

**FIRE DISTRICT NO. 1
OF THE TOWNSHIP OF EAST BRUNSWICK**

Financial Statements

For the year ended December 31, 2015

(With Independent Auditor's Report thereon)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Financial Statements
For the year ended December 31, 2015
(With Independent Auditor's Report thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1 of the Township of East Brunswick
County of Middlesex
East Brunswick, New Jersey 08816

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 Fire District No. 1 of the Township of East Brunswick, County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2015, 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.

Auditors' 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 auditors' 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, each major fund, and the aggregate remaining

fund information of the Fire District No. 1 of the township of East Brunswick, County of Middlesex, State of New Jersey, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions – PERS and notes to the required supplementary information, as listed on 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 Fire District No. 1 of the township of East Brunswick's basic financial statements. The long-term debt schedule serial bonds as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2016, on our consideration of the Fire District No. 1 of the township of East Brunswick'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 in considering the Fire District No. 1 of the township of East Brunswick's internal control over financial reporting and compliance.


HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

May 25, 2016
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
Fire District No. 1 of the Township of East Brunswick:

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, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Township of East Brunswick, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Fire District No. 1 of the township of East Brunswick's basic financial statements, and have issued our report thereon dated May 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire District No. 1 of the township of East Brunswick'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 Fire District No. 1 of the township of East Brunswick's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 1 of the township of East Brunswick'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire District No. 1 of the township of East Brunswick'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, P.C.
Certified Public Accountants

May 25, 2016
Toms River, New Jersey

**EAST BRUNSWICK FIRE DISTRICT NO. 1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

As management of East Brunswick Fire District No. 1, we offer readers of the East Brunswick Fire District No. 1 financial statements this narrative overview and analysis of the financial activities of the East Brunswick Township Fire District No. 1 for the year ended December 31, 2015. The intent of this narrative is to look at East Brunswick Township 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 16. Notes to the financial statements will provide the reader with additional useful information and they begin on page 24.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2015 by approximately \$3.74 million. In 2014 the excess was approximately \$4.03 million. This is an decrease of approximately \$289,240
- During 2015 East Brunswick Township Fire District No. 1 operated at a surplus of approximately \$172,777. The surplus in 2014 was approximately (\$109,510). This is an Increase of approximately \$282,287.
- The District increased their liabilities by approximately \$365,780 in 2015, and increased their assets by approximately \$76,539.
- The Board continued to enroll qualified volunteer firefighters in the Length of Service Awards Program (LOSAP) to encourage volunteer firefighter retention.
- The 2014 net position was restated by a negative prior period adjustment of \$462,017 (see Note 17).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. East Brunswick Township 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 6. 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 East Brunswick Township 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 disbursed. 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. East Brunswick Township Fire District No. 1 has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. East Brunswick Township Fire District No. 1 provides firefighting services to the citizens of East Brunswick Township. The District also provides services for the enforcement of the state and local fire codes and fire prevention education.

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, East Brunswick Township Fire District No. 1 uses fund accounting to document compliance with finance-related legal matters. East Brunswick Township Fire District No. 1 has two types of fund groups, and that is governmental funds and fiduciary funds.

Governmental Funds

East Brunswick Township Fire District No. 1's activities are all 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.

East Brunswick Township Fire District No. 1 maintains two separate government funds, the General Fund and the Capital Projects Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances 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, East Brunswick Township 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

Fiduciary funds are used to account for assets held by the District on behalf of outside third parties, or other funds within the District. There are two fiduciary funds in the District. One is the Payroll Agency which is used for the payment of wages and payroll liabilities. The second fiduciary fund is the Length of Service Award Program (LOSAP). LOSAP is an annuity program for the volunteer firefighters (see Note 9).

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

East Brunswick Township Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2015, the District's assets exceeded its liabilities by approximately \$3.74 million. The largest portion of East Brunswick Township Fire District No. 1's net position (39%) 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. East Brunswick Township Fire District No. 1's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt. As of December 31, 2015 the District had General Obligation bond long term debt of \$5,420,000 and a lease for a fire truck of \$642,000.

Statement of Net Position

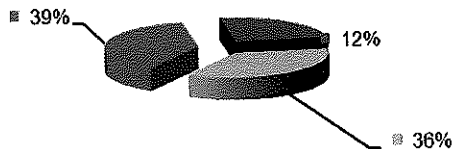
**EAST BRUNSWICK TOWNSHIP FIRE DISTRICT NO. 1
NET POSITION
DECEMBER 31, 2015**

	2015	2014	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$3,121,576	\$2,724,177	+397,399	+14.6%
Capital Assets	<u>7,518,570</u>	<u>7,839,429</u>	(320,859)	(4.1%)
Total Assets	10,640,146	10,563,607	+76,539	(-.7%)
Total Liabilities	<u>(6,899,358)</u>	<u>(6,533,578)</u>	+365,780	+5.6%
Net Assets	<u>\$3,740,788</u>	<u>\$4,030,029</u>	(289,241)	(7.2%)

Analysis of Net Position

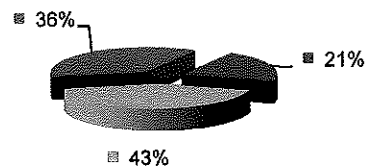
Invested in Capital Assets Net of Related Debt	\$1,456,570	\$1,469,429	(12,859)	(.9%)
Restricted for Capital Projects	940,899	840,899	+100,000	+11.9%
Unrestricted	<u>1,343,319</u>	<u>1,719,700</u>	(376,381)	(21.9%)
Total Net Position	<u>\$3,740,788</u>	<u>\$4,030,029</u>	(289,241)	(7.2%)

2015 Net Position



■ Invested in Net Assets ■ Capital Projects

2014 Net Position



■ Invested in Net Assets ■ Capital Projects

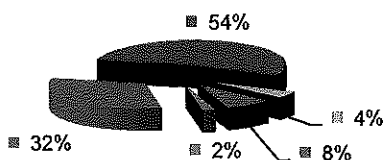
The net position of East Brunswick Township Fire District No. 1 decreased approximately \$462,017 during the 2015 period. This decrease was due primarily to the District's adoption of GASB 68 which resulted in the booking of a pension noncurrent liability of approximately \$578,738. Other major changes in net position at December 31, 2015 were an excess of revenues over expenses of approximately \$536,875. In 2015 the capital assets decreased by approximately \$320,859 after depreciation expense.

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:

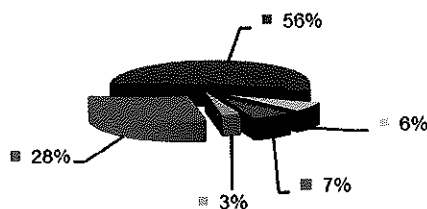
	2015	2014	\$ Increase (Decrease)	% Increase (Decrease)
Expenses				
Program Expenses				
Administrative Expenses	\$ 637,602	\$ 627,367	10,235	+1.6%
Cost of Operations & Maintenance	1,070,307	1,238,238	(167,931)	-13.6%
Operating Appropriations Offset With Revenues	85,519	144,478	(58,959)	-40.8%
LOSAP	45,063	66,760	(21,697)	-32.5%
Interest on Long-Term Debt	<u>160,572</u>	<u>151,208</u>	9,364	+6.2%
Total Program Expenses	1,999,063	2,228,052	(228,988)	+10.3%

2015 Program Expenses



- Administrative
- Operations
- Expenses offset by Revenues
- Interest
- LOSAP

2014 Program Expenses

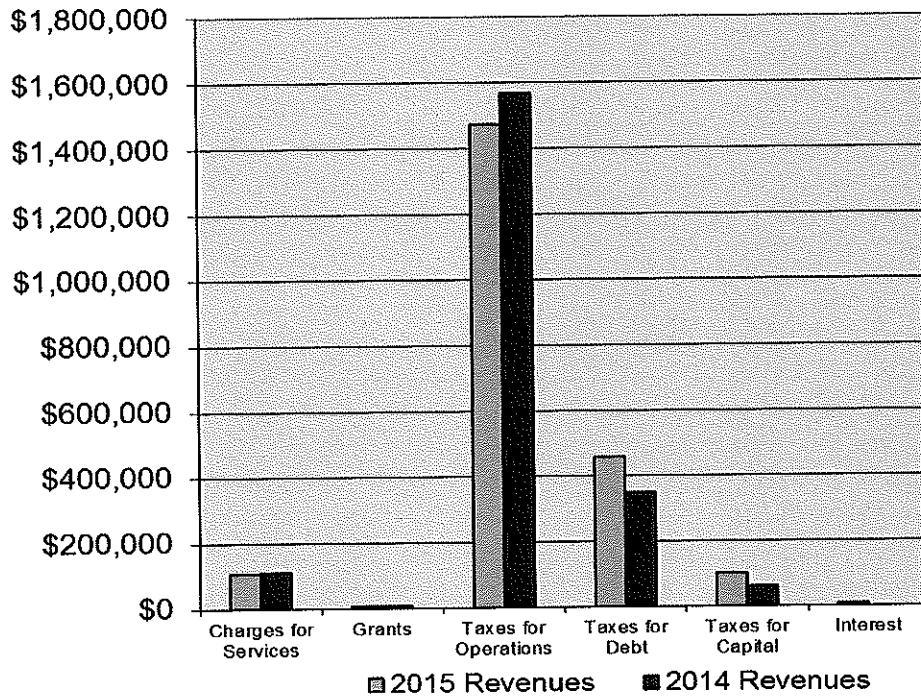


- Administrative
- Operations
- Expenses offset by Revenues
- Interest
- LOSAP

\$ Increase % Increase

	2015	2014	(Decrease)	(Decrease)
Program Revenues				
Charges for Services	107,797	110,993	(3,196)	-2.9%
Operating Grants & Contributions	<u>6,357</u>	<u>6,357</u>	0	0%
Net Program Expenses	<u>114,154</u>	<u>117,350</u>	(3,196)	-2.9%
General Revenues				
Property Taxes Levied for General Purposes	1,475,473	1,567,600	(92,127)	-5.9%
Property Taxes Levied for Future Capital Purchases	100,000	60,000	+40,000	+40.0%
Property Taxes Levied for Debt Service	456,375	348,400	+107,975	+31%
Unrestricted Investment Earnings	5,297	0	(5,297)	(100%)
Miscellaneous Income	<u>20,541</u>	<u>42,402</u>	(21,861)	(51.6%)
Total General Revenues	<u>2,171,840</u>	<u>2,135,752</u>	+36,088	+1.7%
Increase in Net Position	110,644	-16,028	+126,672	112.70%
Net Position, January 1	4,030,028	2,620,695	+140,933	+5.4%
Prior Period Adjustment	<u>(462,017)</u>	<u>- 0 -</u>	(462,017)	(100.0%)
Net Position, December 31	<u>\$3,740,788</u>	<u>\$2,604,667</u>	+1,136,121	(43.6%)

Revenues



Property tax revenue constituted 98% of the total governmental activities revenues received by East Brunswick Township Fire District No. 1 in 2015. In 2014 the property tax revenue constituted 98% of total revenues as well.

The Cost of Operations & Maintenance was 53.5% and 55.6% of the District's total expenses in 2015 and 2014 respectively. Administration expenses equaled 3% and 3% of the total expenses in 2015 and 2014 respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

East Brunswick Township 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, 2015, the combined balance of the governmental cash funds of East Brunswick Township Fire District No. 1 was approximately \$2,972,050. This balance is approximately \$362,976 higher than last year's combined governmental funds balance. The increase is due primarily to the appropriation of capital funds for future capital purchases and from the excess of revenues over expenses.

The combined balance of the governmental funds of East Brunswick Township Fire District No. 1 was approximately \$2,815,311. Unreserved fund balance amounted to approximately \$1,534,148 of that total. Funds have not been designated for use in the 2016 Budget. Funds in the amount of approximately \$320,245 have been designated for additional 2015 purchase orders (encumbrances).

The general fund is the main operating fund of East Brunswick Township Fire District No. 1. At the end of 2015, the total fund balance of the general fund was approximately \$1,854,412. Of this balance, approximately \$1,534,148 was unreserved.

During 2015 the general fund balance of East Brunswick Township Fire District No. 1 increased by approximately \$90,644. The primary reasons for this increase are as follows:

- The Board expended less funds than they received in revenues by approximately \$110,644.
- The Board reduced payables and encumbrances in 2015.

At the end of 2015, the District had a capital projects fund balance of approximately \$980,899. This balance increased from 2014 by approximately \$100,000. The major change in this fund balance was:

- A capital appropriation from the general fund of \$100,000.

General Fund Budgetary Highlights

The 2015 Budget had revenues equal to expenditures and did not require the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

The District had total actual revenues in excess of budgeted revenues of approximately \$36,636 in 2015. Any excess in 2016 is expected to be similar.

Overall, the District spent approximately \$536,875 less than originally anticipated in the budget for 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2015 East Brunswick Township Fire District No. 1 had invested in capital assets for government activities of approximately \$7,518,570 (net of accumulated depreciation). Capital assets consist of firehouse improvements, fire apparatus, fire equipment, and office equipment. They did not purchase any equipment in 2015.

EAST BRUNSWICK TOWNSHIP FIRE DISTRICT NO. 1
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2015

	2015	2014	Change
Firehouse & Land	\$ 5,995,680	\$ 5,995,680	+0
Vehicles, Machinery, Equip	<u>3,547,710</u>	<u>3,547,710</u>	+0
Total Capital Assets	9,543,390	9,543,390	+0
Accumulated Depreciation	<u>2,024,820</u>	<u>1,703,960</u>	+320,860
Investment in Capital Assets – net	<u>\$ 7,518,570</u>	<u>\$ 7,839,430</u>	-320,860

Additional information on East Brunswick Township Fire District No. 1's capital assets can be found in Note 5 in the notes to the financial statements.

Long-Term Obligations

The District has General Obligation bonds totaling \$5,420,000 of long term debt at December 31, 2015. East Brunswick Township Fire District No. 1 has a lease for a fire truck totaling \$642,000 at December 31, 2015.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2015, East Brunswick Township Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2015 the fire tax levy amounted to 98% of total revenue collected.

East Brunswick Township Fire District No. 1 adopted their 2016 budget on January 12, 2016. The voters subsequently voted to approve the budget at the February election. The 2016 adopted budget reflected an increase in the tax levy of \$55,848. The Board anticipates no significant change in the fire tax rate. It is projected that a family with a home assessed at \$250,000 will pay approximately \$715 in 2016 for fire protection.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the East Brunswick Township 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 Cheryl Parker, East Brunswick Township Fire District No. 1, 680 Old Bridge Tps., East Brunswick, New Jersey, 08816.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Statement of Net Position
December 31, 2015

	<u>Governmental Activities</u>
	<u>2015</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,972,050
Other receivables	1,938
Prepaid insurance	65,584
Total current assets	<u>3,039,572</u>
Capital assets (net of depreciation)	<u>7,518,570</u>
Total assets	<u>10,558,142</u>
Deferred outflows of resources:	
Deferred outflows related to pensions	<u>82,004</u>
Total deferred outflows of resources	<u>82,004</u>
Total assets and deferred outflows of resources	<u>10,640,146</u>
Liabilities:	
Current liabilities:	
Accounts payable	158,677
Accrued interest payable	44,293
Pension payable	22,165
Bonds payable	333,000
Total current liabilities	<u>558,135</u>
Non-current liabilities:	
Bonds payable	5,729,000
Compensated absences	12,041
Net pension liability	578,738
Total non-current liabilities	<u>6,319,779</u>
Total liabilities	<u>6,877,914</u>
Deferred inflows of resources:	
Deferred inflows related to pensions	<u>21,444</u>
Total deferred inflows of resources	<u>21,444</u>
Total liabilities and deferred inflows of resources	<u>6,899,358</u>
Net position:	
Net investments in capital assets	1,456,570
Restricted:	
Capital	940,899
Unrestricted:	
Undesignated	<u>1,343,319</u>
Total net position	<u>\$ 3,740,788</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Statement of Activities
For the year ended December 31, 2015

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities 2015</u>
Government activities:			
Operation appropriations:			
Administration	\$ 637,602	\$ -	\$ (637,602)
Costs of operations and maintenance	1,070,307	107,797	(962,510)
Operating appropriations offset with revenues	85,519	-	(85,519)
Length of service award contribution	45,063	-	(45,063)
Interest expense	160,572	-	(160,572)
	<hr/>	<hr/>	<hr/>
Total government activities	1,999,063	107,797	(1,891,266)
General revenues:			
Miscellaneous revenue			25,838
Operating grant revenues			6,357
Amount raised by taxation			2,031,848
			<hr/>
Total general revenues			2,064,043
Excess of expenditures over revenues			172,777
Net position, January 1			4,030,028
Prior period adjustment			(462,017)
			<hr/>
Net position, January 1, adjusted			3,568,011
Net position, December 31			<u>\$ 3,740,788</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Governmental Funds
Balance Sheet
For the year ended December 31, 2015

				<u>Totals</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>December 31, 2015</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,203,823	\$ 1,768,227	\$ -	\$ 2,972,050
Other receivables	836,062	-	-	836,062
Total assets	<u>2,039,885</u>	<u>1,768,227</u>	<u>-</u>	<u>3,808,112</u>
Liabilities, equity and other credits:				
Accounts payable	158,677	-	-	158,677
Other payables	6,796	827,328	-	834,124
Total liabilities	<u>165,473</u>	<u>827,328</u>	<u>-</u>	<u>992,801</u>
Fund balances:				
Restricted for:				
Capital	-	900,899	-	900,899
Assigned for:				
For subsequent year's expenditures	320,245	40,000	-	360,245
Other purposes	19	-	-	19
Unassigned, reported in:				
General fund	1,554,148	-	-	1,554,148
Total fund balance	<u>1,874,412</u>	<u>940,899</u>	<u>-</u>	<u>2,815,311</u>
Total liabilities and fund balance	<u>\$ 2,039,885</u>	<u>\$ 1,768,227</u>	<u>\$ -</u>	

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.	65,584
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	60,560
Accrued PERS pension payable are not recorded in the fund financial statements due to the fact that the payables are not due in the period	(22,165)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,543,390 and the accumulated depreciation is \$2,024,820.	7,518,570
Accrued interest not recorded in current financial statements.	(44,293)
Long-term liabilities, net pension liability, are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(6,652,779)
Net position of governmental activities	<u>\$ 3,740,788</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals December 31, 2015</u>
Revenues:				
Miscellaneous anticipated revenue:				
Interest on investments	\$ 5,297	\$ -	\$ -	\$ 5,297
Municipal assistance	9,000	-	-	9,000
Miscellaneous	11,541	-	-	11,541
Total miscellaneous revenues	<u>25,838</u>	<u>-</u>	<u>-</u>	<u>25,838</u>
Operating grant revenues:				
Supplemental fire service act	6,357	-	-	6,357
Total operating grant revenue	<u>6,357</u>	<u>-</u>	<u>-</u>	<u>6,357</u>
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual registration fee	18,727	-	-	18,727
Other revenues	89,070	-	-	89,070
Total miscellaneous revenues offset with appropriations	<u>107,797</u>	<u>-</u>	<u>-</u>	<u>107,797</u>
Amount raised by taxation to support district budget	<u>1,475,473</u>	<u>100,000</u>	<u>456,375</u>	<u>2,031,848</u>
Total anticipated revenues	<u>1,615,465</u>	<u>100,000</u>	<u>456,375</u>	<u>2,171,840</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	134,133	-	-	134,133
Fringe benefits	147,126	-	-	147,126
Other expenditures:				
Elections	458	-	-	458
Insurance	90,345	-	-	90,345
Membership/Dues	1,573	-	-	1,573
Office expenses	36,024	-	-	36,024
Professional services	52,087	-	-	52,087
Rental of office space	32,328	-	-	32,328
Utilities/phone/pagers	87,802	-	-	87,802
Advertising and publications	1,161	-	-	1,161
Building and office repairs	54,565	-	-	54,565
Total administration	<u>637,602</u>	<u>-</u>	<u>-</u>	<u>637,602</u>
Cost of operations and maintenance:				
Other expenditures:				
Old Bridge Vol. Fire Co	414,848	-	-	414,848
Maintenance and repair	138,083	-	-	138,083
Operating materials and supplies	17,315	-	-	17,315
Training and education	4,317	-	-	4,317
Uniforms and personal equipment	38,342	-	-	38,342
Contingent expenses	32,373	-	-	32,373
Communication equipment	12,236	-	-	12,236
Firefighting equipment	73,621	-	-	73,621
Safety officer equipment	3,351	-	-	3,351
Extraordinary firemens expense	2,151	-	-	2,151
Total cost of operations and maintenance	<u>736,637</u>	<u>-</u>	<u>-</u>	<u>736,637</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2015

				<u>Totals</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>December 31, 2015</u>
Operating appropriations offset with revenues:				
Salaries and wages	85,519	-	-	85,519
Total operating appropriations offset with revenues	85,519	-	-	85,519
Length of service award program	45,063	-	-	45,063
Total operating appropriations	1,504,821	-	-	1,504,821
Debt service for capital appropriations:				
Capital leases	-	-	308,000	308,000
Interest on capital leases	-	-	148,375	148,375
Total debt service for capital appropriations	-	-	456,375	456,375
Total governmental expenditures	1,504,821	-	456,375	1,961,196
Excess of revenues over expenditures	110,644	100,000	-	210,644
Fund balance, January 1	1,763,768	840,899	-	2,604,667
Fund balance, December 31	<u>\$ 1,874,412</u>	<u>\$ 940,899</u>	<u>\$ -</u>	<u>\$ 2,815,311</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance in
the Governmental Funds to the Statement of Activities
December 31, 2015

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 210,644

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.

Depreciation Expense	(320,859)	(320,859)
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District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2015	20,940	
Pension Expense	(36,515)	(15,575)

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Prior Year	32,096	
Current Year	(44,293)	(12,197)

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.

Prior year	(62,751)	
Current year	65,584	2,833

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 308,000

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, the increase in sick leave paid was \$69.

(69)

Changes in net position of governmental activities \$ 172,777

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2015

	<u>Deferred Compensation</u>	<u>Payroll Trust</u>	<u>Unemplment Compensation</u>	<u>Dedicated Penalties</u>	<u>Totals December 31, 2015</u>
Assets:					
Cash and cash equivalents	\$ -	\$ 13,862	\$ -	\$ 20,025	\$ 33,887
Investments with fiscal agents	949,943	-	-	-	949,943
Contributions Receivable	45,063	-	-	-	45,063
Interfund receivable	-	-	6,553	243	6,796
Total assets	<u>995,006</u>	<u>13,862</u>	<u>-</u>	<u>20,268</u>	<u>1,035,689</u>
Liabilities:					
Interfund payable	-	8,734	-	-	8,734
Payroll deductions payable	-	5,128	-	-	5,128
Total liabilities	<u>-</u>	<u>13,862</u>	<u>-</u>	<u>-</u>	<u>13,862</u>
Net position:					
Held in trust for:					
Deferred compensation	995,006	-	-	-	995,006
Unemployment claims	-	-	6,553	-	6,553
Dedicated penalties	-	-	-	20,268	20,268
Total net position	<u>\$ 995,006</u>	<u>\$ -</u>	<u>\$ 6,553</u>	<u>\$ 20,268</u>	<u>\$ 1,021,827</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended December 31, 2015

	<u>Deferred Compensation</u>	<u>Unemployment Compensation</u>	<u>Dedicated Penalties</u>	<u>Totals December 31, 2015</u>
Additions				
Contributions:				
Penalties	\$ -	\$ -	2,600	\$ 2,600
Employee deductions	-	428	-	428
District contributions	<u>45,063</u>	<u>-</u>	<u>-</u>	<u>45,063</u>
Total contributions	<u>45,063</u>	<u>428</u>	<u>2,600</u>	<u>48,091</u>
Investment Earnings				
Net increase in fair value of investments	2,664	-	-	2,664
Interest	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Net investment earnings	<u>2,664</u>	<u>-</u>	<u>20</u>	<u>2,684</u>
Total Additions	<u>47,727</u>	<u>428</u>	<u>2,620</u>	<u>50,775</u>
Deductions:				
Benefits paid to participants or beneficiaries	<u>58,078</u>	<u>-</u>	<u>-</u>	<u>58,078</u>
Total expenditures	<u>58,078</u>	<u>-</u>	<u>-</u>	<u>58,078</u>
Change in net position	<u>(10,351)</u>	<u>428</u>	<u>2,620</u>	<u>(7,303)</u>
Net position, January 1	<u>1,005,357</u>	<u>6,125</u>	<u>17,648</u>	<u>1,029,130</u>
Net position, December 31	<u>995,006</u>	<u>6,553</u>	<u>20,268</u>	<u>1,021,827</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements
For the year ended December 31, 2015

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1 of the Township of East Brunswick is a political subdivision of the Township of East Brunswick, County of Middlesex, 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.

Fire District No. 1 of the Township of East Brunswick 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.

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2015:

<u>Officials</u>	<u>Term Expires</u> <u>March</u>
Fred Hoover	2016
Robert McDonald	2018
Michael Mosher	2016
Paul J. Prinzo	2017
Bruce Smith	2017

C. Accounting Records

The official accounting records of the Fire District No. 1 of the Township of East Brunswick are maintained in the office of the District.

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. Component Units

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

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization's board

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 1: GENERAL INFORMATION (continued)

E. Component Units (continued)

- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

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

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 O) 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."

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

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 of 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:

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency 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

The district-wide financial statements (A-1 and A-2) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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,

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. District Wide and Fund Financial Statements (continued)

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, 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.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund 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.

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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting

In its accounting and financial reporting, the Fire District No. 1 of the township of East Brunswick follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB).

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 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.

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. The encumbrances at December 31, 2015 totaled \$ 19 in the general fund.

G. Cash, Cash Equivalents and Investments

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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash, Cash Equivalents and Investments (continued)

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.

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. Inventories and Prepaid Expenses

Inventories and 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 \$5,000.

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Buildings and Improvements	40 years
Vehicles, Machinery and Equipment	5-25 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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

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. Compensated Absences

Fire District employees are entitled to vacation and sick leave. Unused vacation may be accumulated up to one week with prior approval from the Board of Commissioners and unused sick leave may be accumulated up to a maximum of 36 days. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

The liability for vested compensated absences is recorded as a non-current liability in the governmental activities fund. The current portion of the compensated absence balance is not considered material to the applicable fund's total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

N. 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 un-matured interest on general long-term debt, which is recognized when due.

O. 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.

P. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Pensions Section

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District No. 1 of the township of East Brunswick 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 District 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 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

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.

S. 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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. 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.

U. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Also included as a deferred outflow is the District contributions to the pension system subsequent to the measurement date.

Recently Issued and Adopted Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of December 31, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. 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.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. 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.

W. 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:

Money market: Valued at the net asset value (NAV) of shares held by the plan at year end where the NAV is valued at \$1 per unit.

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.

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, 2015.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Subsequent Events

The District has evaluated subsequent events through May 25, 2016, 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, 2015, and reported at fair value are as follows:

Deposits:	
Demand deposits	<u>\$ 3,005,937</u>
Total deposits	<u>\$ 3,005,937</u>
Reconciliation to Governmental Fund Statements:	
Governmental Funds	\$ 2,972,050
Fiduciary Funds	<u>33,887</u>
Total	<u>\$ 3,005,937</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, 2015, the District's bank balance of \$3,050,215 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	<u>2,800,215</u>
Total	<u>\$ 3,050,215</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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

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.

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, 2015.

<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>
Fiduciary Funds:				
Fixed Account Investment Contract	\$ -	\$ -	\$ 110,000	\$ 110,000
Mutual Funds	839,943	-	-	839,943
Total assets at fair value	<u>\$ 839,943</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 949,943</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 4: INVESTMENTS (continued)

C. Investment Credit Risk (continued)

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, 2015.

	Level III Assets Year Ended <u>12/31/15</u>
Balance, beginning of year	\$ 100,781
Purchases, sales, issuances and settlements (net)	9,752
Gains & (Losses)	<u>-</u>
Balance, end of year	<u>\$ 110,533</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.

Fixed assets consisted of the following at December 31, 2015:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
Governmental Activities:				
Buildings	\$ 5,995,680	\$ -	\$ -	5,995,680
Vehicles, Machinery and Equipment	3,547,710	-	-	3,547,710
Total historical cost	9,543,390	-	-	9,543,390
Less: accumulated depreciation	(1,703,960)	(320,860)	-	(2,024,820)
Total capital assets net of accumulated depreciation	\$ 7,839,430	\$ (320,860)	\$ -	\$ 7,518,570

NOTE 6: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 6: PENSION OBLIGATIONS (continued)

A. Public Employees' Retirement System (PERS) (continued)

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation Methodology and Reconciliation to Financial Statements - GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, requires participating employers in the New Jersey Public Employees' Retirement System (PERS) to recognize their proportionate share of the collective net pension liability, collective deferred outflows and inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented and applied are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2014 through June 30, 2015. The employer allocation percentages have been rounded for presentation purposes, therefore amounts may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015 and 2014, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 6: PENSION OBLIGATIONS (continued)

A. Public Employees' Retirement System (PERS) (continued)

due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/2015	\$ 20,940	100%	\$ 578,738
12/31/2014	\$ 18,436	100%	\$ 475,571
12/31/2013	\$ 19,073	100%	\$ 447,844

Components of Net Pension Liability - At December 31, 2015, the District reported a liability of \$429,230 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .00258%, which was an increase of .00004% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/2015</u> July 1, 2014	<u>12/31/2014</u> July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 82,004	\$ 14,955
Deferred Inflows of Resources	\$ 21,444	\$ 43,212
Net Pension Liability	\$ 578,738	\$ 475,571
District's portion of the Plan's total net pension Liability	0.00258%	0.00254%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2015, the District recognized pension expense of \$36,515. At December 31, 2015, the

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 6: PENSION OBLIGATIONS (continued)

A. Public Employees' Retirement System (PERS) (continued)

District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	
Changes of assumptions	\$ 62,152	\$ -	
Net difference between expected and actual experience	13,807	-	
Net difference between projected and actual earnings on pension plan investments	-	9,305	
Changes in proportion and differences between District contributions and proportionate share of contributions	6,045	12,139	
Total	\$ 82,004	\$ 21,444	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>PERS</u>
2016	\$ 10,781
2017	10,781
2018	10,781
2019	17,866
2020	10,351
Thereafter	-

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 6: PENSION OBLIGATIONS (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary increases:	2012-2021 - 2.15-4.40% based on age Thereafter - 3.15-5.40% based on age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 6: PENSION OBLIGATIONS (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1% Decrease</u> (3.90%)	<u>Current Discount Rate</u> (4.90%)	<u>1% Increase</u> (5.90%)
District's proportionate share of the net pension liability	\$ 719,301	\$ 578,738	\$ 460,892

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 7: NONCURRENT LIABILITIES

During the fiscal year ended December 31, 2015 the following changes occurred in liabilities reported in long-term debt:

	<u>Balance</u> <u>12/31/14</u>	<u>Accrued/</u> <u>increases</u>	<u>Retired/</u> <u>decreases</u>	<u>Balance</u> <u>12/31/15</u>	<u>Due within</u> <u>one year</u>
Bonds payable	\$ 6,370,000	\$ -	\$(308,000)	\$ 6,062,000	\$333,000
Compensated absences	11,972	69	-	12,041	-
Net pension liability	<u>475,571</u>	<u>103,167</u>	<u>-</u>	<u>578,738</u>	<u>-</u>
Total	<u>\$ 6,857,543</u>	<u>\$103,236</u>	<u>\$(308,000)</u>	<u>\$ 6,652,779</u>	<u>\$333,000</u>

A. Bonds payable

The General Obligation bonds Series 2013 issued by the Township of East Brunswick were dated March 21, 2013. The bonds are payable commencing in 2015 on March 15th and interest is payable on March 15th and September 15th commencing in September of 2014.

The following is a schedule of future minimum bond payments at December 31, 2015:

Year ended December 31	Principal	Interest	Total
2016	\$ 225,000	\$ 140,150	\$ 365,150
2017	225,000	135,650	360,650
2018	235,000	131,050	366,050
2019	250,000	126,200	376,200
2020-2024	1,385,000	549,950	1,934,950
2025-2029	1,670,000	342,300	2,012,300
2030-2033	1,430,000	84,480	1,514,480
	<u>\$ 5,420,000</u>	<u>\$ 1,509,780</u>	<u>\$ 6,929,780</u>

On February 16, 2013 at the annual fire election the voters of the District approved the acquisition of a new fire truck and authorized the issuance of debt not to exceed \$750,000. The financing plan as a shared service agreement was approved by the State of New Jersey Local Finance Board and provided by the Township of East Brunswick under a lease purchase agreement. The lease is payable annually on January 15, 2015 through January 15, 2021.

The following is a schedule of future minimum lease payments at December 31, 2015:

Year ended December 31	Principal	Interest	Total
2016	\$ 108,000	\$ 2,880	\$ 110,880
2017	108,000	2,136	110,136
2018	108,000	1,704	109,704
2019	108,000	1,272	109,272
2020-2021	210,000	1,248	211,248
	<u>\$ 642,000</u>	<u>\$ 9,240</u>	<u>\$ 651,240</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 8: VESTED EMPLOYEE BENEFITS

In accordance with GASB-16 and NCGA-1 (Governmental Accounting and Financial Reporting Principles), the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2015, the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<u>2015</u>
Total Compensated Absences	\$ 12,041

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM

The Fire District offers its employees a Length of Service Awards Program in accordance with Internal Revenue Code Section 457 which had 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.

The District has selected Variable Annuity Life Insurance Company (VALIC) to administer the LOSAP program. As of December 31, 2015, the District's LOSAP Program had assets of \$949,943. A separate Accountant's Review Report has been prepared.

NOTE 10: INTERFUND RECEIVABLE/PAYABLE

As of December 31, 2015, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 836,062	\$ 6,796
Capital	-	827,328
Unemployment	6,553	-
Dedicated penalties	243	-
Payroll trust	-	<u>8,734</u>
Total	<u>\$ 842,258</u>	<u>\$ 842,858</u>

The purpose of these interfunds are for short-term borrowing. Interfund receivables are recorded as other receivables. Interfund payables are recorded as other payables.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 11: FUNDING

The activities of the Board of Commissioners are primarily funded by the striking of the fire tax on the property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2015, the fire tax rate on the Fire District No. 1 was approximately \$.286 per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$6,357.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

B. New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Ending Balance</u>
12/31/2015	\$ -	\$ 428	\$ 6,553
12/31/2014	-	429	6,125
12/31/2013	-	444	5,696

NOTE 13: FUND BALANCE

General Fund – Of the \$1,874,412 General Fund fund balance at December 31, 2015, \$19 has been assigned for other purposes; \$320,245 has been assigned for subsequent year's expenditures and \$1,554,148 unassigned.

Capital Projects Fund – Of the \$940,899 Capital Projects Fund fund balance at December 31, 2015, \$900,899 is restricted for Capital and \$40,000 has been assigned for subsequent year's expenditures.

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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 14: OFFICE SPACE LEASE

The District leases office space in a building owned by the volunteer fire company, with which it also has a service contract. The Lease expired on December 3, 2015. On December 2, 2015 the District entered into a long-term lease for the use of the offices. The base lease fee is \$1,000 per month with annual increase of \$50 per month. The lease provides for resulting in a purchase on December 31, 2035.

NOTE 15: COMMITMENTS AND CONTINGENCY

On December 2, 2015 the District held a special referendum to approve the purchase of a bulter building to be constructed on District owned land.

NOTE 16: INTERLOCAL SERVICES AGREEMENT – HEALTH BENEFITS

The District provides medical, dental and prescription coverage to its employees through an interlocal agreement with the Township of East Brunswick, which provides coverage to its employees under a self-insured basis. The District currently has one (1) employee receiving coverage.

NOTE 17: PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF NET POSITION

Net position as of January 1, 2015, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. During 2015 it was also noted that the District's prepaid insurance was understated by \$62,751. This was corrected by an adjustment to prior year's net assets.

	<u>Governmental Activities</u>
Net Position as previously reported at December 31, 2014	<u>\$ 4,030,028</u>
Prior period adjustment -	
Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2014)	(475,571)
PERS Pension Payable (2015 District PERS Pension Contribution)	(20,940)
Deferred Outflows (measurement date as of June 30, 2014)	14,955
Deferred Inflows (measurement date as of June 30, 2014)	(43,212)
Prepaid insurance	<u>62,751</u>
Total prior period adjustment	<u>(462,017)</u>
Net Position as restated, January 1, 2015	<u>\$ 3,568,011</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Budgetary Comparison Schedule
For the year ended December 31, 2015

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Interest on investments	\$ 3,000	\$ 3,000	\$ 5,297	\$ 2,297
Municipal assistance	9,000	9,000	9,000	-
Miscellaneous	-	-	11,541	11,541
Total miscellaneous revenues	<u>12,000</u>	<u>12,000</u>	<u>25,838</u>	<u>13,838</u>
Operating grant revenues:				
Supplemental fire service act	6,356	6,356	6,357	1
Total operating grant revenue	<u>6,356</u>	<u>6,356</u>	<u>6,357</u>	<u>1</u>
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual registration fee	25,000	25,000	18,727	(6,273)
Other revenues	60,000	60,000	89,070	29,070
Total miscellaneous revenues offset with appropriations	<u>85,000</u>	<u>85,000</u>	<u>107,797</u>	<u>22,797</u>
Total revenues	<u>103,356</u>	<u>103,356</u>	<u>139,992</u>	<u>36,636</u>
Amount raised by taxation to support district budget	2,031,848	2,031,848	2,031,848	-
Total anticipated revenues	<u>2,135,204</u>	<u>2,135,204</u>	<u>2,171,840</u>	<u>36,636</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	163,524	165,174	134,133	31,041
Fringe benefits	218,458	218,158	147,126	71,032
Other expenditures:				
Elections	2,000	2,000	458	1,542
Insurance	100,000	97,650	90,345	7,305
Membership/Dues	2,000	2,000	1,573	427
Office expenses	45,550	49,550	36,024	13,526
Professional services	82,250	82,050	52,087	29,963
Travel expenses	2,000	2,000	-	2,000
Rental of office space	26,892	32,392	32,328	64
Utilities/phone/pagers	121,500	128,200	87,802	40,398
Advertising and publications	3,500	3,500	1,161	2,339
Actual loss and damages	1,500	1,500	-	1,500
Building and office repairs	55,000	55,000	54,565	435
Total administration	<u>824,174</u>	<u>839,174</u>	<u>637,602</u>	<u>201,572</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Budgetary Comparison Schedule
For the year ended December 31, 2015

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of operations and maintenance:				
Other expenditures:				
Old Bridge Vol. Fire Co	416,500	416,500	414,848	1,652
Maintenance and repair	177,750	173,610	138,083	35,527
Operating materials and supplies	38,500	38,500	17,315	21,185
Training and education	22,100	22,100	4,317	17,783
Traffic light maintenance	5,000	1,000	-	1,000
Uniforms and personal equipment	49,700	49,700	38,342	11,358
Contingent expenses	75,000	75,000	32,373	42,627
Communication equipment	30,000	30,000	12,236	17,764
Firefighting equipment	75,000	81,126	73,621	7,505
Safety officer equipment	8,000	8,000	3,351	4,649
Extraordinary firemens expense	17,350	9,350	2,151	7,199
Total cost of operations and maintenance	<u>914,900</u>	<u>904,886</u>	<u>736,637</u>	<u>168,249</u>
Operating appropriations offset with revenues:				
Salaries and wages	<u>85,000</u>	<u>86,000</u>	<u>85,519</u>	<u>481</u>
Total operating appropriations offset with revenues	<u>85,000</u>	<u>86,000</u>	<u>85,519</u>	<u>481</u>
Length of service award program	75,000	75,000	45,063	29,937
Capital appropriations	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Debt service for capital appropriations:				
Bonds	308,000	308,000	308,000	-
Interest on bonds	<u>148,375</u>	<u>148,375</u>	<u>148,375</u>	<u>-</u>
Total debt service for capital appropriations	<u>456,375</u>	<u>456,375</u>	<u>456,375</u>	<u>-</u>
Total expenditures	<u>2,455,449</u>	<u>2,461,435</u>	<u>1,961,196</u>	<u>500,239</u>
Excess (efficiency) of revenues over (under) expenditures	(320,245)	(326,231)	210,644	536,875
Fund balance, January 1	<u>2,604,667</u>	<u>2,604,667</u>	<u>2,604,667</u>	<u>-</u>
Fund balance, December 31	<u>\$ 2,284,422</u>	<u>\$ 2,278,436</u>	<u>\$ 2,815,311</u>	<u>\$ 536,875</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Last Ten Fiscal Years

	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00258%	0.00254%	0.00263%
District's proportionate share of the net pension liability (asset)	\$ 578,738	\$ 475,571	\$ 503,063
District's covered-employee payroll	\$ 173,385	\$ 176,505	\$ 171,239
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	333.79%	269.44%	293.78%
Plan fiduciary net position as a percentage of the total pension liability	48.62%	52.08%	42.74%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Schedule of District Contributions
Public Employees' Retirement System
Last Ten Fiscal Years

	2015	2014	2013
Contractually required contribution	\$ 22,165	\$ 20,940	\$ 19,833
Contributions in relation to the contractually required contribution	22,165	20,940	19,833
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	173,385	176,505	171,239
Contributions as a percentage of covered-employee payroll	13%	12%	12%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
Notes to the Required Supplementary Information
For the year ended December 31, 2015

Public Employees' Retirement System (PERS)

Basis of Presentation - The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions - Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

EXHIBIT I-1

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EAST BRUNSWICK
 Long-Term Debt
 Schedule of Serial Bond Payable
 For the year ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding January 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding December 31, 2015</u>
Construction of Firehouse	2013	\$ 5,820,000	3/15/16 3/15/17 3/15/18 3/15/19 3/15/20 3/15/21 3/15/22 3/15/23 3/15/24 3/15/25 3/15/26 3/15/27 3/15/28 3/15/29 3/15/30 3/15/31 3/15/32 3/15/33	2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 3.00% 3.00% 3.00% 3.00% 3.00% 3.00% 3.00% 3.00% 3.00%	\$ 5,620,000	\$ -	\$ 200,000	\$ 5,420,000
Acquisition of Fire Apparatus	2014	750,000	2016-2020 2,021	Variable Variable	108,000 102,000		108,000	642,000
Total					\$ 6,370,000	\$ -	\$ 308,000	\$ 6,062,000



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Board of Fire Commissioners
Fire District No. 1 of the township of East Brunswick
East Brunswick, New Jersey 08816

We have audited the basic financial statements of the Fire District No. 1 of the Township of East Brunswick, County of Middlesex, State of New Jersey for the year ended December 31, 2015. 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.

Review of the minutes and financial transactions did not identify any bids requested by public advertising.

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. The results of our examination did not disclose any discrepancies.

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 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*).

The minutes do not indicate quotes were obtained for any services.

General Ledger

The general ledger was complete with the required journal entries.

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.

Property, Plant & Equipment

During our review of the District's fixed assets, we noted the following:

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 audit, 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
HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

May 25, 2016
Toms River, New Jersey