term Debt**

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
Compensated Absences Payable	\$ 28,946.98	\$ 21,415.68	\$ 7,531.30	35.17%
Total	\$ 28,946.98	\$ 21,415.68	\$ 7,531.30	35.17%

## For the Future

The Plainsboro Township Fire District No. 1 is in good financial condition presently. The District is proud of its community support.

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

## Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District Treasurer, at Plainsboro Township Fire District No. 1, 407 Plainsboro Road, Plainsboro, NJ 08536.

Concluded

**BASIC FINANCIAL STATEMENTS**



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

	<u>Governmental Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 2,069,875.06	\$ 2,069,875.06
Capital Assets, Net	4,880,872.84	4,880,872.84
Total Assets	<u>6,950,747.90</u>	<u>6,950,747.90</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	182,608.10	182,608.10
Interfunds Payable	6,775.00	6,775.00
Noncurrent Liabilities:		
Due Within One Year	-	-
Due Beyond One Year	28,946.98	28,946.98
Total Liabilities	<u>218,330.08</u>	<u>218,330.08</u>
<b><u>NET POSITION</u></b>		
Invested in Capital Assets, Net of Related Debt	4,880,872.84	4,880,872.84
Restricted For:		
Capital Projects	598,719.49	598,719.49
Unrestricted	<u>1,252,825.49</u>	<u>1,252,825.49</u>
Total Net Position	<u>\$ 6,732,417.82</u>	<u>\$ 6,732,417.82</u>

See accompanying Notes to the Basic Financial Statements.

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

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Functions/Programs</b>					
Governmental Activities:					
Administration	\$ 90,295.59	\$ -	\$ -	\$ -	\$ (90,295.59)
Cost of Operations and Maintenance	1,393,072.14	-	-	-	(1,393,072.14)
Appropriations for Duly Incorporated First Aid/Rescue Squad	6,000.00	-	-	-	(6,000.00)
Length of Service Award Program	76,484.70	-	-	-	(76,484.70)
<b>Total Governmental Activities</b>	<u>1,565,852.43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (1,565,852.43)</u>
<b>Total Primary Government</b>	<u>\$ 1,565,852.43</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,565,852.43)</u>
General Revenues:					
Property Taxes, Levied for General Purposes					\$ 1,848,000.00
State Aid Not Restricted					5,596.00
Miscellaneous					27,743.11
<b>Total General Revenues</b>					<u>1,881,339.11</u>
Changes in Net Position					315,486.68
Net Position - Beginning of Year					6,416,931.14
<b>Net Position - End of Year</b>					<u>\$ 6,732,417.82</u>

See accompanying Notes to the Basic Financial Statements.

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 2,069,875.06	\$ -	\$ 2,069,875.06
Interfunds Receivable	-	606,656.99	606,656.99
Prepaid Expenses	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,069,875.06</u>	<u>\$ 606,656.99</u>	<u>\$ 2,676,532.05</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts Payable	171,670.60	10,937.50	182,608.10
Interfunds Payable	616,431.99	-	616,431.99
Total Liabilities	<hr/> <u>788,102.59</u>	<hr/> <u>10,937.50</u>	<hr/> <u>799,040.09</u>
Fund Balances:			
Reserved:			
For Encumbrances	17,550.00	-	17,550.00
Unreserved, Reported In:			
General Fund	1,264,222.47	-	1,264,222.47
Capital Projects Fund	-	598,719.49	598,719.49
Total Fund Balances	<hr/> <u>1,281,772.47</u>	<hr/> <u>598,719.49</u>	<hr/> <u>1,880,491.96</u>
Total Liabilities and Fund Balances	<u>\$ 2,069,875.06</u>	<u>\$ 609,656.99</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 Capital Assets is \$7,166,510.93 and the Accumulated Depreciation is \$2,285,638.09.	4,880,872.84
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: Compensated Absences Payable	<hr/> <u>(28,946.98)</u>
Net Position of Governmental Activities	<u>\$ 6,732,417.82</u>

See accompanying Notes to the Basic Financial Statements.

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>				
Miscellaneous Revenues	\$ 27,743.11	\$ -	\$ -	\$ 27,743.11
Operating Grant Revenue	5,596.00	-	-	5,596.00
Amount to be Raised by Taxation to Support the District Budget	<u>1,198,000.00</u>	<u>650,000.00</u>	<u>-</u>	<u>1,848,000.00</u>
Total Revenues	<u>1,231,339.11</u>	<u>650,000.00</u>	<u>-</u>	<u>1,881,339.11</u>
<b><u>EXPENDITURES</u></b>				
Administration	82,764.29	-	-	82,764.29
Cost of Operations and Maintenance	1,165,479.10	-	-	1,165,479.10
Appropriations for Duly Incorporated First Aid/Rescue Squad	6,000.00	-	-	6,000.00
Length of Service Award Program	76,484.70	-	-	76,484.70
Capital Projects	<u>-</u>	<u>181,768.10</u>	<u>-</u>	<u>181,768.10</u>
Total Expenditures	<u>1,330,728.09</u>	<u>181,768.10</u>	<u>-</u>	<u>1,512,496.19</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(99,388.98)</u>	<u>468,231.90</u>	<u>-</u>	<u>368,842.92</u>
Fund Balances, Beginning of Year	<u>1,381,161.45</u>	<u>130,487.59</u>	<u>-</u>	<u>1,511,649.04</u>
Fund Balances, End of Year	<u>\$ 1,281,772.47</u>	<u>\$ 598,719.49</u>	<u>\$ -</u>	<u>\$ 1,880,491.96</u>

See accompanying Notes to the Basic Financial Statements.

**PLAINSBORO 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 Year Ended December 31, 2013**

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 368,842.92
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Capital Asset Additions	\$ 220,946.60	
Capital Asset Deletions	-	
Depreciation Expense	<u>(266,771.54)</u>	(45,824.94)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(7,531.30)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
Change in Net Position of Governmental Activities		<u><u>\$ 315,486.68</u></u>

See accompanying Notes to the Basic Financial Statements.

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2013**

	<b><u>Dedicated Penalties</u></b>
<b><u>ASSETS</u></b>	
Due from Current Fund	<u>\$ 6,775.00</u>
Total Assets	<u><u>\$ 6,775.00</u></u>
<b><u>NET POSITION</u></b>	
Held in Trust For:	
Dedicated Penalties	<u>\$ 6,775.00</u>
Total Net Position	<u><u>\$ 6,775.00</u></u>

See accompanying Notes to the Basic Financial Statements.

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2013**

	<b><u>Dedicated Penalties</u></b>
<b><u>ADDITIONS</u></b>	
Contributions:	
Penalties	\$ -
Total Additions	<u>-</u>
 Change in Net Position	 -
 Net Position - Beginning of Year	 <u>6,775.00</u>
 Net Position - End of Year	 <u><u>\$ 6,775.00</u></u>

See accompanying Notes to the Basic Financial Statements.

**NOTES TO FINANCIAL STATEMENTS**



**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Plainsboro Township Fire District No. 1 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

**A. Reporting Entity:**

The Plainsboro Township Fire District No. 1 is a political subdivision of the Township of Plainsboro, Middlesex County, New Jersey. The District functions independently through a Board of Fire Commissioners. The board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Government-wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**GOVERNMENTAL FUNDS**

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

**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. The financial resources are derived from the issuance of debt or by reservation of fund balance that 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 the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**FIDUCIARY FUNDS**

**Trust Funds** - The Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Debt Service Fund

Additionally, the District reports the following fund types:

- Dedicated Penalties Trust Fund

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

Amounts reported as *program revenues* include 1) charges to residents for services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Budgets/Budgetary Control:**

Annual budgets are prepared each year for the operations of the fire district. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public, at the annual fire district election held on the third Saturday in February. Budgetary transfers may be made during the last two months of the year.

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

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. 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.

The encumbered appropriation authority 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 certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Revenues and Expenditures:**

Revenues are recorded when they are determined to be both 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.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**H. Inventories:**

Inventories which benefit future periods are recorded as an expenditure during the year of purchase.

**I. Short-term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**J. Capital Assets:**

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

<b><u>Assets</u></b>	<b><u>Years</u></b>
Buildings	40
Building Improvements	20
Fire Trucks	25
Other Vehicles	5
Equipment	10

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**K. 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 a governmental fund.

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

**L. 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.

**M. 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.

**N. Comparative Data/Reclassifications:**

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

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 2. CASH AND INVESTMENTS**

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2013, the book value of the District's deposits was \$2,069,875.06 and the bank balance of the District's deposits was \$1,504,123.78. Of the bank balances \$250,000.00 was covered by FDIC and \$1,254,123.78 was covered by GUDPA.

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the local unit or units within which the District is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of December 31, 2013, the District has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40") and accordingly the District has assessed the Custodial Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The District's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District and are held by either: the counterparty or the counterparty's trust department or agent but not in the District's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

As of December 31, 2013, the District's bank balance was not exposed to custodial credit risk since the full amount was covered by either FDIC insurance or GUDPA. The District does not have a formal policy for deposit custodial credit risk other than to maintain sufficient funds in the checking account to cover checks that have not cleared the account as of a specific date.

Continued



**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 2. CASH AND INVESTMENTS** (Continued)

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments the District has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the District does not have an investment policy regarding Credit Risk except to the extent previously outlined under the District’s investment policy.
- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

**NOTE 3. CAPITAL ASSETS**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 100,000.00	\$ -	\$ -	\$ 100,000.00
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 2,061,617.90	\$ -	\$ -	\$ 2,061,617.90
Vehicles	4,446,871.15	181,768.10	-	4,628,639.25
Equipment	337,075.28	39,178.50	-	376,253.78
Total Capital Assets, Being Depreciated	<u>\$ 6,845,564.33</u>	<u>\$ 220,946.60</u>	<u>\$ -</u>	<u>\$ 7,066,510.93</u>
Accumulated Depreciation For:				
Buildings and Building Improvements	\$ (740,713.33)	\$ (56,452.08)	\$ -	\$ (797,165.41)
Vehicles	(1,008,595.76)	(189,851.66)	-	(1,198,447.42)
Equipment	(269,557.46)	(20,467.80)	-	(290,025.26)
Total Accumulated Depreciation	<u>\$ (2,018,866.55)</u>	<u>\$ (266,771.54)</u>	<u>\$ -</u>	<u>\$ (2,285,638.09)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 4,826,697.78</u>	<u>\$ (45,824.94)</u>	<u>\$ -</u>	<u>\$ 4,780,872.84</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,926,697.78</u>	<u>\$ (45,824.94)</u>	<u>\$ -</u>	<u>\$ 4,880,872.84</u>

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3. CAPITAL ASSETS** (Continued)

Depreciation expense was charged to functions of the District as follows:

Cost of Operations and Maintenance	\$ 266,771.53
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**NOTE 4. GENERAL LONG-TERM DEBT**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 21,415.68	\$ 7,531.30	\$ -	\$ 28,946.98	\$ -
	-	-	-	-	-
	\$ 21,415.68	\$ 7,531.30	\$ -	\$ 28,946.98	\$ -

**A. Schedule of Annual Debt Service For Principal and Interest for Bonded Debt Issued and Outstanding**

<u>Fiscal Year</u>	<u>General Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
NONE			\$ -
	\$ -	\$ -	\$ -

**B. Outstanding Debt**

At December 31, 2013, there were no bonds payable.

**C. Bonds and Notes Authorized But Not Issued**

At December 31, 2013, there was \$74,500.00 of bonds and notes authorized but not issued.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 5. PENSION PLANS**

The District contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System and the Police and Firemen's Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P. O. Box 295  
Trenton, New Jersey 08625-0295

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the Public Employees' Retirement System are required to contribute 6.64% of their annual covered salary. Plan members enrolled in the Police and Firemen's Retirement System are required to contribute 10.0% of their annual covered salary. The District's contributions to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2013	\$ 1,794.00	\$ 43,490.00
2012	\$ 1,782.00	\$ 39,088.00
2011	\$ 1,769.00	\$ 45,767.00
2010	\$ 1,431.00	\$ 32,550.00
2009	\$ 1,208.00	\$ 11,923.00

**NOTE 6. 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. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 7. FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$1,281,772.47 General Fund fund balance at December 31, 2013, \$17,550.00 is reserved for encumbrances; \$346,404.00 has been appropriated and included as anticipated revenue for the year 2014; and \$917,818.47 is unreserved and undesignated.

**Capital Projects** - Of the \$598,719.49 Capital Projects Fund fund balances at December 31, 2013, \$77,993.73 is designated for subsequent year's expenditures and \$520,725.76 is reserved for future capital outlays.

**NOTE 8. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)**

The District has established a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The plan is Defined Benefit. This program was enacted for the purpose of acknowledging and rewarding the loyalty, dedication and community service rendered by members of volunteer emergency service organizations. The District cost for the LOSAP Program is as follows:

December 31, 2012	\$76,484.70
December 31, 2011	\$75,988.10
December 31, 2011	\$68,452.40

**NOTE 9. LITIGATION**

As of the date of this report, in the opinion of the Fire District's Attorney, there is no litigation pending which if decided adversely to the District would have a material financial impact on the Fire District.

Concluded

**PLAINSBO RO TOWNSHIP FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b><u>REVENUES</u></b>					
Miscellaneous Revenues:					
Other Revenue:					
Interest on Investments	\$ -	\$ -	\$ -	\$ 2,434.82	\$ 2,434.82
Miscellaneous	-	-	-	25,308.29	25,308.29
Total Miscellaneous Revenues	-	-	-	27,743.11	27,743.11
Operating Grant Revenue:					
Supplemental Fire Services Program	5,596.00	-	5,596.00	5,596.00	-
Amount to be Raised by Taxation to Support the District Budget	1,198,000.00	-	1,198,000.00	1,198,000.00	-
Total Revenues	1,203,596.00	-	1,203,596.00	1,231,339.11	27,743.11
<b><u>EXPENDITURES</u></b>					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	15,000.00	-	15,000.00	15,000.00	-
Bookkeeper	18,500.00	-	18,500.00	18,500.00	-
Total Salaries and Wages	33,500.00	-	33,500.00	33,500.00	-
Fringe Benefits	4,000.00	600.00	4,600.00	4,547.39	52.61
Other Expenses:					
Election	1,000.00	-	1,000.00	231.08	768.92
Office Expenses	10,000.00	-	10,000.00	7,857.39	2,142.61
Professional Services	41,000.00	-	41,000.00	30,063.43	10,936.57
Office Services	8,000.00	-	8,000.00	6,565.00	1,435.00
Total Other Expenses	60,000.00	-	60,000.00	44,716.90	15,283.10
Total Administration	97,500.00	600.00	98,100.00	82,764.29	15,335.71

Continued

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (Continued)</b>					
Cost of Operations and Maintenance:					
Salaries and Wages:					
Firemen	\$ 340,000.00	\$ -	\$ 340,000.00	\$ 295,697.28	\$ 44,302.72
Fringe Benefits	175,000.00	-	175,000.00	171,992.00	3,008.00
Other Expenses:					
Advertising	1,500.00	-	1,500.00	1,094.71	405.29
Insurance	90,000.00	-	90,000.00	59,541.12	30,458.88
Maintenance and Repair - Trucks	60,000.00	15,000.00	75,000.00	71,074.91	3,925.09
Maintenance and Repair - Building	97,000.00	-	97,000.00	65,219.24	31,780.76
Maintenance and Repair - Radios	4,000.00	3,000.00	7,000.00	6,640.91	359.09
Membership and Dues	2,000.00	-	2,000.00	715.00	1,285.00
Professional Services	22,000.00	-	22,000.00	17,669.08	4,330.92
Rental Charges/Fire Protection Agreement	40,000.00	-	40,000.00	40,000.00	-
Training and Education	45,000.00	-	45,000.00	35,169.04	9,830.96
Uniforms	20,000.00	-	20,000.00	19,450.15	549.85
Utilities	44,500.00	-	44,500.00	37,045.38	7,454.62
Promotion	5,000.00	-	5,000.00	-	5,000.00
Purchase of Fire Equipment	65,000.00	-	65,000.00	57,665.23	7,334.77
Fuel	20,000.00	-	20,000.00	15,872.76	4,127.24
Hydrant Rental	300,000.00	(19,600.00)	280,400.00	265,977.60	14,422.40
Fire Prevention	3,000.00	1,000.00	4,000.00	3,585.00	415.00
Reimbursement of Expenses	5,000.00	-	5,000.00	1,069.69	3,930.31
Total Other Expenses	<u>824,000.00</u>	<u>(600.00)</u>	<u>823,400.00</u>	<u>697,789.82</u>	<u>125,610.18</u>
Total Cost of Operations and Maintenance	<u>1,339,000.00</u>	<u>(600.00)</u>	<u>1,338,400.00</u>	<u>1,165,479.10</u>	<u>172,920.90</u>

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (Continued)</b>					
Appropriations for Duly Incorporated First Aid/ Rescue Squad Association: Equipment	\$ 6,000.00	\$ -	\$ 6,000.00	\$ 6,000.00	\$ -
Length of Service Award Program	80,000.00	-	80,000.00	76,484.70	3,515.30
Total Expenditures	<u>1,522,500.00</u>	<u>-</u>	<u>1,522,500.00</u>	<u>1,330,728.09</u>	<u>191,771.91</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(318,904.00)	-	(318,904.00)	(99,388.98)	219,515.02
Fund Balances, Beginning of Year	<u>1,118,598.97</u>	<u>-</u>	<u>1,118,598.97</u>	<u>1,381,161.45</u>	<u>262,562.48</u>
Fund Balances, End of Year	<u>\$ 799,694.97</u>	<u>\$ -</u>	<u>\$ 799,694.97</u>	<u>\$ 1,281,772.47</u>	<u>\$ 482,077.50</u>

Concluded

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Comparative Balance Sheet**  
**General Fund**  
**As of December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 2,069,875.06	\$ 1,631,820.10
Due from Capital Projects Fund	-	-
Prepaid Expenses	-	-
	<hr/>	<hr/>
Total Assets	<u>\$ 2,069,875.06</u>	<u>\$ 1,631,820.10</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts Payable	\$ 171,670.60	\$ 113,396.06
Due to Capital Projects Fund	609,656.99	130,487.59
Due to Trust Fund	6,775.00	6,775.00
Total Liabilities	<u>\$ 788,102.59</u>	<u>\$ 250,658.65</u>
Fund Balance:		
Reserved for Encumbrances	\$ 17,550.00	\$ 6,000.00
Designated for Subsequent Year's Expenditures	346,404.00	312,904.00
Undesignated	917,818.47	1,062,257.45
Total Fund Balance	<u>\$ 1,281,772.47</u>	<u>\$ 1,381,161.45</u>
Total Liabilities and Fund Balances	<u>\$ 2,069,875.06</u>	<u>\$ 1,631,820.10</u>



**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Comparative Balance Sheet**  
**Capital Projects Fund**  
**As of December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Due from General Fund	\$ 609,656.99	\$ 130,487.59
Total Assets	<u>\$ 609,656.99</u>	<u>\$ 130,487.59</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts Payable	\$ 10,937.50	\$ -
Due to General Fund	-	-
Total Liabilities	<u>10,937.50</u>	<u>-</u>
Fund Balances:		
Designated for Subsequent Year's Expenditures:		
Construction of New Firehouse	18,090.99	18,090.99
Purchase of Two Fire Trucks	58,945.89	240,713.99
Purchase of Two Fire Trucks 2009	956.85	(139,043.15)
Reserve for Future Capital Outlay	520,725.76	10,725.76
Total Fund Balances	<u>598,719.49</u>	<u>130,487.59</u>
Total Liabilities and Fund Balances	<u>\$ 609,656.99</u>	<u>\$ 130,487.59</u>

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1  
Comparative Schedule of Revenues and Expenditures  
Capital Projects Fund  
For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>REVENUES</u></b>		
Amount to be Raised by Taxation	\$ 650,000.00	\$ 656,500.00
Total Revenues	<u>650,000.00</u>	<u>656,500.00</u>
<b><u>EXPENDITURES</u></b>		
Capital Projects	<u>181,768.10</u>	<u>-</u>
Total Expenditures	<u>181,768.10</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>468,231.90</u>	<u>656,500.00</u>
Fund Balance, Beginning of Year	<u>130,487.59</u>	<u>(526,012.41)</u>
Fund Balance, End of Year	<u>\$ 598,719.49</u>	<u>\$ 130,487.59</u>

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

<u>Issue/Project Title</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>	
Construction of New Fire House	12/06/97	\$ 1,650,000.00	\$ 1,650,000.00	\$ -	\$ -
	06/24/99	400,000.00	381,909.01	-	18,090.99
Purchase of Two Fire Trucks/Fire Apparatus	06/24/06	1,750,000.00	1,509,286.01	181,768.10	58,945.89
	06/29/12				
Purchase of Two Fire Trucks	09/29/09	2,125,000.00	2,049,543.15	-	75,456.85
			<u>\$ 5,925,000.00</u>	<u>\$ 181,768.10</u>	<u>\$ 152,493.73</u>
Funded					\$ 77,993.73
Unfunded					<u>74,500.00</u>
					<u>\$ 152,493.73</u>

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2013**

	<b><u>Dedicated Penalties</u></b>
<b><u>ASSETS</u></b>	
Due from Current Fund	<u>\$ 6,775.00</u>
Total Assets	<u><u>\$ 6,775.00</u></u>
<b><u>NET ASSETS</u></b>	
Held in Trust For:	
Dedicated Penalties	<u>\$ 6,775.00</u>
Total Net Assets	<u><u>\$ 6,775.00</u></u>

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2013**

	<u><b>Dedicated Penalties</b></u>
<b><u>ADDITIONS</u></b>	
Penalties	\$ -
Total Additions	<u>-</u>
Change in Net Assets	-
Net Assets - Beginning of Year	<u>6,775.00</u>
Net Assets - End of Year	<u><u>\$ 6,775.00</u></u>

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
 Schedule of Serial Bonds Payable  
 Long-Term Debt  
 December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities Outstanding	Interest Rate	Balance	
					Jan. 1, 2010	Dec. 31, 2010
Construction of New Firehouse	10/15/98	\$1,650,000.00		4.45%	\$ 200,000.00	\$ -

**PLAINSBORO TOWNSHIP FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended December 31, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b><u>REVENUES</u></b>			
Amount to be Raised by Taxation to Support the District Budget	<u>\$ 208,900.00</u>	<u>\$ 208,900.00</u>	<u>\$ -</u>
<b><u>EXPENDITURES</u></b>			
Regular Debt Service:			
Interest on Bonds	8,900.00	8,900.00	-
Redemption of Principal - Bonds	<u>200,000.00</u>	<u>200,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>208,900.00</u>	<u>208,900.00</u>	<u>-</u>
Total Expenditures	<u>208,900.00</u>	<u>208,900.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**OTHER SUPPLEMENTARY INFORMATION**



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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  
Plainsboro Township Fire District No. 1  
Plainsboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Plainsboro Township Fire District No. 1 (the "District"), as of and for the year ended December 31, 2013, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our 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.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the District dated January 30, 2014.

### **Purpose of this Report**

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

*William E. Antonides and Company*  
**Independent Auditors**

Wall Township, New Jersey  
January 23, 2015

## STATISTICAL INFORMATION

### Property Tax Levies

Following is a tabulation of 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>
2013	\$ 3,708,999,123.00	\$ 1,848,000.00	0.050
2012	3,706,845,093.00	1,848,000.00	0.050
2011	3,703,199,848.00	1,848,000.00	0.050
2010	3,724,520,813.00	1,848,000.00	0.050
2009	3,705,779,767.00	1,848,000.00	0.050

### Unreserved Fund Balance

December 31, 2013	\$ 1,264,222.47	\$ 346,404.00
December 31, 2012	1,375,161.45	312,904.00
December 31, 2011	1,400,002.97	281,404.00
December 31, 2010	1,360,177.27	258,404.00
December 31, 2009	1,280,625.00	203,755.00
December 31, 2008	1,144,022.23	151,768.00

## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised For N.J.S. 40A:11-3**

#### **Bid Threshold; Period of Contracts**

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971, c. 198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$36,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c. 440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c. 198 (C.40A:11-2) (pending before the Legislature as section 6 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Continued

**GENERAL COMMENTS (Continued)**

**Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1**

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

"Award of purchases, contracts, or agreements.

- a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.
- b. When in excess of the bid threshold, and after documented effort by the contracting agent to secure competitive quotations, a contract for extraordinary unspecifiable services may be awarded upon a determination in writing by the contracting agent that the solicitation of competitive quotations is impracticable. Any such contract shall be awarded by resolution of the governing body.
- c. If authorized by the governing body by resolution or ordinance, all contracts that are in the aggregate less than 15 percent of the bid threshold may be awarded by the contracting agent without soliciting competitive quotations.
- d. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous.

A test of expenditures indicated compliance with the aforementioned statute.

**OTHER COMMENTS AND RECOMMENDATIONS**

None.

**Status of Prior Year Recommendation**

There were no prior year recommendations.

Concluded