

**BOROUGH OF TINTON FALLS
FIRE DISTRICT NO. 1**

Financial Statements

For the year ended December 31, 2016

(With Independent Auditor's Report thereon)

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Financial Statements
For the year ended December 31, 2016
(With Independent Auditors' Report thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Borough of Tinton Falls Fire District No. 1:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Borough of Tinton Falls District No. 1, County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, 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 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 respective financial position of the governmental activities of each major fund and the aggregate remaining fund information of the Borough of Tinton Falls District No. 1, County of Monmouth, State of New Jersey, as of December 31, 2016, 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.

Emphasis of Matter

Prior Period Adjustment

As described in Note 11, Borough of Tinton Falls District No. 1 budgetary records as of December 31, 2016 were not recorded in accordance with N.J.A.C. 5:31-7-1. The District corrected this with an adjustment to the prior year's general fund fund balance in the amount of (\$264,238), an adjustment to the prior year's capital projects fund balance in the amount of \$283,201. It was also noted that the District governmental activities net position was not in accordance with generally accepted accounting principles, and was overstated by \$924,204, this was corrected with a prior period adjustment in the amount of \$924,404. Our opinion has not been modified with respect to this matter.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Tinton Falls District No. 1's basic financial statements. The long-term debt schedule of serial bonds payable, and the long-term debt schedule of obligations under capital leases, as listed on the table of contents, are for purposes of additional analysis and are not a required part of the basic financial statements.

The long-term debt schedule of serial bonds payable and the long-term debt schedule of obligations under capital leases are the responsibility of management and were 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 themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the long-term debt schedule of serial bonds payable is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017 on our consideration of the Borough of Tinton Falls District No. 1's internal control over financial reporting and on 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 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 Borough of Tinton Falls District No. 1's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

November 9, 2017
Toms River, New Jersey



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**INDEPENDENT AUDITOR'S 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
Borough of Tinton Falls Fire District No. 1:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of each major fund and the aggregate remaining fund information of Borough of Tinton Falls Fire District No. 1, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Borough of Tinton Falls District No. 1's basic financial statements, and have issued our report thereon dated November 9, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Borough of Tinton Falls District No. 1's financial statements are free from 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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

November 9, 2017
Toms River, New Jersey

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(unaudited)

As management of Borough of Tinton Falls Fire District No. 1, we offer readers of the Tinton Falls Fire District No. 1 financial statements this narrative overview and analysis of the financial activities of the Borough of Tinton Falls Fire District No. 1 for the year ended December 31, 2016. The intent of this narrative is to look at Borough of Tinton Falls Fire District No. 1's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 1 and the District's financial statements which begin on page 15. Notes to the financial statements will provide the reader with additional useful information and they begin on page 23.

FINANCIAL HIGHLIGHTS

- The total assets of the District exceeded its total liabilities at December 31, 2016 by approximately \$3.2 million. In 2015 the excess was approximately \$3.05 million. This is an increase of approximately \$165,000.
- During 2016 Borough of Tinton Falls Fire District No. 1 operated at a surplus of approximately \$241,900. The surplus in 2015 was approximately \$354,900. This is a decrease of approximately \$113,000.
- The District's cash balances increased by approximately \$629,100.
- The District's accounts receivable decreased by approximately \$329,200.
- The District increased the amount of current liabilities by approximately \$35,700.
- The District changed auditors during 2016.
- The new auditors made a prior period adjustment of approximately \$924,200 (see Note 11).
- The Capital Projects Fund increased by approximately \$499,400 in 2016.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Borough of Tinton Falls Fire District No. 1's basic financial statements are comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 7. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Borough of Tinton Falls Fire District No. 1. The difference between the assets and liabilities is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District.

The Statement of Activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or paid out. As a result, there could be activities that result in cash flow in a future period.

The district-wide financial statements report on the financial data by function. Borough of Tinton Falls Fire District No. 1 has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. Borough of Tinton Falls Fire District No. 1 provides firefighting services to the citizens of Borough of Tinton Falls.

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. Like other state and local governments, Borough of Tinton Falls Fire District No. 1 uses fund accounting to document compliance with finance-related legal matters. Borough of Tinton Falls Fire District No. 1 has two types of fund groups, a governmental fund and a fiduciary fund.

Governmental Funds

Borough of Tinton Falls Fire District No. 1's activities are reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can 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 that 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 the District's services.

Borough of Tinton Falls Fire District No. 1 maintains two separate government funds, the general fund and the capital fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and the capital fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Borough of Tinton Falls Fire District No. 1 adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Fiduciary Funds

A fiduciary fund is used to hold and report funds that are being held in trust. The District maintains an agency fund for the accumulation of monies as the custodian for the volunteer firefighters' Length of Service Awards Program (LOSAP).

Notes to Financial Statements

The notes to the financial statements 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 the financial statements are an integral part of the financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS

Borough of Tinton Falls Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2016 the District's assets exceeded the liabilities by approximately \$3.5 million. A large portion of Borough of Tinton Falls Fire District No. 1's net position (61.6%) is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Borough of Tinton Falls Fire District No. 1's investment in capital assets is reported net of related debt and accumulated depreciation. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt, if there was any.

Statement of Net Position

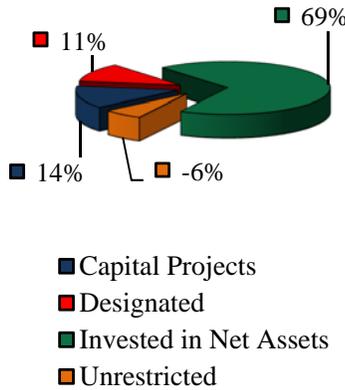
BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
NET POSITION
DECEMBER 31, 2016

	2016	2015	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$1,576,320	\$1,267,100	+309,220	+24.4%
Capital Assets	<u>2,528,159</u>	<u>2,702,597</u>	(174,438)	(6.5%)
Total Assets	4,104,479	3,969,697	+134,782	+3.4%
Other Liabilities	<u>(885,355)</u>	<u>(915,545)</u>	(30,190)	(3.3%)
Net Position	<u>\$3,219,124</u>	<u>\$3,054,152</u>	+164,972	+5.4%

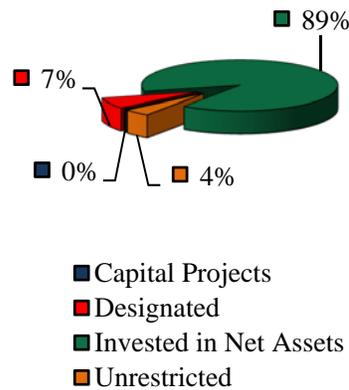
Analysis of Net Position

Invested in Capital Assets	\$1,746,769	\$1,753,430	(6,661)	(0.37%)
Capital Funds	499,421	7,121	+492,300	+6913.4%
Designated	422,421	213,674	+208,747	+97.7%
Unrestricted	<u>550,513</u>	<u>1,079,927</u>	(529,414)	(49.02%)
Total Net Position	<u>\$3,219,124</u>	<u>\$3,054,152</u>	+164,972	+5.4%

2016 Net Position



2015 Net Position



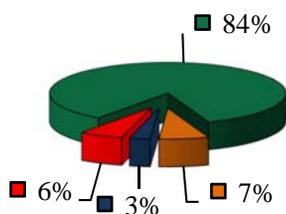
The net position of Borough of Tinton Falls Fire District No. 1 increased by approximately \$165,000 during the 2016 period. This increase was due primarily to the 2016 operating at a surplus and a prior period adjustment. Other major changes in net position at December 31, 2016 that affected the net change were the increase in cash funds, depreciation, and an increase in fund balance utilized.

Governmental Activities

The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

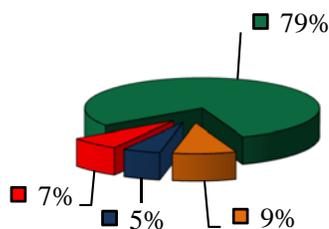
	2016	2015	\$ Increase (Decrease)	% Increase (Decrease)
Expenses				
Program Expenses				
Administrative Expenses	\$ 60,624	\$ 53,517	+7,107	+13.3%
Cost of Operations & Maintenance	759,013	621,866	+137,147	+22.1%
Interest Expense	53,432	43,026	+10,406	+24.2%
LOSAP	<u>25,110</u>	<u>31,711</u>	(6,601)	(20.8%)
Total Program Expenses	<u>898,179</u>	<u>750,120</u>	+148,059	+19.7%

2016 Program Expenses



■ Administrative ■ LOSAP
■ Interest ■ Operations

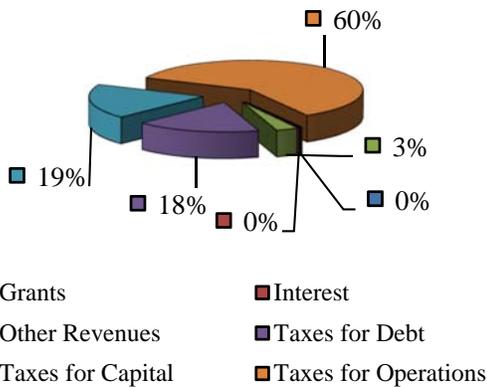
2015 Program Expenses



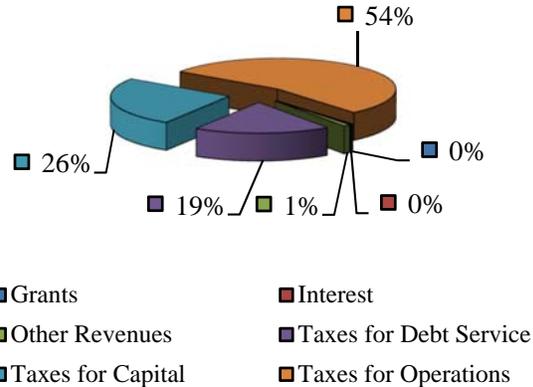
■ Administrative ■ LOSAP
■ Interest ■ Operations

	2016	2015	\$ Increase (Decrease)	% Increase (Decrease)
Program Revenues				
Operating Grants	<u>2,430</u>	<u>2,430</u>	- 0 -	0.0%
Net Program Expenses	<u>895,749</u>	<u>747,690</u>	+148,059	+19.8%
General Revenues				
Property Taxes Levied for General Purposes	684,070	582,203	+101,867	+17.5%
Property Taxes Levied for Capital Purchases	216,220	276,080	(59,860)	(21.7%)
Property Taxes Levied for Debt Service	200,204	199,803	+401	+.2%
Other Revenues	35,640	10,016	+25,624	+255.8%
Interest earned on investments	<u>1,548</u>	<u>1,376</u>	+172	+12.5%
Total General Revenues	<u>1,137,682</u>	<u>1,069,478</u>	+68,204	+6.4%
Increase (Decrease) in Net Position	+241,933	321,788	(79,855)	(24.8%)
Net Position, January 1	3,901,395	3,579,607	+321,788	+9.0%
Prior Period Adjustment	<u>(924,204)</u>	<u>- 0 -</u>	(924,204)	(100.0%)
Net Position, December 31	<u>\$3,219,124</u>	<u>\$3,901,395</u>	(682,271)	(2.1%)

2016 Revenues



2015 Revenues



Property tax revenue constituted 97% of the total governmental activities revenues received by Borough of Tinton Falls Fire District No. 1 in 2016. In 2015 the property tax revenue constituted 99% of total revenues.

The Cost of Operations & Maintenance in 2016 was 84% and 79% of the District’s total expenses in 2016 and 2015 respectively. Administration expenses equaled 7% and 9% of the total expenses in 2016 and 2015.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Borough of Tinton Falls Fire District No. 1 uses fund accounting to document compliance with finance-related legal requirements.

Government Fund

The primary objective of the District’s governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2016, the combined balance of the governmental cash funds of Borough of Tinton Falls Fire District No. 1 was approximately \$1,565,600. This balance is approximately \$629,100 higher than last year’s combined governmental funds balance. The majority of the increase is the result of the property tax receivable and annual surplus.

The combined balance of the governmental funds of Borough of Tinton Falls Fire District No. 1 was approximately \$1,478,100. An amount of approximately \$422,400 has been designated for use in 2017.

The general fund is the main operating fund of Borough of Tinton Falls Fire District No. 1. At the end of 2016, the total fund balance of the general fund was approximately \$978,700. An amount of approximately \$422,400 has been designated.

During 2016 the general fund balance of Borough of Tinton Falls Fire District No. 1 decreased by approximately \$220,100. The primary reason for this decrease is:

- The Board spent less General Funds than it brought in for the year by approximately \$44,100.
- There was a prior period adjustment of approximately \$264,200.

At the end of 2016, the District had a capital projects fund balance of approximately \$499,400. This was an increase of approximately \$216,200 from the previous year. The major changes in this fund balance were:

- The Board appropriated \$216,220 for future Capital purchases.

General Fund Budgetary Highlights

The original budget as approved by the voters was balanced with the utilization of General surplus funds in the amount of \$213,674.

Administrative expenses were approximately 4.8% less than projected in 2016. Operating expenses were approximately 24.6% less than projected in 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2016 Borough of Tinton Falls Fire District No. 1 had invested in capital assets for government activities approximately \$2,528,200 (net of accumulated depreciation). Capital assets consist of fire apparatus, and fire equipment.

**BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 4
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2016**

	2016	2015	Change
GOVERNMENTAL ACTIVITIES:			
Buildings & Improvements	\$1,618,151	\$1,615,826	+2,325
Vehicles & Apparatus	3,721,420	3,721,420	- 0 -
Fire Equipment	<u>767,364</u>	<u>709,712</u>	+57,652
 Total Capital Assets	 6,106,935	 6,046,958	 +59,977
 Accumulated Depreciation	 <u>3,578,776</u>	 <u>3,344,361</u>	 +234,415
 Capital Assets, Net	 <u>\$2,528,159</u>	 <u>\$2,702,597</u>	 (174,438)

Additional information on Borough of Tinton Falls Fire District No. 1's capital assets can be found in Note 5 in the notes to the financial statements.

Long-Term Obligations

Borough of Tinton Falls Fire District No. 1 currently has a bond issue and a lease purchase outstanding at 12/31/2016.

The bond for the construction of the firehouse has a balance of \$422,000 which is due and payable through 2020.

The District has a lease purchase used to acquire fire apparatus. The lease purchase was in 2011 for a heavy rescue truck. This is also a ten year lease purchase which will be completed in 2021. As of December 31, 2016 there was a balance of \$359,390. At this time the Board intends to acquire the apparatus.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2016, Borough of Tinton Falls Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2016 the fire tax levy amounted to 97% of total revenue collected.

In 2017, Borough of Tinton Falls Fire District No. 1 adopted their 2017 Budget on January 19, 2017. The voters subsequently approved the budget at the February election. The 2017 Budget reflects an increase in the tax levy of approximately \$2,800. The 2017 Budget utilizes \$422,400 of accumulated surplus funds.

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 Cary Costa, Borough of Tinton Falls Fire District No. 1, 2 Volunteer Way, Tinton Falls, New Jersey, 07753.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Statement of Net Position
December 31, 2016

	<u>Governmental Activities</u>
	<u>2016</u>
Assets:	
Current assets:	
Cash	\$ 1,565,551
Accounts receivable	1,482
Prepaid expenses	9,287
Total current assets	<u>1,576,320</u>
Capital assets (net of depreciation)	<u>2,528,159</u>
Total assets	<u>4,104,479</u>
Liabilities:	
Current liabilities:	
Accounts payable	77,460
Accrued professional fees	11,500
Accrued interest	15,005
Capital lease	65,632
Bonds payable	101,000
Total current liabilities	<u>270,597</u>
Noncurrent liabilities:	
Capital lease	293,758
Bonds payable	321,000
Total noncurrent liabilities	<u>614,758</u>
Total liabilities	<u>885,355</u>
Net position:	
Net investment in capital assets	1,746,769
Restricted net position:	
Capital	499,421
Unrestricted net position:	
Designated for subsequent year's expenditures	972,934
Total net position	<u>\$ 3,219,124</u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Statement of Activities
For the year ended December 31, 2016

	<u>Expenses</u>	<u>Governmental Activities</u> <u>2016</u>
Government activities:		
Operation appropriations:		
Administration	\$ 60,624	\$ (60,624)
Costs of operations and maintenance	759,013	(759,013)
Interest	53,432	(53,432)
Length of service award program	25,110	(25,110)
	898,179	(898,179)
General revenues:		
Investment income		1,548
Supplemental fire service act		2,430
Host community payment		10,000
Donations		20,000
Miscellaneous		5,640
Amount raised by taxation		1,100,494
		1,140,112
Change in net position		241,933
Net position, January 1		3,901,395
Prior period adjustment		(924,204)
Net position, January 1 (restated)		2,977,191
Net position, December 31		\$ 3,219,124

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u> <u>December 31,</u> <u>2016</u>
Assets:			
Cash	\$ 1,565,551	\$ -	\$ 1,565,551
Accounts receivable	1,482	-	1,482
Other receivables	-	499,421	499,421
Total assets	1,567,033	499,421	2,066,454
Liabilities, equity and other credits:			
Accounts payable	77,460	-	77,460
Accrued professional fees	11,500	-	11,500
Other payables	499,421	-	499,421
Total liabilities	588,381	-	588,381
Fund balances			
Restricted for:			
Capital	-	499,421	499,421
Assigned for:			
Subsequent year's expenditures	422,421	-	422,421
Unassigned, reported in:			
General fund	556,231	-	556,231
Total fund balance	978,652	499,421	1,478,073
Total liabilities and fund balance	\$ 1,567,033	\$ 499,421	

Amounts reported for governmental 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.

9,287

Accrued interest payable and PERS pension payable are not recorded in the fund financial statements due to the fact that the payable is not due in the period

(15,005)

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

(781,390)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,106,935 and the accumulated depreciation is \$3,578,776.

2,528,159

Net position of governmental activities

\$ 3,219,124

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2016

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals December 31, 2016</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 1,548	\$ -	\$ -	\$ 1,548
Host community payment	10,000	-	-	10,000
Donations	20,000	-	-	20,000
Miscellaneous	5,640	-	-	5,640
Total miscellaneous revenues	<u>37,188</u>	<u>-</u>	<u>-</u>	<u>37,188</u>
Operating grant revenue:				
Supplemental fire service act	2,430	-	-	2,430
Total operating grant revenue	<u>2,430</u>	<u>-</u>	<u>-</u>	<u>2,430</u>
Total revenues	<u>39,618</u>	<u>-</u>	<u>-</u>	<u>39,618</u>
Amount raised by taxation to support district budget	684,070	216,220	200,204	1,100,494
Total anticipated revenues	<u>723,688</u>	<u>216,220</u>	<u>200,204</u>	<u>1,140,112</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	19,000	-	-	19,000
Other expenditures:				
Professional fees	37,899	-	-	37,899
Elections	800	-	-	800
Office supplies and postage	2,925	-	-	2,925
Total administration	<u>60,624</u>	<u>-</u>	<u>-</u>	<u>60,624</u>
Cost of operations and maintenance:				
Fringe benefits	25,215	-	-	25,215
Other expenditures:				
Rental	51,000	-	-	51,000
Equipment	1,618	-	-	1,618
Insurance	58,477	-	-	58,477
Utilities	18,245	-	-	18,245
Supplies	21,267	-	-	21,267
Maintenance and repairs	97,073	-	-	97,073
Other rental charges	178,396	-	-	178,396
Other expenses	24,411	-	-	24,411
Supplemental fire service grant	2,430	-	-	2,430
Non-bondable assets	115,730	-	-	115,730
Total cost of operations and maintenance	<u>593,862</u>	<u>-</u>	<u>-</u>	<u>593,862</u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2016

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u> <u>December 31,</u> <u>2016</u>
Length of service award program	25,110	-	-	25,110
Debt service for capital appropriations:				
Principal payments	-	-	161,777	161,777
Interest	-	-	38,427	38,427
Total debt service for capital appropriations			200,204	200,204
Total operating appropriations	679,596	-	200,204	879,800
Excess (deficiency) of revenues over (under) expenditures	44,092	216,220	-	260,312
Fund balance, January 1	1,198,798	-	-	1,198,798
Prior period adjustment	(264,238)	283,201	-	18,963
Fund balance, January 1 (restated)	934,560	283,201	-	1,217,761
Fund balance, December 31	<u>\$ 978,652</u>	<u>\$ 499,421</u>	<u>\$ -</u>	<u>\$ 1,478,073</u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance in
the Governmental Funds to the Statement of Activities
December 31, 2016

Total net changes in Fund Balance-Governmental Funds (B-2)	\$	260,312
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays - General Fund	59,977	
Depreciation Expense	<u>(234,415)</u>	(174,438)

Repayment of bond principal 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.		161,777
---	--	---------

Accrual of interest on bonds is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities.

Prior year	-	
Current year	<u>(15,005)</u>	<u>(15,005)</u>

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

Prior year	-	
Current year	<u>9,287</u>	<u>9,287</u>

Changes in net position of governmental activities	\$	<u><u>241,933</u></u>
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BOROUGH OF TINTON FALLS DISTRICT NO. 1
Statement of Net Position
Fiduciary Funds
December 31, 2016

	Length of Service Award Program	Totals
		December 31, <u>2016</u>
Assets:		
Investments	\$ 356,832	\$ 356,832
Contribution receivable	25,110	25,110
Total assets	381,942	381,942
Net Position:		
Reserved:		
For LOSAP	381,942	381,942
Total net position	\$ 381,942	\$ 381,942

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Length of Service Award
December 31, 2016

	Length of Service Award Program	Totals
		December 31, 2016
Revenues and Other Financing Sources:		
Contributions from General Fund	\$ 25,110	\$ 25,110
Interest income	3,642	3,642
Gain/(loss) on investments	12,459	12,459
	<hr/>	<hr/>
Total revenues and other financing sources	41,211	41,211
	<hr/>	<hr/>
Expenditures:		
Distributions	21,330	21,330
	<hr/>	<hr/>
Total expenditures	21,330	21,330
	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	19,881	19,881
Fund balance, January 1	-	-
Prior period adjustment	362,061	362,061
	<hr/>	<hr/>
Fund balance, January 1	362,061	362,061
	<hr/>	<hr/>
Fund balance, December 31	\$ 381,942	\$ 381,942
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements
For the year ended December 31, 2016

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Borough of Tinton Falls District No. 1 is a political subdivision of the Borough of Tinton Falls, County of Monmouth, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

Borough of Tinton Falls District No. 1 is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by GASB 39 and GASB 61.

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2016:

<u>Officials</u>	<u>Term Expires</u> <u>March</u>
Andrew Calvo	2018
Carl Bowles	2018
Cary Costa	2019
Samuel Hawkins	2020
Sean Donohue	2017

C. Accounting Records

The official accounting records of the Borough of Tinton Falls District No. 1 are maintained in the office of the District.

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 1: GENERAL INFORMATION (continued)

E. Component Units (continued)

No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended December 31, 2016.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Fire District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of N.J.A.C. 5:31-7-1. 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 Board's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 2 N) while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

B. Fund Accounting

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Governmental Funds:

General Fund

The General Fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as fire fighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as firehouses and fire fighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund

The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

Fiduciary Funds:

Trust and Agency Fund

The Trust and Agency Fund is used to account for assets held by the Fire District on behalf of outside parties, including other governments, or on behalf of other funds within the Fire District.

C. District Wide and Fund Financial Statements

District Wide Financial Statements

The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

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

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. District Wide and Fund Financial Statements (continued)

segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

The fund financial statements provide detail of the governmental and fiduciary funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Borough of Tinton Falls District No. 1 follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB).

E. Budgets and Budgetary Accounting

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

The fire commissioners must introduce and adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A 40A: 14-78.3. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with N.J.S.A 40A: 14-78.5.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

Fire Districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire Districts general-purpose financial statements.

F. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. There were no open encumbrances as of December 31, 2016.

G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. Fire Districts are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of investments that may be purchased by Fire Districts.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision 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 the State of New Jersey.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash and Cash Equivalents (continued)

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which they are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If 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.

H. Prepaid Expenses

Prepaid expenses that benefit future periods are recorded as an expenditure during the year of purchase.

I. Debt Limitation

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus, equipment, 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.

J. Capital Assets

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000.

Depreciation is recorded on the straight-line method (with half year depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and improvements	10 to 25 Years
Fire Equipment	5 to 15 Years
Vehicles	5 to 25 Years

K. Inventory, Materials and Supplies

The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Interfund Receivable/Payable

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

M. 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 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.

N. Fire District Taxes

Upon 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 realized 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 monies assessed, on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

O. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Borough of Tinton Falls District No. 1 classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

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.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

R. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Impact of Recently Issued Accounting Principles (continued)

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the District's financial statements.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Impact of Recently Issued Accounting Principles (continued)

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended

December 31, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the District's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the District's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the District's financial statements.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Unrealized Gains and Losses

Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2016, the unrealized gains for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, has not been reflected in the financial statements.

T. Fair Value Measurement

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

Fixed Account Investment Contract: Valued at the contract's market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The table in Note 4 sets forth by level, within the fair value hierarchy, the LOSAP's assets at fair value as of December 31, 2016.

U. Subsequent Events

Borough of Tinton Falls Fire District No. 1 has evaluated subsequent events occurring after December 31, 2016 through the date of November 9, 2017, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The Fire District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2016, and reported at fair value are as follows:

Deposits:

Demand deposits	<u>\$ 1,565,551</u>
Total deposits	<u>\$ 1,565,551</u>

Reconciliation to Governmental Fund Statements:

Governmental Funds	<u>\$ 1,565,551</u>
Total	<u>\$ 1,565,551</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2016, the District's bank balance of \$1,567,065 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	<u>1,317,065</u>
Total	<u>\$ 1,567,065</u>

NOTE 4: INVESTMENTS

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 4: INVESTMENTS (continued)

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2016, are provided in the below schedule.

C. Investment Credit Risk

The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

The following table sets forth by level, within the value hierarchy, the District's assets at fair value at December 31, 2016.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 4: INVESTMENTS (continued)

C. Investment Credit Risk (continued)

	<i>Assets at Fair Value as of December 31, 2015</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
LOSAP Investment				
Fixed Account Investment Contract	\$ -	\$ -	\$ 356,832	\$ 356,832
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,832</u>	<u>\$ 356,832</u>

Level III Gains and Losses

The following table sets forth a summary of changes in the fair value of the LOSAP's Level III assets for the year ended December 31, 2016.

	Level III Assets Year
	<u>Ended 12/31/16</u>
Balance, beginning of year	\$ 330,351
Purchases, sales, issuances and settlements (net)	10,380
Interest and gains	<u>16,101</u>
Balance, end of year	<u>\$ 356,832</u>

NOTE 5: CAPITAL ASSETS

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

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 5: CAPITAL ASSETS (continued)

Fixed assets consisted of the following at December 31, 2016:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
Building and improvements	\$ 1,615,826	\$ 2,325	\$ -	\$ 1,618,151
Fire equipment	709,712	57,652		767,364
Vehicles	<u>3,721,420</u>	<u>-</u>	<u>-</u>	<u>3,721,420</u>
Totals at historical cost	<u>6,046,958</u>	<u>59,977</u>	<u>-</u>	<u>6,106,935</u>
Less: accumulated depreciation				
Building and improvements	(872,546)	(64,866)	-	(937,412)
Fire equipment	(417,311)	(64,249)	-	(481,560)
Vehicles	<u>(2,054,504)</u>	<u>(105,300)</u>	<u>-</u>	<u>(2,159,804)</u>
Total accumulated depreciation	<u>(3,344,361)</u>	<u>(234,415)</u>	<u>-</u>	<u>(3,578,776)</u>
Governmental activities capital assets, net	<u>\$ 2,702,597</u>	<u>\$ (174,438)</u>	<u>\$ -</u>	<u>\$ 2,528,159</u>

NOTE 6: LONG-TERM OBLIGATIONS

During the year ended December 31, 2016, the following changes occurred in long-term obligations:

	Principal Outstanding January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Principal Outstanding December 31, <u>2016</u>	Due Within <u>One Year</u>
General Serial Bonds	\$ 528,000	\$ -	\$ 99,000	\$ (7,000)	\$ 422,000	\$ 101,000
Capital Lease	<u>422,167</u>	<u>-</u>	<u>62,777</u>	<u>-</u>	<u>359,390</u>	<u>65,632</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 950,167</u>	<u>\$ -</u>	<u>\$ 161,777</u>	<u>\$ (7,000)</u>	<u>\$ 781,390</u>	<u>\$ 166,632</u>

A. Bonds Payable

Bonds and leases are authorized in accordance with State law by the voters of the Fire District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Fire District are general obligation bonds. 2011 refunding bonds, dated March 30, 2011 in the amount of \$974,000 due in annual installments through 2020 bearing

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 6: LONG-TERM OBLIGATIONS (continued)

A. Bonds Payable (continued)

interest rates of 2% - 5%. The following schedule represents a summary of the bond commitments as of December 31, 2016:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 101,000	\$ 16,330	\$ 117,330
2018	104,000	12,290	116,290
2019	107,000	8,130	115,130
2020	<u>110,000</u>	<u>3,850</u>	<u>113,850</u>
	<u>\$ 422,000</u>	<u>\$ 40,600</u>	<u>\$ 462,600</u>

B. Capital Leases Payable

On March 1, 2011 the District entered into a lease agreement with Capital One Public Funding, LLC to finance a fire apparatus. The following schedule represents a summary of the capital lease commitments as of December 31, 2016:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	65,632	\$ 16,341	\$ 81,973
2018	68,616	13,357	81,973
2019	71,736	10,237	81,973
2020	74,998	6,975	81,973
2021	<u>78,408</u>	<u>3,565</u>	<u>81,973</u>
	<u>\$ 359,390</u>	<u>\$ 50,475</u>	<u>\$ 409,865</u>

NOTE 7: LENGTH OF SERVICE AWARDS PROGRAM

The District has a contractual agreement with volunteer firefighters to reward them based on length of service to insure continued service. This is not a pension plan as described under the Employee Retirement Security Act, and therefore is not guaranteed to the volunteers until they reach the age 65. The contribution for the year ended December 31, 2016 is \$25,110.

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 8: INTERFUND RECEIVABLE/PAYABLE

As of December 31, 2016, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 499,421
Capital projects	<u>499,421</u>	<u>-</u>
Total	<u>\$ 499,421</u>	<u>\$ 499,421</u>

The purpose of these interfunds is for short-term borrowings.

Interfund receivables are recorded as other receivables. Interfund payables are recorded as other payables.

NOTE 9: FUNDING

The activities of the Board of Commissioners are primarily funded by the fire tax on the property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2016, the fire tax rate on the Fire District No. 1 was \$.064 per \$100 of assessed valuation.

Tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year.

NOTE 10: FUND BALANCE

General Fund – Of the \$978,652 General Fund fund balance at December 31, 2016, \$422,421 is assigned for subsequent year’s expenditures, and \$556,231 is unassigned.

Capital Projects Fund – Of the \$499,421 Capital Projects Fund fund balance at December 31, 2016, \$499,421 is restricted for capital appropriations.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

NOTE 11: PRIOR PERIOD ADJUSTMENT/RESTATEMENT

In 2016, it was determined that the District wide financial records as of December 31, 2015 were not recorded in accordance with *N.J.A.C. 5:31-7-1*. The District did not record the capital lease and bond payable of \$422,167 and \$521,000, respectively. Also, the District recorded a reserve for retirement pay, overstating its liabilities by \$51,711. The District did not properly record LOSAP payable in the amount of \$32,742, understating its liabilities. The District corrected this with an adjustment to the prior year’s net assets.

Prior period adjustments were also needed for budgetary basis fund balances.

The general fund had recorded a reserve for retirement pay, therefore overstated the liabilities by \$51,711. Also, the general fund did not properly recorded LOSAP payable, understating liabilities by

BOROUGH OF TINTON FALLS FIRE DISTRICT NO. 1
Notes to Financial Statements (continued)
For the year ended December 31, 2016

NOTE 11: PRIOR PERIOD ADJUSTMENT/RESTATEMENT (continued)

\$32,742. The general fund had recorded tax revenue raised for future capital purchase in the amount of \$276,080 and a prior year reserve for capital in the amount of \$7,121. This capital reserve fund balance, totaling \$283,201, was adjusted to the capital projects fund fund balance.

The fiduciary fund had understated assets of the Length of Service Award Program. This resulted in an adjustment to net assets of \$362,061.

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Budgetary Comparison Schedule
For the year ended December 31, 2016

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 1,000	\$ 1,000	\$ 1,548	\$ 548
Host community payment	-	-	10,000	10,000
Donations	-	-	20,000	20,000
Miscellaneous	-	-	5,640	5,640
Total miscellaneous revenues	<u>1,000</u>	<u>1,000</u>	<u>37,188</u>	<u>36,188</u>
Operating grant revenue:				
Supplemental fire service ac	2,430	2,430	2,430	-
Total operating grant revenue	<u>2,430</u>	<u>2,430</u>	<u>2,430</u>	<u>-</u>
Total revenues	<u>3,430</u>	<u>3,430</u>	<u>39,618</u>	<u>36,188</u>
Amount raised by taxation to support district budget				
	<u>1,100,494</u>	<u>1,100,494</u>	<u>1,100,494</u>	<u>-</u>
Total anticipated revenues	<u>1,103,924</u>	<u>1,103,924</u>	<u>1,140,112</u>	<u>36,188</u>
Expenditures:				
Operating appropriations:				
Administration:				
Commissioners	20,000	20,000	19,000	1,000
Other expenditures:				
Professional fees	36,570	37,670	37,899	(229)
Elections	1,300	1,300	800	500
Office supplies and postage	4,700	4,700	2,925	1,775
Total administration	<u>62,570</u>	<u>63,670</u>	<u>60,624</u>	<u>3,046</u>
Cost of operations and maintenance:				
Salaries	150,000	135,150	-	135,150
Fringe benefits	50,000	56,800	25,215	31,585
Other expenditures:				
Rental	51,000	51,000	51,000	-
Equipment	5,000	2,000	1,618	382
Insurance	80,000	68,000	58,477	9,523
Utilities	34,150	20,150	18,245	1,905
Supplies	28,000	26,500	21,267	5,233
Contingencies	10,000	10,000	-	10,000

BOROUGH OF TINTON FALLS DISTRICT NO. 1
Budgetary Comparison Schedule
For the year ended December 31, 2016

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Maintenance and repairs	100,000	94,950	97,073	(2,123)
Other rental charges	200,000	179,000	178,396	604
Other expenses	23,125	25,025	24,411	614
Supplemental fire service grant	2,430	2,430	2,430	-
Non-bondable assets	55,000	116,600	115,730	870
Total cost of operations and maintenance	<u>788,705</u>	<u>787,605</u>	<u>593,862</u>	<u>193,743</u>
Length of Service Award Program	<u>50,000</u>	<u>50,000</u>	<u>25,110</u>	<u>24,890</u>
Capital appropriations:				
Capital appropriations	<u>216,220</u>	<u>216,220</u>	<u>-</u>	<u>216,220</u>
Total capital appropriations	<u>216,220</u>	<u>216,220</u>	<u>-</u>	<u>216,220</u>
Debt service for capital appropriations:				
Principal payments	161,777	161,777	161,777	-
Interest payments	38,326	38,326	38,427	(101)
Total debt service	<u>200,103</u>	<u>200,103</u>	<u>200,204</u>	<u>(101)</u>
Total operating appropriations	<u>1,317,598</u>	<u>1,317,598</u>	<u>879,800</u>	<u>437,798</u>
Excess (deficiency) of revenues over (under) expenditures	(213,674)	(213,674)	260,312	473,986
Fund balance, January 1	1,198,798	1,198,798	1,198,798	-
Prior period adjustment	18,963	18,963	18,963	-
Fund balance, January 1 (restated)	<u>1,217,761</u>	<u>1,217,761</u>	<u>1,217,761</u>	<u>-</u>
Fund balance, December 31	<u>\$ 1,004,087</u>	<u>\$ 1,004,087</u>	<u>\$ 1,478,073</u>	<u>\$ 473,986</u>

EXHIBIT I-2

**BOROUGH OF TINTON FALLS DISTRICT NO. 1
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the year ended December 31, 2016**

Description	Date of Lease	Term of Lease	Amount of Original Issue		Annual Maturity Date	Interest Rate Payable	Amount Outstanding January 1, 2016		Issued	Retired	Amount Outstanding December 31, 2016
			Principal	Interest			Amount	Amount			
Apparatus	3/1/2011	10 Years	\$ 647,135	\$ 172,598	3/1/2017	4.55%	\$ 422,167	\$ -	\$ -	\$ 62,777	\$ 359,390
					3/1/2018						
					3/1/2019						
					3/1/2020						
					3/1/2021						
Total							\$ 422,167	\$ -	\$ -	\$ 62,777	\$ 359,390

Board of Fire Commissioners
Borough of Tinton Falls District No. 1
Tinton Falls, New Jersey 07712

We have audited the basic financial statements of the Borough of Tinton Falls District No. 1, County of Monmouth, State of New Jersey for the year ended December 31, 2016. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement.

It is pointed out that the Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.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.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where quotes or bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Examination of Cash Receipts

A test check of cash receipts was made.

Acknowledgment

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team.

During our review, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please contact us.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

November 9, 2017
Toms River, New Jersey