

BOROUGH OF TINTON FALLS FIRE DISTRICT #1

Audit Report

For the Years Ended December 31, 2013 and 2012

BART & BART
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Borough of Tinton Falls Fire District #1
Tinton Falls, NJ 07753

Report on the Financial Statements

We have audited the accompanying basic financial statements of the various funds of the Borough of Tinton Falls Fire District #1 (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. As described in Note #1, South Brunswick Township Fire District #3 prepares its financial statements on a modified accrual basis of accounting that demonstrates compliance with accounting principles and practices as described by the Division of Local Government Services Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

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Board of Fire Commissioners
Borough of Tinton Falls Fire District #1

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the various funds of the Borough of Tinton Falls Fire District #1 at December 31, 2013 and 2012, and the results of operations for the years then ended, on a basis of accounting described in Note #1.

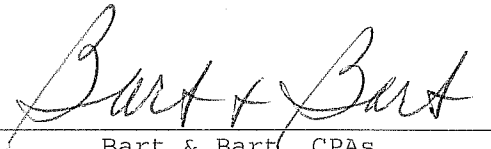
Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 and 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2014, on our consideration of the District'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 Auditing Standards and should be considered in assessing the results of our audit.


Bart & Bart, CPAs

June 19, 2014

BART & BART CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

To The Board of Fire Commissioners
Borough of Tinton Falls Fire District #1

We have audited the financial statements of Tinton Falls Fire District #1, Tinton Falls, New Jersey, for the year ended December 31, 2013, and have issued our report thereon dated June 19, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct 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 or 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies in internal control over financial reporting that we consider to be a material weaknesses as defined above. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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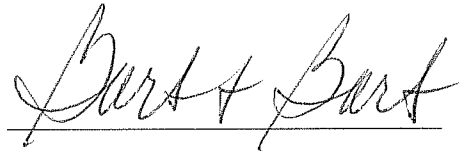
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Board of Fire Commissioners
Borough of Tinton Falls Fire District #1
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This report is intended solely for the information and use of the members of the District and its management and for filing with the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bart & Bart". The signature is written in black ink and is positioned above a horizontal line.

Bart & Bart, CPA's

June 14, 2014

MANAGEMENT'S
DISCUSSION AND ANALYSIS

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013

This discussion and analysis of Tinton Falls 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 an 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 as compared to 2012 are as follows:

Total fund balance increased \$60,472 from 2012. The unreserved fund balance of the District is a useful indicator of the financial health of the District. The following table shows the past 5-year history of the District's unreserved fund balance:

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
12/31/13	\$ 677,535	\$ -
12/31/12	617,063	20,000
12/31/11	525,600	29,177
12/31/10	574,211	-
12/31/09	498,648	-
12/31/08	322,711	-

General fund revenues and other financial sources increased \$288,766. Earnings on investments decreased \$979 and miscellaneous income increased \$20,670. District taxes decreased \$1,362. The District also received a grant from the United States Federal Emergency Management Agency in the amount of \$271,037 to purchase air packs. The following table shows the history of the past five years property tax levies per \$100 of assessed valuations on property within the District:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2014	1,619,679,548	1,037,339	.064
2013	1,606,350,290	1,023,154	.064
2013	1,872,450,100	1,024,516	.058
2012	1,751,106,459	1,030,443	.061
2010	1,686,691,649	1,054,070	.062
2009	1,619,777,249	1,060,954	.0655

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013

Financial Highlights

Total assets of the general fund increased by \$41,353. Total liabilities and reserves decreased by \$19,119.

The District had \$598,200 in expenses, a decrease of \$39,430, or 7 percent. Administration costs increased \$3,119, while costs of operations increased \$28,311. General revenues and fund balance were adequate to provide for these expenses.

Requests for Information

This financial report is designed to provide a general overview of the Borough of Tinton Falls Fire District No. 1's finances for all of those with an interest in the district's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Carl E. Bowles, Treasurer, Borough of Tinton Falls Fire District No. 1, 2 Volunteer Way, Tinton Falls, New Jersey 07753.

Borough of Tinton Falls Fire District #1General FundComparative Balance Sheet

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash	\$ 769,929	\$ 728,576
Total Assets	<u>\$ 769,929</u>	<u>\$ 728,576</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities and Reserves:		
Accounts Payable	\$ 20,165	\$ 29,284
Due to Township	-	10,000
Reserve for Retirement Pay	65,108	65,108
Reserve for Construction	-	-
Total Liabilities and Reserves	<u>85,273</u>	<u>104,392</u>
Fund Balance:		
Undesignated	\$ 677,535	\$ 617,063
Reserved for Capital Outlays	<u>7,121</u>	<u>7,121</u>
Total Fund Balance	<u>684,656</u>	<u>624,184</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 769,929</u>	<u>\$ 728,576</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2013

With Comparative Actual Amounts for Period Ended December 31, 2012

	<u>2013</u>		<u>Variance</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
<u>Revenues and Other</u>				
<u>Financing Sources:</u>				
Miscellaneous Revenues				
Supplemental Fire Services Act	\$ 2,430	\$ 2,430	\$ -	\$ 2,430
Grant Income	-	271,037	271,037	-
Earnings on Investments and				
Deposits	3,500	994	(2,506)	1,973
Miscellaneous Income	-	20,070	20,070	-
Total Miscellaneous Revenues	<u>5,930</u>	<u>294,531</u>	<u>288,601</u>	<u>4,403</u>
Fund Balance Appropriated	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Total Fund Balance				
Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District Taxes	<u>1,023,154</u>	<u>1,023,154</u>	<u>-</u>	<u>1,024,516</u>
Total Revenues and Other				
Financing Sources	<u>\$ 1,049,084</u>	<u>\$ 1,317,685</u>	<u>\$ 268,601</u>	<u>\$ 1,028,919</u>
 <u>Expenditures:</u>				
Current Operating Appropriations	\$ 630,684	\$ 590,200	\$ 40,484	\$ 558,770
Capital Appropriations	<u>418,400</u>	<u>379,085</u>	<u>39,315</u>	<u>378,694</u>
Total Expenditures	<u>1,049,084</u>	<u>969,285</u>	<u>79,799</u>	<u>937,464</u>
Excess of Revenue over				
Expenditures	<u>-</u>	<u>348,400</u>	<u>348,400</u>	<u>91,455</u>
Less Transfer to General				
Fixed Asset Account	<u>-</u>	<u>(287,928)</u>	<u>(287,928)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>617,063</u>	<u>617,063</u>	<u>-</u>	<u>525,608</u>
Fund Balance, End of Year	<u>\$ 617,063</u>	<u>677,535</u>	<u>\$ 60,472</u>	<u>\$ 617,063</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2013
With Comparative Actual Amounts for Period Ended December 31, 2012

	2013		Variance Favorable (Unfavorable)	2012
	Budget	Actual		Actual
ADMINISTRATION:				
Salaries and Wages	\$ 10,520	\$ 8,115	\$ 2,405	\$ 7,950
Election	1,300	125	1,175	1,419
Office Expenses	4,700	-	4,700	346
Professional Services	36,570	31,352	5,218	26,945
Advertising	1,250	1,098	152	911
Miscellaneous	575	-	575	-
Total Administration	<u>\$ 54,915</u>	<u>\$ 40,690</u>	<u>\$ 14,225</u>	<u>\$ 37,571</u>
COST OF OPERATIONS:				
Fringe Benefits	\$ 25,000	\$ 12,376	\$ 12,264	\$ 9,711
Insurance	45,000	97,349	(52,349)	84,632
Maintenance and Repairs	92,500	82,591	9,909	77,957
Hydrant Services	160,000	144,839	15,161	154,888
Training and Education	16,300	7,818	8,482	3,405
Promotions	1,560	-	1,560	1,004
Utilities	30,150	21,721	8,429	19,438
Fuel	-	12,229	(12,229)	14,647
Membership	1,040	300	740	465
Supplemental Fire Services Act	2,430	-	2,430	-
Length of Service Awards Program	50,000	64,120	14,120	64,415
Contingent	10,389	-	10,389	-
Materials & Supplies	28,000	14,178	13,822	12,219
Other assets-non bondable	60,000	40,989	19,011	27,418
Rent	51,000	51,000	-	51,000
Internet	2,400	-	2,400	-
Total Cost of Operations	<u>575,769</u>	<u>549,510</u>	<u>26,259</u>	<u>521,199</u>
Total Current Operating Exps.	<u>630,684</u>	<u>590,200</u>	<u>40,484</u>	<u>558,770</u>
CAPITAL APPROPRIATIONS:				
Reserve for Future Capital Outlays	39,315	-	39,315	-
Debt Service:				
Bond Principal	89,000	89,000	-	86,000
Bond Interest	64,448	64,448	-	31,912
Lease	225,637	225,637	-	260,782
Total Capital Appropriations	<u>418,400</u>	<u>379,085</u>	<u>39,315</u>	<u>378,694</u>
Total Appropriations	<u>\$ 1,049,084</u>	<u>\$ 969,285</u>	<u>\$ 79,799</u>	<u>\$ 937,464</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1Capital FundComparative Balance SheetDecember 31, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Amount to be Provided for Retirement of Debt	<u>\$1,196,189</u>	<u>\$1,537,564</u>
Total Assets	<u>\$1,196,189</u>	<u>\$1,537,564</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	\$ 713,000	\$ 802,000
Capital Lease Payable	<u>483,189</u>	<u>735,564</u>
Total Liabilities, Reserves and Fund Balance	<u>\$1,196,189</u>	<u>\$1,537,564</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1
Capital Fund
Combining Statement of Amount to be Provided
For Retirement of Debt

<u>Purpose</u>	<u>Balance</u> <u>12/31/12</u>	<u>Bond Paid</u> <u>By Budget</u> <u>Appropriation</u>	<u>Lease/</u> <u>Bonds</u> <u>Issued</u>	<u>Balance</u> <u>12/31/13</u>
Construction of Fire Station	\$ 802,000	\$ 89,000	\$ -	\$ 713,000
Capital Lease-Aerial Ladder Truck	170,402	170,402	-	-
Capital Lease-Heavy Rescue Truck	<u>565,162</u>	<u>81,973</u>	<u>-</u>	<u>483,189</u>
	<u>\$1,537,564</u>	<u>\$ 341,375</u>	<u>\$ -</u>	<u>\$1,196,189</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1General Fixed Assets Account GroupComparative Balance SheetDecember 31, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Building:		
Fire House (estimated cost)	\$1,615,826	\$1,615,826
Equipment	709,712	421,784
Vehicles	<u>3,651,750</u>	<u>3,651,750</u>
Total Assets	5,977,288	5,689,310
Less Accumulated Depreciation:		
Building	743,280	678,648
Equipment	289,902	225,108
Vehicles	<u>1,791,239</u>	<u>1,654,019</u>
Total Accumulated Depreciation	<u>2,824,421</u>	<u>2,557,775</u>
Total Net Assets	<u>\$3,152,867</u>	<u>\$3,131,585</u>
 <u>FUND BALANCE</u>		
Investment in General Fixed Assets	<u>\$3,152,867</u>	<u>\$3,131,585</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1
General Fixed Assets Account Group
Statement of Revenues, Expenditures and Changes in Fund Balance
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Revenues and Other Financing Sources:</u>		
Purchase of Equipment	\$ 287,928	\$ -
Total Revenues and Other Financing Sources	<u>\$ 287,928</u>	<u>\$ -</u>
<u>Expenditures:</u>		
Depreciation	\$ 266,646	\$ 237,855
Total Expenditures	<u>265,357</u>	<u>237,855</u>
Excess of Revenue Over Expenditures	21,282	(237,855)
Fund Balance, Beginning of Year	<u>3,131,585</u>	<u>3,369,440</u>
Fund Balance, End of Year	<u>\$3,152,867</u>	<u>\$3,131,585</u>

See accompanying accountant's reports and notes to financial statements.

Borough of Tinton Falls Fire District #1

Notes to Financial Statements

For the Years Ended December 31, 2013 and 2012

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough of Tinton Falls Fire District #1 (the "District") conform to the accounting principles applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect public funds.

Separate financial statements are provided for the following separate funds:

General Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds, except as otherwise noted.

Capital Fund - Resources and expenditures for the acquisition of general capital facilities, other than those acquired through the general fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - Shows the District's investment in buildings and equipment, net of accumulated depreciation.

The following is a summary of the significant policies:

Basis of Accounting - The modified accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except that unmatured interest and principal on general obligation debt are accounted for as expenditures in the year becoming due and payable.

Inventories of Supplies - Purchases of materials and supplies are recognized and recorded as expenditures when they are acquired, regardless of when used.

Borough of Tinton Falls Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets - Property, plant and equipment purchased by the current fund and the general capital fund are recorded as expenditures at the time of purchase. The historical cost, or if such cost is not practically determinable, the estimated historical cost of such fixed assets is reflected in the General Fixed Assets group of accounts.

The District adopted Governmental Accounting Standards Board Statement No. 34. This standard recommends, among other things, the District to recognize depreciation on all assets contained in the general fund asset account group. The historical cost of the fund assets are shown net of all accumulated depreciation as investments in general fixed assets.

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:

<u>Assets</u>	<u>Years</u>
Buildings	25
Building Improvements	25
Fire Trucks	25
Other Vehicles	15
Equipment	10

Depreciation expense for the years ending December 31, 2013 and 2012 was \$265,357 and \$237,855 respectively.

Capital Fund - The accounting for expenditures for property, plant and equipment financed by debt authorized or from restricted grant funds is contained in the general capital fund, as is the related debt issued and outstanding. The acquisition and construction cost of such assets, when completed, is reflected in the General Fixed Assets group of accounts.

Borough of Tinton Falls Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

On March 30, 2012, the District sold refunding bonds to the Monmouth County Improvement Authority in the amount of \$974,000. The proceeds of this issue were used to advance refund \$974,000 of the 2000 series bonds. The 2013 Series Bonds are payable on June 1 and December 1 as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
6/1/2011			\$ 5,645.04	\$ 5,645.04	
12/1/2011	\$ 96,000	2.0000%	16,657.50	112,657.50	\$ 118,302.54
6/1/2012			15,697.50	15,697.50	
12/1/2012	84,000	3.0000%	15,697.50	99,697.50	115,395.00
6/1/2013			14,437.50	14,437.50	
12/1/2013	88,000	3.0000%	14,437.50	102,437.50	116,875.00
6/1/2014			13,117.50	13,117.50	
12/1/2014	91,000	3.0000%	13,117.50	104,117.50	117,235.00
6/1/2015			11,752.50	11,752.50	
12/1/2015	94,000	5.0000%	11,752.50	105,752.50	117,505.00
6/1/2016			9,402.50	9,402.50	
12/1/2016	99,000	2.5000%	9,402.50	108,402.50	117,805.00
6/1/2017			8,165.00	8,165.00	
12/1/2017	101,000	4.0000%	8,165.00	109,165.00	117,330.00
6/1/2018			6,145.00	6,145.00	
12/1/2018	104,000	4.0000%	6,145.00	110,145.00	116,290.00
6/1/2019			4,065.00	4,065.00	
12/1/2019	107,000	4.0000%	4,065.00	111,065.00	115,130.00
6/1/2020			1,925.00	1,925.00	
12/1/2020	<u>110,000</u>	3.5000%	<u>1,925.00</u>	<u>111,925.00</u>	<u>113,850.00</u>
	\$974,000		\$191,717.54	\$1,165,717.54	\$1,165,717.54

As a result of the issue of the 2013 series refunding bonds, the District will save \$117,369.96 in gross debt service savings. This represents a present value savings to the District of 10.857%.

Borough of Tinton Falls Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

As a result of the sale of the 2013 Series Refunding Bonds, there still remains \$13,000 of the 2000 Series Bonds outstanding. The Bonds are payable on June 1 and December 1.

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Annual Debt Service</u>
6/1/2012			\$ 338.38	\$ 338.38	
12/1/2012	3,000	4.950%	338.38	3,338.38	3,676.76
6/1/2013			264.13	264.13	
12/1/2013	2,000	5.000%	264.13	2,264.13	2,528.26
6/1/2013			214.13	214.13	
12/1/2013	1,000	5.100%	214.13	1,214.13	1,428.26
6/1/2014			188.63	118.63	
12/1/2014	1,000	5.200%	188.63	1,188.63	1,377.26
6/1/2015			162.63	162.63	
12/1/2015			162.63	162.63	325.26
6/1/2016			162.63	162.63	
12/1/2016			162.63	162.63	325.26
6/1/2017			162.63	162.63	
12/1/2017			162.63	162.63	325.26
6/1/2018			162.63	162.63	
12/1/2018	1,000	5.375%	162.63	1,162.63	1,325.26
6/1/2019			135.75	135.75	
12/1/2019	2,000	5.400%	135.75	2,135.75	2,271.50
6/1/2020			81.75	81.75	
12/1/2020	<u>3,000</u>	5.450%	<u>81.75</u>	<u>3,081.75</u>	<u>3,163.50</u>
	\$ 13,000		\$ 3,746.58	16,746.58	16,746.58

Borough of Tinton Falls Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

Note 3. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The Fire District offers its volunteers a Length of Service Awards Program in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Program and all income attributed to those amounts are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants' rights under the Program are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use Program assets to satisfy claims of the general creditors in the future.

Note 4. LEASES PAYABLE

On June 16, 2008, the District in order to acquire a new Aerial ladder truck entered into a lease agreement with Oshkosh Capital as Lessor pursuant to a competitive bid awarded on May 27, 2008 at an interest rate of 4.750%. The minimum annual payments called for under the lease are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Annual Payments</u>
2009	37,027	141,781	178,808
2010	30,293	148,515	178,808
2012	23,298	155,510	178,808
2013	15,848	162,960	178,808
2013	<u>8,108</u>	<u>170,700</u>	<u>178,808</u>
	<u>\$114,574</u>	<u>\$779,466</u>	<u>\$894,040</u>

On March 1, 2013, the District in order to acquire a new Rescue Truck entered into a lease agreement as Lessor pursuant to a competitive bid awarded on February 18, 2013, at an interest rate of 4.57%. The minimum annual payments called for under the lease are as follows:

<u>Year</u>	<u>Total Rental Payment</u>	<u>Interest Portion</u>	<u>Principal Portion</u>
2013	\$ 81,973	\$ 29,425	\$ 52,548
2013	81,973	27,036	54,937
2014	81,973	24,538	57,435
2015	81,973	21,926	60,047
2016	81,973	19,196	62,777
2017	81,973	16,341	65,632
2018	81,973	13,357	68,616
2019	81,973	10,237	71,736
2020	81,973	6,975	74,998
2021	<u>81,973</u>	<u>3,565</u>	<u>78,408</u>
	<u>\$819,730</u>	<u>\$172,596</u>	<u>\$647,134</u>

Borough of Tinton Falls Fire District #1
Notes to Financial Statements
For the Year Ended December 31, 2013 and 2012

Note 5. SUBSEQUENT EVENTS

There were no other events subsequent to the date of the financial statements, and prior to the date of issuance of the financial statements.

Borough of Tinton Falls Fire District #1

ROSTER OF OFFICIALS

Board of Commissioners

Sean T. Donahue	President
Howie Chervinsky	Vice President
Colleen Connolly	Secretary
Samuel Hawkins	Asst. Secretary/Treasurer
Carl E. Bowles	Treasurer
Richard Braslow, Esq.	Fire District #1 Attorney

BOROUGH OF TINTON FALLS FIRE DISTRICT #1

Comments and Recommendations

For the Year Ended December 31, 2013 and 2012

Comments: None

Recommendations: None