

**FIRE DISTRICT NO. 2  
TOWNSHIP OF MONTGOMERY, NEW JERSEY**

**REPORT OF AUDIT**

**DECEMBER 31, 2014**

**TOWNSHIP OF MONTGOMERY  
FIRE DISTRICT NO. 2  
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FIRE DISTRICT NO. 2  
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**TOWNSHIP OF MONTGOMERY FIRE DISTRICT #2**  
**2015 OFFICIALS IN OFFICE AND SURETY BONDS**

<u>NAME</u>	<u>POSITION</u>
<u>BOARD OF COMMISSIONERS</u>	
Leighton Laughlin, Jr.	Chairman
Jonathan Plimpton	Treasurer
Stephen Weingart	Secretary
Claude Lewis	Commissioner
David VanDoren	Commissioner

**A Surety Bond for \$1,700,000 Covers All the Commissioners.**

**FINANCIAL SECTION**

# SOLITARIO & TIERNEY CPA PLLC

A NEW YORK PROFESSIONAL LIMITED LIABILITY COMPANY  
451 ROBINSON AVENUE  
STATEN ISLAND, NY 10312  
STCPAPLLC@GMAIL.COM

## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Township of Montgomery  
Fire District #2  
Blawenburg, NJ 08504

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

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Township of Montgomery Fire District #2, in the County of Somerset, State of New Jersey, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Township of Montgomery Fire District #2's basic financial statements, as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, and 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 presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund and the aggregate remaining fund information of the Township of Montgomery Fire District #2, in the County of Somerset, State of New Jersey, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **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 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 an opinion on the financial statements that collectively comprise the Township of Montgomery Fire District #2's basic financial statements as a whole. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township of Montgomery Fire District #2, in the County of Somerset, State of New Jersey.

The Supplemental Data and Schedules are the responsibility of management and were derived directly from and related 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental data section is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental data section has not been subjected to the audit procedures applied on the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

### Other Reporting By Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2015 on our consideration of the Township of Montgomery Fire District #2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Accounting Standards in considering the Township of Montgomery Fire District #2's internal control over financial reporting and compliance.

*Solitario & Tierney, CPA, PLLC*

Staten Island, New York  
July 10, 2015



# SOLITARIO & TIERNEY CPA PLLC

A NEW YORK PROFESSIONAL LIMITED LIABILITY COMPANY  
451 ROBINSON AVENUE  
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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

Board of Fire Commissioners  
Township of Montgomery  
Fire District No. 2  
Blawenburg, N.J. 08504

We have audited the financial statements of the governmental activities and each major fund of the Township of Montgomery Fire District #2, in the County of Somerset, State of New Jersey, as of and for the year ended December 31, 2014 and have issued our report thereon dated July 10, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Township of Montgomery Fire District No. 2 is responsible for establishing and maintaining effective 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fire District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Montgomery Fire District #2'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 that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

This report is intended solely for the information and use of the management of the Fire District and the Bureau of Authority Regulation and is not intended to be and should not be used by anyone other than these specified parties.

*Solitario & Tierney, CPA, PLLC*

Staten Island, New York  
July 10, 2015

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**



**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

As management of the Township of Montgomery Fire District No. 2, (hereafter referred to as the "Fire District") we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2014. 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.

**Financial Highlights**

- The assets of Fire District exceeded its liabilities at the close of the most recent year by \$2,416,873 (Net Position).
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$1,602,871 an increase of \$247,511 in comparison with the prior year.
- At the end of the current year, the committed fund balance for the capital fund was \$1,144,965 approximately a 25.6 percent increase from the prior year.
- At the end of the current year, the unassigned fund balance for the general fund was \$457,906 approximately a 3.3 percent increase from the prior year.

**Overview of Financial Statements**

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

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

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

The Statement of Activities presents information showing how the Fire District's net position changed during the most recent year. All changes in the 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 some items that will only result in cash flows in future periods.

The two district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include the following: fire suppression, fire rescue, fire inspections and investigations, emergency services and fire prevention activities; all of which are provided to the citizens of the Township of Montgomery.

**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 Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(UNAUDITED)**

**Governmental Funds:** All of the Fire District'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 Fire District's general government operations and the basic services it provides, as listed above. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the services that the Fire District provides to the citizens of the Township of Montgomery.

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

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.

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

**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**

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Fire District, assets exceeded liabilities by \$2,416,873 at the close of the most recent year.

A portion of the Fire District's net position (32.5 percent) reflects its investment in capital assets (i.e. vehicles and equipment). The Fire District uses these assets to provide their services to the citizens of Montgomery Township consequently these assets are not available for future spending.

**Statement of Net Position:**

**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2**  
**NET POSITION**  
**DECEMBER 31, 2014**

Current and Other Assets	\$ 1,864,546
Capital Assets	<u>785,128</u>
Total Assets	\$ <u>2,649,674</u>
Other Liabilities	\$ <u>232,801</u>
Total Liabilities	\$ <u>232,801</u>
Net Position	\$ <u>2,416,873</u>



**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

Invested Capital Assets, Net of Related Debt	\$ 785,128
Committed for Future Expenditures	1,144,965
Unassigned	<u>486,780</u>
Net Position	\$ <u>2,416,873</u>

An additional portion of the Fire District's net position (47 percent) represents resources that are subject to external restrictions on how they may be used.

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

Expenses	
Operating Appropriations:	
Administration	\$ 36,793
Cost of Operations and Maintenance	724,571
LOSAP Contribution	<u>45,000</u>
Total Program Expenses	\$ 806,364
Program Revenues:	
Operating Grants & Contributions	<u>\$ 1,779</u>
Net Program Expenses	\$ 804,585
General Revenues	
Taxes:	
Property Taxes, Levied for General Purposes	\$ 837,750
Taxes Levied for Debt Service	0
Unrestricted Investment Earnings	<u>3,266</u>
Total General Revenues	\$ <u>841,016</u>
Increase in Net Position	\$ 36,431
Net Position, January 1	2,379,142
Prior Period Adjustments	<u>1,300</u>
Net Position, December 31	<u>\$ 2,416,873</u>

Property taxes constituted 99.5% of revenues for government activities for the Fire District for the year 2014.

Cost of Administration and Operations comprises 95% of fire district expenses.

**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(UNAUDITED)**

**Financial Analysis of the Government Funds:** As stated earlier, the Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund:** The focus of the Fire District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Fire District's financing requirements. In particular, the 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 Fire District's governmental funds reported combined ending fund balances of \$1,602,871. This was an increase of \$247,511 in comparison with the prior year.

Of the combined ending fund balances of \$1,602,871, the unassigned fund balance constituted \$457,906. Of the unassigned fund balance, \$25,000 has been utilized in the 2015 budget. The remainder of fund balance, in the amount of \$1,144,965, is committed to indicate that it is not available for new spending because it is committed to planned future outlays that are subject to the approval of the voters of the Fire District.

The general fund is the main operating fund of the Fire District. At the end of the current year, the unassigned fund balance of the general fund was \$457,906. The general fund balance increased by \$14,504 during the year.

The capital projects fund is the committed fund of the Fire District. At the end of the current year the committed fund balance of the capital projects fund was \$1,144,965. The capital fund balance increased by \$233,007 during the year. This change was mainly due to the Capital Appropriation of Funds Reserved for Future Capital Outlays of \$230,000.

### **General Fund Budgetary Highlights**

During the course of the 2014-year the Fire District modified its general fund budget in conformance with statute.

The final budgetary basis revenue estimate was \$862,029. The original budgetary estimate was the same.

During the year 2014, the Fire District budgeted \$837,750 for property taxes (local tax levy) and \$1,779 for state aid revenues (supplemental fire services grant).

The final budgetary basis expenditures appropriation estimate was \$862,029. The original budgetary estimate was the same.

### **Capital Assets and Debt Administration**

The Fire District investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$785,128 (net of accumulated depreciation). This investment in capital assets includes vehicles and firefighting equipment. During 2014 the Fire District purchased firefighting equipment in the amount of \$54,910.

At the end of 2014 the Fire District had \$4,360,793 invested in vehicles and firefighting equipment. The accumulated depreciation on these items was \$3,575,665.

**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2  
CAPITAL ASSETS  
(NET OF ACCUMULATED DEPRECIATION)  
DECEMBER 31, 2014**

FIRE APPARATUS & VEHICLES	\$ 714,164
FIREFIGHTING EQUIPMENT	<u>70,964</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 785,128</u>

Additional information on the Fire District capital assets can be found in Note 4 in the notes to financial statements.

**Long-Term Obligations**

For the 2014 year, the Fire District had no bonded debt.

**Economic Factors and Next Year's Budget**

For the 2014 year the Fire District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 99.5% of total revenue is from the local tax levy, while the remaining amount is from other sources.

The Board of Fire Commissioners adopted the 2015 budget January 15, 2015 and the voters subsequently approved the budget at the annual fire district election held on February 21, 2015.

**Requests for Information**

This financial report is designed to provide a general overview of the Fire District's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Jonathan Plimpton, Treasurer, Township of Montgomery - Fire District No. 2, P.O. Box 264, Blawenburg, NJ 08504.

## BASIC FINANCIAL STATEMENTS

## DISTRICT-WIDE FINANCIAL STATEMENTS



## TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2

## STATEMENT OF NET POSITION

DECEMBER 31, 2014

**ASSETS:**

Cash and Cash Equivalents	\$ 690,707
Prepaid Expenses	28,874
Restricted Assets:	
Restricted Cash and Cash Equivalents	1,144,965
Capital Assets, net (Note 4)	<u>785,128</u>
Total Assets	\$ 2,649,674

**LIABILITIES:**

Accounts Payable	<u>\$ 232,801</u>
Total Liabilities	\$ 232,801

**NET POSITION:**

Invested in Capital assets, Net of Related debt.	\$ 785,128
Committed for:	
Capital Projects	1,144,965
General	-
Unassigned:	
General	486,780
Capital	-
Total Net Position	<u><u>\$ 2,416,873</u></u>

See accompanying Accountant's Report and Notes

## TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

## Expenses:

## Operating Appropriations:

Administration	\$ 36,793
Cost of Operations and Maintenance	724,571
Length of Service Award Program (LOSAP)- Contribution (P.L. 1997, c. 388)	<u>45,000</u>

Total Program Expenses	\$ 806,364
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## Program Revenues:

Charges for Services	\$ -
Operating Grants and Contributions	<u>1,779</u>

Net Program Expenses	\$ 804,585
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## General Revenues:

## Taxes:

Property Taxes, Levied for General Purposes	\$ 837,750
Taxes Levied for Debt Service	-
Unrestricted Investment Earnings	<u>3,266</u>

Total General Revenues	\$ 841,016
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Increase in Net Position	\$ 36,431
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Net Position, January 1 (Note 9)	2,379,142
Prior Period Adjustment	<u>1,300</u>
Net Position, December 31	<u><u>\$ 2,416,873</u></u>

See accompanying Accountant's Report and Notes

## FUND FINANCIAL STATEMENTS

## TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b><u>ASSETS:</u></b>				
Cash	\$ 579,257	\$ 1,256,415	\$ -	\$ 1,835,672
Total Assets	<u>\$ 579,257</u>	<u>\$ 1,256,415</u>	<u>\$ -</u>	<u>\$ 1,835,672</u>
<b><u>LIABILITIES:</u></b>				
Accounts Payable	\$ 121,351		\$ -	\$ 121,351
Accounts Payable: Capital Outlay	<u>-</u>	<u>\$ 111,450</u>		<u>111,450</u>
Total Liabilities	\$ 121,351	\$ 111,450	\$ -	\$ 232,801
<b><u>FUND BALANCES:</u></b>				
Committed:				
Capital		\$ 1,144,965		\$ 1,144,965
Assigned:				
Subsequent Year's Expenditures	\$ 25,000			
Unassigned:				
General	<u>457,906</u>			<u>457,906</u>
Total Fund Balances	<u>\$ 482,906</u>	<u>\$ 1,144,965</u>	<u>\$ -</u>	<u>\$ 1,602,871</u>
Total Liabilities and Fund Balances	<u>\$ 604,257</u>	<u>\$ 1,256,415</u>	<u>\$ -</u>	

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

Prepaid insurance is reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.

28,874

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,360,793 and the accumulated depreciation is \$3,575,665.

785,128

Net Position of Governmental Activities

\$ 2,416,873

See accompanying Accountant's Report and Notes

## TOWNSHIP OF MONTGOMERY FIRE DISTRICT NO. 2

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Interest	\$ 259	\$ 3,007	\$ -	\$ 3,266
Operating Grant Revenues	1,779			1,779
Fund Balance Appropriated	20,000			20,000
Amount to be Raised by Taxation to Support the District Budget	837,750	-		837,750
Total Revenues	\$ 859,788	\$ 3,007	\$ -	\$ 862,795
EXPENDITURES:				
Operating Appropriations:				
Operating & Administration	\$ 36,793	\$ -	\$ -	\$ 36,793
Operations & Maintenance	559,791			559,791
Capital Appropriations	230,000	-		230,000
Total Expenditures	\$ 826,584	\$ -	\$ -	\$ 826,584
Excess of Revenues Over Expend.	\$ 33,204	\$ 3,007	\$ -	\$ 36,211
Other Financing Sources (Uses):				
Misc. Revenue Not Anticipated	\$ -	\$ -	\$ -	\$ -
Reserve for Future Capital Outlay	-	230,000		230,000
Other Financing Sources (Uses)	\$ -	\$ 230,000	\$ -	\$ 230,000
Excess of Rev\Other Financing Sources Over Expenditures\Other Financing Uses	\$ 33,204	\$ 233,007	\$ -	\$ 266,211
Fund Balances, January 1, 2014	443,402	911,958		1,355,360
Utilization of Fund Balance	(20,000)			(20,000)
Prior Period Adjustment	1,300	-		1,300
Fund Balances, December 31, 2014	\$ 457,906	\$ 1,144,965	\$ -	\$ 1,602,871

See accompanying Accountant's Report and Notes



**TOWNSHIP OF MONTGOMERY 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, 2014**

Total Net Change in Fund Balances - Governmental Funds	\$ 266,211
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Utilization of Unassigned Funds	(20,000)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the adjustment for capital outlay and depreciation for the period.	
Capital Outlay	54,910
Depreciation Expense	(267,291)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	0
In the statement of activities, certain operating expenses, e.g., prepaid Insurance 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 (+).	<u>2,601</u>
Change in Net Position of Governmental Activities	<u>\$ 36,431</u>

See accompanying Accountant's Report and Notes