

**FIRE DISTRICT NO.1
TOWNSHIP OF MONROE, NEW JERSEY**

REPORT OF AUDIT

DECEMBER 31, 2016

**TOWNSHIP OF MONROE
FIRE DISTRICT NO.1
TABLE OF CONTENTS**

<u>Exhibit No.</u>	<u>Page</u>
Officials in Office and Surety Bonds	1
Financial Section	
Independent Auditor's Report	2-4
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	5-6
Required Supplementary Information - Part 1	
Management's Discussion and Analysis	7-11
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Assets	12
A-2 Statement of Activities	13
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	14
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	15
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17-29
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	30-32
Other Supplementary Information	
D. Capital Projects Fund:	
D-1 Balance Sheet	33
D-2 Schedule of Changes in General Fixed Assets	34
D-3 Budgetary Comparison Schedule – Capital Projects Fund	35

**TOWNSHIP OF MONROE
FIRE DISTRICT NO.1
TABLE OF CONTENTS**

<u>Exhibit No.</u>	<u>Page</u>
E. Debt Service Fund:	
E-1 Balance Sheet	36
E-2 Schedule of Changes in Long-Term Debt	37
E-3 Budgetary Comparison Schedule – Debt Service Fund	38
 Schedule of Findings and Recommendations	
Schedule of Findings and Recommendation	39
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	40
Appreciation	41

TOWNSHIP OF MONROE, NEW JERSEY FIRE DISTRICT NO.1

2017 OFFICIALS IN OFFICE AND SURETY BONDS

<u>NAME</u>	<u>POSITION</u>
<u>BOARD OF FIRE COMMISSIONERS:</u>	
Charles DiPierro	Chairman
Raymond Perry	Vice Chairman
Michael J. Costello	Treasurer
Mark Agolia	Clerk
Vincent Dilieto	Assistant Clerk/ Treasurer
<u>OTHER OFFICIALS:</u>	
Ernest Zih	Fire Official
Patrick Reardon	Fire Inspector

A Surety Bond for the Limited Amount of \$1,000,000 covers All the Commissioners

FINANCIAL SECTION

206 RIDGECREST AVENUE
STATEN ISLAND, NY 10312
P: 718-415-7118, F: 866-304-7393
STCPAPLLC@GMAIL.COM

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Monroe
Fire District No.1
Monroe Township, NJ 08831

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund and the aggregate remaining fund information of the Township of Monroe Fire District No.1, in the County of Middlesex, State of New Jersey, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Monroe Fire District No.1's basic financial statements as a whole. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township of Monroe Fire District No.1, in the County of Middlesex, State of New Jersey.

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

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

Other Reporting By Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 30, 2017 on our consideration of the Township of Monroe Fire District No.1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Accounting Standards in considering the Township of Monroe Fire District No.1's internal control over financial reporting and compliance.

Solitario & Tierney, CPA, PLLC

Staten Island, New York
November 30, 2017

206 RIDGECREST AVENUE
STATEN ISLAND, NY 10312
P: 718-415-7118, F: 866-304-7393
STCPAPLLC@GMAIL.COM

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners
Township of Monroe
Fire District No.1
Monroe Township, N.J. 08831

We have audited the financial statements of the governmental activities and each major fund of the Township of Monroe Fire District No.1, in the County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2016 and have issued our report thereon dated November 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Township of Monroe Fire District No.1 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Monroe Fire District No.1's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not

express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, State of New Jersey.

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

Solitario & Tierney, CPA, PLLC

Staten Island, New York
November 30, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

As management of the Township of Monroe Fire District No.1, (hereafter referred to as the "Fire District") we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance.

Financial Highlights

- The assets of the Fire District exceeded its liabilities at the close of the most recent year by \$1,726,800 (Net Position).
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$414,627, a decrease of \$1,497,549 in comparison with the prior year.
- At the end of the current year, the committed fund balance for all funds was \$60,000, a decrease of \$895,626 from the prior year.
- At the end of the current year, the unassigned fund balance for the general fund was \$354,627, a decrease of \$601,923 from the prior year.

Overview of Financial Statements

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

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

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

The Statement of Activities presents information showing how the Fire District's net position changed during the most recent year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The two district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include the following: fire suppression, fire rescue, fire inspections and investigations, emergency services and fire prevention activities; all of which are provided to the citizens of the Township of Monroe Fire District No.1.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Governmental Funds: All of the Fire District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides, as listed above. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the services that the Fire District provides to the citizens of the Township of Monroe Fire District No.1.

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

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to Financial Statements are an integral part of the financial statements.

District-wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Fire District, assets exceeded liabilities by \$1,726,800 at the close of the most recent year.

A portion of the Fire District's net position (46.38 percent) reflects its investment in capital assets (i.e. land, equipment and vehicles). The Fire District uses these assets to provide fire-fighting services to the citizens of the Township of Monroe Fire District No.1; consequently these assets are not available for future spending.

Statement of Net Position:

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NET POSITION
DECEMBER 31, 2016

Current and Other Assets	\$ 519,680
Capital Assets, Net	800,853
Construction in Progress	<u>4,500,000</u>
Total Assets	\$ 5,820,533
Other Liabilities	\$ 98,453
Bonds Payable	<u>4,170,000</u>
Total Liabilities	<u>\$ 4,268,453</u>
Net Position	<u><u>\$ 1,552,080</u></u>

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Analysis of Net Position:

Invested Capital Assets, Net of Related Debt	\$ 1,130,853
Committed for Future Expenditures	60,000
Unassigned	<u>361,227</u>
Net Position	<u>\$ 1,552,080</u>

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

Expenses

Operating Appropriations:	
Administration	\$ 188,098
Cost of Operations and Maintenance	1,138,525
Operating Appropriations Offset with Revenues	20,027
LOSAP Contribution	20,000
Capital Appropriations	1,060,000
Interest on Long-Term Debt	<u>134,050</u>

Total Program Expenses \$ 2,560,700

Program Revenues:

Charges for Services	\$ 23,040
Operating Grants & Contributions	<u>2,715</u>

Net Program Expenses \$ 2,534,945

General Revenues

Taxes:

Property Taxes, Levied for General Purposes	\$ 1,727,017
Taxes Levied for Debt Service	314,050
Unrestricted Investment Earnings	5,998
Miscellaneous Income	<u>3</u>

Total General Revenues \$ 2,047,068

Increase in Net Position \$ (487,877)

Net Position, January 1 2,039,957

Prior Period Adjustment -

Net Position, December 31 \$ 1,552,080

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Property taxes constituted 99% of revenues for government activities for the Fire District for the year 2016.

Cost of Administration and Operations comprises 53% of fire district expenses.

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

Governmental Fund: The focus of the Fire District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Fire District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the Fire District's governmental funds reported combined ending fund balances of \$414,627. This is a decrease of \$1,497,549 in comparison with the prior year.

Of the combined ending fund balances of \$414,627, the unassigned fund balance constituted \$354,627. Of the unassigned fund balance, \$235,000 has been utilized in the 2017 budget. The remainder of fund balance, in the amount of \$60,000, is committed to indicate that it is not available for new spending because it is committed to planned future outlays that are subject to the approval of the voters of the Fire District.

The general fund is the main operating fund of the Fire District. At the end of the current year, the unassigned fund balance of the general fund was \$354,627. The general fund balance decreased by \$601,923 during the year.

The committed funds of the Fire District contain various specified funds. At the end of the current year the committed funds total was \$60,000. This is a decrease of \$895,626 in comparison with the prior year. This change was due to the use of Committed Funds for the New Firehouse: Construction in Progress.

General Fund Budgetary Highlights

During the course of the 2016 year, the Fire District modified its general fund budget in conformance with statute.

The final budgetary basis revenue estimate was \$3,011,282. The original budgetary estimate was the same.

During the year 2016, the Fire District budgeted \$2,041,067 for property taxes (local tax levy) and \$2,715 for state aid revenues (supplemental fire services grant). The Fire Safety Act Revenue was budgeted for \$15,500.

The final budgetary basis expenditures appropriation estimate was \$3,011,282. The original budgetary estimate was the same.

Capital Assets and Debt Administration

The Fire District's investment in capital assets for its governmental activities as of December 31, 2016 amounts to \$800,853 (net of accumulated depreciation). This investment in capital assets includes land, vehicles and firefighting equipment. During 2016 the Fire District continued the construction of a new firehouse to be used by the Monroe Township Volunteer Fire Company No.1. The Construction in Progress costs of this new firehouse for 2016 is \$1,955,626, which includes Capital Appropriations spent and the balance of Funds spent from the Proceeds of the Sale of Bonds and the Bond Premium received.

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

At the end of 2016 the Fire District had \$3,147,628 invested in land, vehicles and firefighting equipment. The accumulated depreciation on these items was \$2,346,775.

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2016**

Land	\$	5,116
Land: New Firehouse		767,572
Fire Apparatus/Vehicles		11,578
FireFighting Equipment		<u>16,587</u>
 Total Capital Assets, Net	 \$	 800,853

Additional information on the Fire District's capital assets can be found in Note 3 in the Notes to Financial Statements.

Long-Term Obligations

As of December 31, 2016, the Fire District had a total debt outstanding of \$4,170,000. This debt came from the Issuance of Bonds which will be used for the construction of a New Firehouse. See Note 5 in the Notes to Financial Statement for additional information.

Economic Factors and Next Year's Budget

For the 2016 year the Fire District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 67.5 percent of total revenue is from the local tax levy, while the remaining amount is from other sources.

The Board of Fire Commissioners adopted the 2017 budget January 11, 2017 and the voters subsequently approved the budget at the annual fire district election held on February 18, 2017.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Michael Costello, Treasurer, Township of Monroe - Fire District No.1, 24 Harrison Avenue, Monroe Township, NJ 08831.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

STATEMENT OF NET POSITION

DECEMBER 31, 2016

ASSETS:

Cash and Cash Equivalents	\$ 452,636
Prepaid Expenses	6,600
Escrow: Twp of Monroe	444
Restricted Assets:	
Cash and Cash Equivalents	60,000
Capital Assets, net (Note 3)	800,853
Construction in Progress - Bond Proceeds	<u>4,500,000</u>
 Total Assets	 \$ 5,820,533

LIABILITIES:

Accounts Payable	\$ 97,308
Pension Payable	1,145
Bonds Payable (Note 5)	
Due within One Year	190,000
Due beyond One Year	<u>3,980,000</u>
 Total Liabilities	 \$ 4,268,453

NET POSITION:

Invested in Capital assets, Net of Related debt.	\$ 1,130,853
Committed for:	
Future Capital Outlay	-
Fireman's Benefit Program	60,000
New Firehouse	-
Unassigned:	
General	<u>361,227</u>
 Total Net Position	 <u><u>\$ 1,552,080</u></u>

See accompanying Accountant's Report and Notes

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Expenses:	
Operating Appropriations:	
Administration	\$ 188,098
Cost of Operations and Maintenance	1,138,525
Operating Appropriations Offset with Revenues	20,027
Length of Service Award Program (LOSAP)-	
Contribution (P.L. 1997, c. 388)	20,000
Capital Appropriations:	
New Firehouse: Building Costs	1,060,000
Interest on Long-Term Debt	<u>134,050</u>
Total Program Expenses	\$ 2,560,700
Program Revenues:	
Charges for Services	23,040
Operating Grants and Contributions	<u>2,715</u>
Total Program Revenues	25,755
Net Program Expenses	\$ 2,534,945
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	\$ 1,727,017
Taxes Levied for Debt Service	314,050
Unrestricted Investment Earnings	5,998
Miscellaneous Income	<u>3</u>
Total General Revenues	<u>\$ 2,047,068</u>
Decrease in Net Position	\$ (487,877)
Net Position, January 1 (Note 11)	2,039,957
Prior Period Adjustment	
Net Position, December 31	<u><u>\$ 1,552,080</u></u>

See accompanying Accountant's Report and Notes

FUND FINANCIAL STATEMENTS

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash	\$ 512,636	\$ -		\$ 512,636
Amount to be Provided for Payment of Debt			\$ 4,170,000	4,170,000
Escrow: Twp of Monroe	444			444
Total Assets	<u>\$ 513,080</u>	<u>\$ -</u>	<u>\$ 4,170,000</u>	<u>\$ 4,683,080</u>
LIABILITIES:				
Accounts Payable	\$ 97,308			\$ 97,308
Bonds Payable			\$ 4,170,000	4,170,000
Pension Payable	1,145			1,145
Total Liabilities	\$ 98,453	\$ -	\$ 4,170,000	\$ 4,268,453
FUND BALANCES:				
Committed:				
Fireman's Benefit Program	\$ 60,000			60,000
New Firehouse		\$ -		-
Assigned:				
Subsequent Year's Expenditures	235,000			235,000
Unassigned:				
General	119,627			119,627
Total Fund Balances	<u>\$ 414,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,627</u>
Total Liabilities and Fund Balances	<u>\$ 513,080</u>	<u>\$ -</u>	<u>\$ 4,170,000</u>	

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

Payments made to vendors for services that will benefit periods beyond the fiscal year end that are recorded as expenditures at the time of payment in the governmental funds.

6,600

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,147,628 and the accumulated depreciation is \$2,346,775.

Capital Assets, Net	\$ 800,853
Construction in Progress - Bond Proceeds	<u>4,500,000</u>

5,300,853

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

(4,170,000)

Net Position of Governmental Activities

\$ 1,552,080

See accompanying Accountant's Report and Notes

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Interest	\$ 5,998			\$ 5,998
Operating Grant Revenue	2,715			2,715
Miscellaneous Revenues Offset				
With Appropriations	23,040			23,040
Fund Balance Appropriated	950,000			950,000
Amount to be Raised by Taxation to Support the District Budget	<u>1,727,017</u>		<u>\$ 314,050</u>	<u>2,041,067</u>
Total Revenues	\$ 2,708,770	\$ -	\$ 314,050	\$ 3,022,820
EXPENDITURES:				
Operating Appropriations:				
Operating & Administration	\$ 188,098			\$ 188,098
Operations & Maintenance	1,092,571			1,092,571
Operating Approp. Offset Rev.	20,027			20,027
Capital Appropriations	1,060,000			1,060,000
Debt Service			<u>\$ 314,050</u>	<u>314,050</u>
Total Expenditures	<u>\$ 2,360,696</u>	<u>\$ -</u>	<u>\$ 314,050</u>	<u>\$ 2,674,746</u>
Excess of Rev. Over Expenditures	\$ 348,074	\$ -	\$ -	\$ 348,074
Other Financing Sources (Uses):				
Miscellaneous Income	<u>\$ 3</u>			<u>\$ 3</u>
Other Financing Sources (Uses)	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>
Excess of Rev\Other Financing Sources Over Expenditures\Other Financing Uses	\$ 348,077	\$ -	\$ -	\$ 348,077
Fund Balances, January 1, 2016	956,550	895,626	-	1,852,176
Adjustment to Fund Balances		(895,626)		(895,626)
Utilization of Fund Balance	(950,000)			(950,000)
Fund Balances, December 31, 2016	<u>\$ 354,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,627</u>

See Accompanying Accountant's Report and Notes

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Total Net Change in Fund Balances - Governmental Funds	\$ 348,077
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Utilization of Unassigned Funds	(950,000)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the adjustment for capital outlay and depreciation for the period.</p>	
Capital Outlay	0
Depreciation Expense	(52,861)
<p>Repayment of long-term debt 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.</p>	
	180,000
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>13,093</u>
Change in Net Assets of Governmental Activities	<u>\$ (487,877)</u>

See accompanying Accountant's Report and Notes

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: Summary Of Significant Accounting Policies

Description of Reporting Entity – Fire District No.1 of the Township of Monroe Fire is a political subdivision of the Township of Monroe, Middlesex County, New Jersey. It was formed in December 1981 through the adoption of a Township ordinance. A board of five commissioners oversees all 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 N.J.S.A. 40A: 14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

Component Units - GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14 and No. 39. In addition, GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and NO. 34, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. As of December 31, 2014, it has been determined by the Fire District that no component units exist.

Basis of Presentation - The financial statements of the Fire District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described in this Note.

The Fire District's basic financial statements consist of district-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

District-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Fire District as a whole. These statements include the financial activities of the government. The Statement of Net Position presents the financial condition of the governmental activities of the Fire District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the Fire District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Fire District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Fire District.

Fund Financial Statements – During the year, the Fire District segregates transactions related to certain Fire District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Fire District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Fire District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For fire districts, only one category of funds exists, that being governmental.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Fire District's major 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 its 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.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations, which are legally committed or restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for but not limited to the acquisition or construction of major capital facilities such as fire houses and fire fighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs.

Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Fire District are included on the Statement of Net Position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide Financial Statements are prepared. Governmental Fund Financial Statements therefore include a reconciliation with brief explanations to better identify the relationship between the District-wide Statements and the Statements for Governmental Funds.

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Fire District, available means expected to be received within thirty days of year-end.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Revenues - Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the Fire District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its Fire District the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants, fees and rentals.

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets / Budgetary Control - 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 approve the annual budget not 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. The budget may not be amended subsequent to its final adoption and approval.

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 District's basic Fund Financial Statements.

Amounts reported under "final budget" on Exhibit C-1, D-3 and E-3 includes modifications to the adopted budgets that were made during the year as approved by the Board of Commissioners.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury, agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost plus accrued interest at maturity. All other investments are stated at fair value.

New Jersey municipal units 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 and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 14A: 5-15.1 provides a list of investments which may be purchased by New Jersey municipal units.

N.J.S.A. 17: 9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered financial institutions that are FDIC insured or by any other agency of the United States which insures deposits made in public depositories. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Inventories and Prepaid Expenses - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the district-wide financial statements are recorded as expenditures when consumed rather than when purchased. As of December 31, 2016, no inventories exist.

Prepaid expenses recorded in the governmental fund types, which benefit future periods, are recorded as expenditures during the year of purchase. Prepaid expenses recorded on the District-wide Financial Statements represent payments made to vendors for services that will benefit periods beyond December 31, 2016.

Inter-funds - Short-term inter-fund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the Fire District and that are due within one year. These amounts are eliminated in the governmental column of the Statement of Net Position.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the District-wide Statement of Net Position but are not reported in the Fund Financial Statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District maintains a capitalization threshold of \$5,000.00. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Capital Assets (continued)

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Vehicles	5-10 Years
Firefighting Equipment	5 Years

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the District-wide Financial Statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from the governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available finance resources. Bonds are recognized as a liability on the Fund Financial Statements when due.

Net Position - Net Position represent the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as committed when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Fire District applies committed resources when an expense is incurred for purposes for which both committed and unassigned net position are available.

Fund Balance – The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications and policies for determining such classifications are as follows:

Non-spendable -The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted -The restricted fund balance classification includes amounts that can be spent only for the specific purposes. Such restrictions or constraints are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Board of Commissioners.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative amount in the unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, and then unassigned.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2: Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17: 9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and collateralized. Of the Fire District's amount on deposit of \$512,636, as December 31, 2016, \$500,000 was insured under FDIC and the remaining balance of \$12,636 was collateralized under GUDPA.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2016 the District's cash accounts consisted of:

	<u>2016</u>	<u>2015</u>
BCB Bank: Operating	\$ 327,172	\$ 357,427
BCB Bank: Payroll	9,333	7,162
BCB Bank: Fire Prevention	14,227	10,750
BCB: Certificate of Deposit	-	225,196
First Bank: Building Funds	-	1,154,005
First Bank: Certificate of Deposit	<u>161,904</u>	<u>502,195</u>
	\$ 512,636	\$ 2,256,735

The cash deposits held at financial institutions are classified as to credit risk by the following three categories described below:

<u>Category 1</u>	Deposits which are covered by FDIC, or collateralized by securities held by the Fire District or by its agent, in the Fire District's name.	\$ 500,000
<u>Category 2</u>	Deposits which are collateralized with securities held by the pledging public depository's trust department or agent, in the Fire District's name.	\$ 12,636
<u>Category 3</u>	Deposits which are not collateralized or insured.	\$ - 0 -

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3: Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Balance Jan. 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2016</u>
Capital Assets Not Being Depreciated:				
Land	\$ 5,116	\$ -	\$ -	\$ 5,116
Land: New Firehouse	<u>767,572</u>			<u>767,572</u>
Subtotal	<u>772,688</u>	<u>-</u>	<u>-</u>	<u>772,688</u>
Capital Assets Being Depreciated:				
Fire Vehicles	1,863,983	-	-	1,863,983
Firefighting Equipment	<u>510,957</u>	<u>-</u>	<u>-</u>	<u>510,957</u>
Subtotal	<u>2,374,940</u>	<u>-</u>	<u>-</u>	<u>2,374,940</u>
Less Accumulated Depreciation:				
Fire Vehicles	1,825,204	27,201	-	1,852,405
Firefighting Equipment	<u>468,710</u>	<u>25,660</u>	<u>-</u>	<u>494,370</u>
Subtotal	<u>2,293,914</u>	<u>52,861</u>	<u>-</u>	<u>2,346,775</u>
Total Capital Assets - Net of				
Depreciation	<u>\$ 853,714</u>	<u>\$ (52,861)</u>	<u>\$ -</u>	<u>\$ 800,853</u>

Depreciation expense was charged to governmental functions as follows:

Cost of Operations and Maintenance	<u>\$ 52,861</u>
------------------------------------	------------------

NOTE 4: Construction in Progress

During the year ended December 31, 2016, the Fire District continued the construction of the new Firehouse located at 467 Spotswood-Englishtown Road, Monroe Township, NJ. The cost for 2016 was as follows:

Capital Appropriations: New Firehouse	\$ 1,060,000
Funds Spent from Proceeds of the Sales of Bonds	<u>895,626</u>
Total Construction in Progress for 2016	<u>\$ 1,955,626</u>

The overall Construction in Progress cost through December 31, 2016 is as follows:

Administration Appropriations: Professional Fees	\$ 96,733
Capital Appropriations: New Firehouse	1,857,987
Total Proceeds of the Sales of Bonds	<u>4,500,000</u>
Total Construction in Progress as of 12/31/16	<u>\$ 6,454,720</u>

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5: Long-Term Obligations

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

	Balance Dec. 31, 2015	Increases	Decreases	Balance Dec. 31, 2016
General Bond Payable	\$ 4,350,000	\$ -	\$ 180,000	\$ 4,170,000
Total	\$ 4,350,000	\$ -	\$ 180,000	\$ 4,170,000

Bonds Payable:

On April 30, 2014, the District issued bonds, in the amount of \$4,500,000, to finance the construction of the new Firehouse. The principal payments are due in annual installments on April 1st of each year starting in 2015 until 2034. The interest payments are due in semi-annual installments on April 1st and October 1st of each year starting in October, 2014. The bonds are secured by future property taxes.

The Bond payments are due as follows:

Year Ended	Principal	Interest	Total
2017	\$ 190,000	\$ 128,500	\$ 318,500
2018	200,000	122,650	322,650
2019	200,000	116,650	316,650
2020	205,000	110,575	315,575
2021-2034	3,375,000	805,863	4,180,863

NOTE 6: Property Tax Levies

Following is a tabulation of Fire District assessed valuations, tax levies and property tax rates per \$100.00 of assessed valuations for the current and preceding four years:

Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2016	\$ 1,888,716,587	\$ 2,041,067	\$ 0.1080
2015	1,886,556,224	1,850,748	0.0981
2014	1,886,341,286	1,601,645	0.0849
2013	930,317,578	1,209,415	0.130
2012	930,756,914	1,032,342	0.110

**TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7: Pension Plans

The Fire District contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

Public Employees' Retirement System – The PERS was established in 1955. It provides retirement, death, and disability and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase was effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate increased to 6.5% plus an additional 1% phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Fire District is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Group Life Insurance</u>	<u>Interest</u>	<u>Total Liability</u>	<u>Paid by Fire District</u>
2016	\$ 639	\$ 2,945	\$ 192	\$ -	\$ 3,776	\$ 3,776
2015	601	2,782	229	-	3,612	3,612
2014	856	3,763	79	-	4,698	4,698

Police and Firemen's Retirement System – The PFRS was established in 1944. It provides retirement, death, and disability and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 10% in October, 2011. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Fire District is billed annually for its normal contribution plus any accrued liability. Effective July 18, 2016, the Fire District resumed its Paid Department program, so there have been no payments made into this Fund in the past five years. The annual billing for 2016 will be processed and paid in 2017.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 7: Pension Plans (continued)

Defined Contribution Retirement Program – The DCRP was established in 2007. It is a cost-sharing multiple-employer defined contribution pension fund under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. It provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 200, plan members enrolled in the Defined Contribution Retirement Program are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

At December 31, 2016 the Fire District has no participants enrolled in this program.

NOTE 8: Risk Management

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

Property and Liability Insurance - The Fire District maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation Insurance – The Fire District covers its employees under the New Jersey Unemployment Trust Fund by the “contribution” method. Under this method, a contribution rate is established annually for the Fire District share of unemployment tax. This rate is based on cost experience for all government employers.

NOTE 9: Interfund Receivables and Payables

As of December 31, 2016, no inter-fund receivables or payables existed.

NOTE 10: Fund Balances

COMMITTED

For Future Capital Outlays - These funds are committed for capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2016 there are no committed funds.

Fireman’s Benefit Program – These funds are committed for a specific purpose pursuant to constraints imposed by formal action of the Fire District’s highest level of decision-making authority, which is the Board of Fire Commissioners. As of December 31, 2016 the balance is \$60,000.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 10: Fund Balances (continued)

ASSIGNED

General Fund – Subsequent Year’s Expenditures – The Fire District has appropriated and assigned a portion of the general fund as of December 31, 2016, \$235,000 will be utilized on the 2017 Fire District Budget.

UNASSIGNED

General Fund – These funds are unassigned and represent funds that have not been restricted, committed or assigned for a specific purpose. As of December 31, 2016 the balance is 119,627.

NOTE 11: Change in Accounting Principle and Restatement of Fund Balance

For the year ended December 31, 2016, the Fire District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transaction", GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". GASB Statement 34 creates new basic financial statements for reporting the Fire District's financial activities. The financial statements now include district-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type.

The beginning net asset amount for governmental activities reflects the following changes required by GASB Statement No. 34:

Fund Balances January 1, 2016	\$ 1,912,176
Prepaid Expenses	19,693
Capital Assets, net of Accumulated Depreciation	853,714
Long-term Liabilities	(4,350,000)
Construction in Progress	<u>3,604,374</u>
Governmental Activities Net Assets, January 1, 2016	<u>\$ 2,039,957</u>

NOTE 12: Length of Service Award Programs

The Fire District's Length of Service Awards Program ("LOSAP") was created by a Fire District Resolution adopted on December 9, 1998 pursuant to Section 457 e)(11)(13) of the Internal Revenue Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Monroe Fire District No. 1 approved the adoption of the Plan at the annual election held on February 20, 1999, and the first year of eligibility for entrance into the Plan by qualified volunteers was calendar year 1999. The Plan provides tax deferred income benefits to active volunteer firefighters.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Fire District or its creditors.

TOWNSHIP OF MONROE FIRE DISTRICT NO.1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 12: Length of Service Award Programs (continued)

As required by N.J.A.C. 5:30-14.48, the Fire District must have an annual review of its LOSAP performed in accordance with the Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

NOTE 13: Ongoing Litigation

The Fire District is currently involved in ongoing Litigation with the Paid Firefighters regarding their claim of improper discharge by the Board. Here is a brief synopsis of the claim as of December 31, 2016.

Nature of the Matter - The Public Employee Relations Commission issued a final administrative decision mandating that the Board reinstate the two employees who were wrongfully discharged and that they "be made whole".

The Progress of the Case - While the two employees were reinstated to their former positions, the only remaining outstanding issue is payment of back pay and benefits. It is likely that this claim will be submitted to mediation by order of the Supreme Court.

The Degree of Probability of an Unfavorable Outcome - The Board anticipates additional litigation regarding this matter. Regardless of any mitigation obligation, the employees will be entitled to substantial compensation.

The Amount or Estimate of Potential Loss - The claim is in excess of \$1,300,000.00 but the Fire District has a viable defense to the amount claimed based on the duty of the employees to mitigate their damages during the period of their unemployment.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	BUDGET CHANGES/ TRFRS	FINAL BUDGET	2016 ACTUAL	VARIANCE
<u>REVENUES:</u>					
Miscellaneous Anticipated Revenues:					
Interest on Deposits	\$ 2,000		\$ 2,000	\$ 5,998	\$ 3,998
Fund Balance Appropriated	950,000		950,000	950,000	-
Total Miscellaneous Anticipated Revenues	\$ 952,000	\$ -	\$ 952,000	\$ 955,998	\$ 3,998
Operating Grant Revenue					
Supplemental Fire Services Act	2,715		2,715	2,715	-
Misc. Revenues Offset with Appropriations: Uniform Fire Safety Act (P.L.1983,CH383); Other Revenues	15,500		15,500	23,040	7,540
Total Revenues and Fund Balance Utilized	\$ 970,215	\$ -	\$ 970,215	\$ 981,753	\$ 11,538
Amount to be Raised by Taxation to Support the District Budget	1,727,017		1,727,017	1,727,017	-
Total Anticipated Revenues	\$ 2,697,232	\$ -	\$ 2,697,232	\$ 2,708,770	\$ 11,538

(Continued)

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	BUDGET CHANGES/ TRFRS	FINAL BUDGET	2016 ACTUAL	VARIANCE
EXPENDITURES:					
Operating & Administration:					
Salaries & Wages:					
Commissioners	\$ 34,000		\$ 34,000	\$ 32,500	\$ 1,500
Health/Education Coordinator	15,000		15,000	15,000	-
Secretary	10,200		10,200	10,150	50.00
Employee Benefits	9,450		9,450	8,744	706
Other Expenses:					
Election Expense	2,000		2,000	1,851	149
Dues	1,000		1,000	-	1,000
Office Supplies	6,500		6,500	5,338	1,162
Professional Fees	110,000		110,000	114,515	(4,515)
Total Administration	\$ 188,150	\$ -	\$ 188,150	\$ 188,098	\$ 52
Cost of Operations and Maintenance:					
Salaries & Wages:					
Paid Firemen	\$ 120,000		\$ 120,000	\$ 55,934.00	\$ 64,066
Employee Benefits	114,000		114,000	47,659	66,341
Other Expenses:					
Advertising	1,000		1,000	442	558
Insurance	63,615		63,615	37,629	25,986
Equip: Repairs & Maintenance	90,000		90,000	89,218	782
Supplies/Fuel	15,000		15,000	11,116	3,884
Training & Education	25,000	400	25,400	25,206	194
Uniforms	27,500		27,500	21,610	5,890
Reimbursement for Exps/Loss	10,000		10,000	8,660	1,340
Hydrant Service	180,000		180,000	174,727	5,273
Contract Services: Vol. Fire Co.	140,454		140,454	140,452	2
Equipment Acquisitions	175,000	16,000	191,000	198,555	(7,555)
Supplemental Fire Service Grant	2,715		2,715	2,715	-
U.F.S.A. Expenses	15,500		15,500	20,027	(4,527)
Firehouse Maintenance	109,000	(400)	108,600	113,408	(4,808)
Telephone Expenses	27,000		27,000	24,277	2,723
Communication Exp: Equip Rental	20,000		20,000	7,296	12,704
Litigation Settlement	150,000		150,000	72,170	77,830
Contingency	75,000	(16,000)	59,000	13,566	45,434
Total Cost of Operations and Maintenance	\$ 1,360,784	\$ -	\$ 1,360,784	\$ 1,064,667	\$ 296,117

(Continued)

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	BUDGET CHANGES/ TRFRS	FINAL BUDGET	2016 ACTUAL	VARIANCE
Operating Approp. Offset with Revenues:					
Uniform Fire Safety Act:					
Salaries & Wages	\$ 25,798	\$ -	\$ 25,798	\$ 25,748	\$ 50
Employee Benefits	2,500	-	2,500	2,183	317
Total Oper. Approp. Offset with Revenues	\$ 28,298	\$ -	\$ 28,298	\$ 27,931	\$ 367
Length of Service Award Program	60,000	-	60,000	20,000	40,000
Total Operating Appropriations	\$ 1,637,232	\$ -	\$ 1,637,232	\$ 1,300,696	\$ 336,536
Capital Appropriations:					
New Firehouse: Constr in Progress	\$ 1,060,000	-	\$ 1,060,000	\$ 1,060,000	\$ -
Reserve for Future Capital Outlay	-	-	-	-	-
Total Capital Appropriations	\$ 1,060,000	\$ -	\$ 1,060,000	\$ 1,060,000	\$ -
Total Expenditures	\$ 2,697,232	\$ -	\$ 2,697,232	\$ 2,360,696	\$ 336,536
Excess of Revenue Over Expenditures	\$ -	\$ -	\$ -	\$ 348,074	\$ 348,074
Other Financing Sources (Uses):					
Miscellaneous Revenue Not Anticipated	\$ -	\$ -	\$ -	\$ 3	\$ 3
Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 3	\$ 3
Excess of Revenues\Other Financing Sources Over Expenditures\Other Financing Uses	\$ -	\$ -	\$ -	\$ 348,077	\$ 348,077
Fund Balances, January 1, 2016				956,550	
Adjustment to Fund Balance				0	
Utilization of Fund Balance				(950,000)	
Fund Balances, December 31, 2016				\$ 354,627	

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

CAPITAL PROJECTS FUND

BALANCE SHEET

DECEMBER 31, 2016

ASSETS:

Cash \$ -

Total Assets \$ -

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Total Liabilities \$ -

FUND BALANCES:

Committed for Capital Outlay \$ -

Committed:

New Firehouse -

Total Fund Balance \$ -

Total Liabilities and Fund Balances \$ -

See accompanying Accountant's Report and Notes

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

GENERAL FIXED ASSET ACCOUNT GROUP
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u> <u>Expended</u> <u>from General</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Land	\$ 5,116	\$ -	\$ -	\$ 5,116
Land: New Firehouse	767,572	-	-	767,572
Vehicles	1,863,983	-	-	1,863,983
Firefighting Equipment	510,957	-	-	510,957
New Firehouse:				
Construction in Progress	4,499,094	1,955,626	-	6,454,720
Total Assets	<u>\$ 7,646,722</u>	<u>\$ 1,955,626</u>	<u>\$ -</u>	<u>9,602,348</u>

See accompanying Accountant's Report and Notes

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGES/ TRFRS</u>	<u>FINAL BUDGET</u>	<u>2016 ACTUAL</u>	<u>VARIANCE</u>
REVENUES:					
Miscellaneous Anticipated Revenues:					
Interest on Deposits	\$ -		\$ -	\$ -	\$ -
Committed Funds Utilized	-		-	-	-
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:					
Capital Appropriations:					
Reserve for Future Capital Outlay	\$ -		\$ -	\$ -	\$ -
Total Capital Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses):					
Reserve for Future Capital Outlay	\$ -		\$ -	\$ -	\$ -
Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Revenues\Other Financing Sources Over Expenditures\Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
Fund Balances, January 1, 2016				895,626	
Adjustment to Fund Balance				(895,626)	
Utilization of Committed Funds				<u>-</u>	
Fund Balances, December 31, 2016				<u>\$ -</u>	

See accompanying Accountant's Report and Notes

DEBT SERVICE FUND

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

DEBT SERVICE FUND

BALANCE SHEET

DECEMBER 31, 2016

ASSETS:

Amount to be Provided for Payment of Debt	<u>\$ 4,170,000</u>
Total Assets	<u><u>\$ 4,170,000</u></u>

LIABILITIES AND FUND BALANCES:LIABILITIES:

Bonds Payable	\$ 4,170,000
Total Liabilities	\$ 4,170,000

FUND BALANCES:

Total Fund Balance	<u>\$ -</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,170,000</u></u>

See accompanying Accountant's Report and Notes

TOWNSHIP OF MONROE FIRE DISTRICT NO. 1

GENERAL LONG-TERM DEBT ACCOUNT GROUP
 SCHEDULE OF CHANGES IN LONG-TERM DEBT
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Balance Jan. 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Dec. 31, 2016</u>
Bonds Payable	\$ 4,350,000	\$ -	\$ 180,000	\$ 4,170,000
Total Bonds Payable	<u>\$ 4,350,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ 4,170,000</u>

See accompanying Accountant's Report and Notes

TOWNSHIP OF MONROE FIRE DISTRICT MONROE NO. 1

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGES/ TRFRS</u>	<u>FINAL BUDGET</u>	<u>2016 ACTUAL</u>	<u>VARIANCE</u>
REVENUES:					
Miscellaneous Anticipated Revenues:					
Interest on Deposits	\$ -		\$ -	\$ -	\$ -
Amount to be Raised by Taxation to Support the District Budget	<u>314,050</u>		<u>314,050</u>	<u>314,050</u>	<u>-</u>
Total Revenues	\$ 314,050	\$ -	\$ 314,050	\$ 314,050	\$ -
EXPENDITURES:					
Debt Service:					
General Obligation Bond	\$ 180,000		\$ 180,000	\$ 180,000	\$ -
Interest on Bonds	<u>134,050</u>		<u>134,050</u>	<u>134,050</u>	<u>-</u>
Total Debt Service	<u>\$ 314,050</u>	<u>\$ -</u>	<u>\$ 314,050</u>	<u>\$ 314,050</u>	<u>\$ -</u>
Excess of Revenues Over Expenditures	-	\$ -	-	-	-
Other Financing Sources (Uses):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues\Other Financing Sources Over Expenditures\Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances, January 1, 2016				-	
Adjustment to Fund Balance				-	
Utilization of Funds				-	
Fund Balances, December 31, 2016				<u>\$ -</u>	

The accompanying Accountant's Report and Notes

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**TOWNSHIP OF MONROE
FIRE DISTRICT NO.1**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

There are various issues that need to be addressed from this audit. First multiple vouchers did not have the proper documentation attached when paid. Also, many vouchers were lacking the posting account information or it was mismarked. These items need to be addressed and corrected at the time of approval for payment. Another area of inconsistency is the lack of substantial backup for credit card charges being incurred by the Fire Department and paid by the Fire District. There needs to be a better system implemented to properly track and record all credit card charges prior to the statement being paid. These issues were all brought to the attention of the Board of Commissioners through a letter sent to them prior to the completion of this report.

**TOWNSHIP OF MONROE
FIRE DISTRICT NO.1**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
RECOMMENDATIONS AS PREPARED BY MANAGEMENT**

Financial Statement Findings

This section identifies the status of prior year findings related to the financial statements and Federal and State awards that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and the State of New Jersey Circular 97-08-OMB.

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

Solitario & Tierney, CPA, PLLC

Solitario & Tierney, CPA, PLLC
Certified Public Accountants