

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
WITH
INDEPENDENT AUDITOR'S REPORT**

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
BOROUGH OF MANASQUAN
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
TABLE OF CONTENTS

	Page
Independent auditor's report	1 - 3
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	4 - 5
Management's discussion and analysis	6 - 11
Financial statements:	
A. Government-wide Financial Statements	
A - 1 - Statement of net position	12
A - 2 - Statement of activities	13
B. Governmental Funds Fund Financial Statements	
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 financial statements	17 - 38
Required supplementary information, Part I:	
C. Budgetary Comparison Schedule	
C - 1 - Budgetary comparison schedule - general fund	39 - 40
C - 2 - Reconciliation of budget to statement of revenues, expenditures, and changes in fund balance	41
Required supplementary information, Part II:	
Schedule of District's Proportionate Share of the Public Employees' Retirement System Net Pension Liability	42
Schedule of District Public Employees' Retirement System Contributions	43
Notes to the Required Supplementary Information	44
Schedule of Findings and Recommendations	
Schedule of Financial Statement Findings	45
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	46

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INDEPENDENT AUDITOR'S REPORT

**Board of Fire Commissioners
Fire District No. 1, Borough of Manasquan
County of Monmouth
Manasquan, New Jersey 08736**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fire District No. 1, Borough of Manasquan in the County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 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 auditing standards prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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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 respective financial position of the governmental activities and each major fund of Fire District No. 1, Borough of Manasquan in the County of Monmouth, State of New Jersey, as of December 31, 2017, and the respective change in financial position 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 other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

Change in Accounting Principles

As discussed in the notes to the financial statements, during the year ended December 31, 2017 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2018, on our consideration of Fire District No. 1, Borough of Manasquan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fire District No. 1, Borough of Manasquan's internal control over financial reporting and compliance.

MoHEL Elliott Bauer & Gass

Toms River, New Jersey
November 14, 2018

MOHEL ELLIOTT BAUER & GASS

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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, Borough of Manasquan
Manasquan, New Jersey 08736**

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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the government activities and each major fund of Fire District No. 1, Borough of Manasquan in the County of Monmouth, State of New Jersey as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Fire District No. 1, Township of Manasquan's basic financial statements, and have issued our report thereon dated November 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District No. 1, Borough of Manasquan'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District No. 1, Borough of Manasquan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District No. 1, Borough of Manasquan's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MOHEL ELLIOTT BAUER & GASS

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CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District No. 1, Borough of Manasquan'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 Bureau of Authority Regulation, 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 and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mohe Elliott Bauer & Gass

Toms River, New Jersey
November 14, 2018

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

As management of Fire District No. 1, Borough of Manasquan (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and an analysis of the financial activities for the year ended December 31, 2017. 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 and financial statements to enhance, their understanding of the Fire District's financial performance.

Financial Highlights

- The net position of the fire district which represents the difference between assets and liabilities was \$1,421,472. This represents an increase of \$193,370 from 2016.
- The amount raised by taxation was \$822,532 or 95.96% of all revenues.
- Total expenditures were \$683,824 as compared to \$662,528 in 2016; an increase of \$1,296 or 4.68%.
- As described in the notes to the financial statements the District has adopted the provisions of GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Fire District No. 1, Borough of Manasquan's basic financial statements is 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 -12- 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 Fire District No. 1, Borough of Manasquan. The difference between the two is reported as the District's Net Position. Significant increases or decreases in the District's Net Position can be an indication of the financial health of the District.

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

The district-wide financial statements report on the financial data by function. Fire District No. 1, Borough of Manasquan provides firefighting services to the citizens of Manasquan Borough.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, Fire District No. 1, Borough of Manasquan uses fund accounting to document compliance with finance-related legal matters. Fire District No. 1, Borough of Manasquan has three types of fund groups, and that is the general fund, capital projects fund and debt service fund.

Governmental Funds

Fire District No. 1 of the Borough of Manasquan'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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

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, Fire District No. 1 Borough of Manasquan 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.

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.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

DISTRICT-WIDE FINANCIAL ANALYSIS

Fire District No. 1 Borough of Manasquan's Net Position is a useful indicator of the District's financial condition. At the end of 2017 the District's assets exceeded the liabilities by \$1.42 million. A significant portion of Fire District No. 1, Township of Manasquan's Net Position 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.

Statement of Net Position:

FIRE DISTRICT NO. 1 BOROUGH OF MANASQUAN NET POSITION DECEMBER 31, 2017				
	2017	2016	\$ Increase (Decrease)	% Increase (Decrease)
Total assets	\$ 3,453,354	\$ 3,121,226	\$ 332,128	10.64%
Total liabilities	(2,060,623)	(1,893,124)	(167,499)	-8.85%
Net position	\$ 1,392,731	\$ 1,228,102	\$ 164,629	13.41%
Analysis of net position				
Invested in capital assets, net	\$ 322,177	\$ 284,035	\$ 38,142	13.43%
Restricted for:				
Capital projects	279,808	234,138	45,670	19.51%
Unrestricted	819,487	709,929	109,558	15.43%
Total net position	\$ 1,421,472	\$ 1,228,102	\$ 193,370	15.75%

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Governmental Activities

The Statement of Activities shows the cost of the governmental activities and general revenues. A summary of these activities follows:

	<u>2017</u>	<u>2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Expenses				
Administrative expenses	\$ 180,710	\$ 174,197	\$ 6,513	3.74%
Cost of operations and maintenance	214,888	232,944	(18,056)	-7.75%
Operating appropriations offset with revenues	45,715	34,218	11,497	33.60%
Appropriations for duly incorporated first aid squad	6,000	5,645	355	6.29%
Length of Service Award Program Contribution	90,577	87,043	3,534	4.06%
Interest expense	7,038	8,120	(1,082)	-13.33%
Depreciation	118,896	120,361	(1,465)	-1.22%
Total program expenses	<u>663,824</u>	<u>662,528</u>	<u>1,296</u>	0.20%
Program revenues				
Charges for services	32,165	29,625	2,540	8.57%
Supplemental fire service grant	1,898	1,898	-	0.00%
	<u>34,063</u>	<u>31,523</u>	<u>2,540</u>	
Net program expenses	629,761	631,005	(1,244)	-0.20%
General revenues				
Property taxes levied for:				
General purposes	612,786	564,748	48,038	8.51%
Capital projects	155,000	155,000	-	0.00%
Debt service	54,746	54,746	-	0.00%
Total property taxes levied	<u>822,532</u>	<u>774,494</u>	<u>48,038</u>	6.20%
Interest	599	598	1	0.17%
Other income	<u> </u>	2,370	(2,370)	-100.00%
Total general revenues	<u>823,131</u>	<u>777,462</u>	<u>45,669</u>	5.87%
Increase in net position	193,370	146,457	46,913	32.03%
Net position, January 1	1,228,102	1,081,645	146,457	13.54%
Net position, December 31	<u>\$ 1,421,472</u>	<u>\$ 1,228,102</u>	<u>\$ 193,370</u>	15.75%

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Fire District No. 1, Borough of Manasquan 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, 2017, the combined balance of the governmental cash and investment funds of Fire District No. 1, Township of Manasquan was approximately \$1.41 million. This balance is approximately \$229,000 higher than last year's combined governmental funds balance.

The combined fund balance of the governmental funds of Fire District No. 1, Borough of Manasquan was a surplus of approximately \$2.733 million. Amounts of approximately \$280,000 is restricted for capital projects, \$1,452,000 is restricted for investment in length of service awards program; \$10,000 is assigned for other purposes and \$991,000 is unassigned.

The general fund is the main operating fund of Fire District No. 1, Borough of Manasquan. At the end of 2017, the total fund balance of the general fund was approximately \$2.45 million.

During 2017 the general fund balance surplus of Fire District No. 1 Borough of Manasquan increases by approximately \$318,300. The primary reason for this increase is primarily due to the excess of revenues over expenditures.

At the end of 2017, the District has a capital projects fund balance of approximately \$280,000. This was an increase of approximately \$46,000 from the previous year.

General Fund Budgetary Highlights

The original budget anticipated a breakeven. The District had total revenues in excess of expenditures of approximately \$172,000 in 2017.

Administrative expenses were approximately \$46,000 less than projected in 2017. Operating expenses were approximately \$63,000 less than projected in 2017.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017 Fire District No. 1 Borough of Manasquan had invested in capital assets for government activities of approximately \$578,000 (net of accumulated depreciation). Capital assets consist of fire apparatus, vehicles and fire equipment.

CAPITAL ASSETS DECEMBER 31, 2017			
	2017	2016	\$ Increase (Decrease)
Capital assets			
Apparatus	\$ 1,838,456	\$ 1,838,456	\$ -
Vehicles	200,517	200,517	-
Equipment	681,277	571,947	109,330
Total capital assets	2,720,250	2,610,920	109,330
Accumulated depreciation	(2,142,407)	(2,023,512)	(118,895)
Total capital assets, net	\$ 577,843	\$ 587,408	\$ (9,565)

Debt Administration

The District entered into a lease with an option to purchase agreement for a 2014 Spartan Metro Star LFD Pumper in the amount of \$350,000 with TD Equipment Financing on January 28, 2015. The lease is payable in annual installments of \$54,746. For additional information please refer to page 27, capital lease obligations payable.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2017, Fire District No. 1 Borough of Manasquan was able to fund its appropriations through the fire tax levy and other revenues. The 2017 budget anticipated a breakeven but finished the year with an excess of \$172,375.

Fire District No. 1, Borough of Manasquan adopted the 2018 budget on January 17, 2018. The 2018 budget reflects a 0.4% increase in the tax levy compared to 2017. The proposed budget reflects no change in the tax rate for 2018. The proposed tax rate per \$100 of assessed value will be \$.042.

REQUESTS FOR INFORMATION

The District financial report is designed to provide users of the financial statements with a general overview of the District's finances and to show the District's accountability for the money it receives. The financial statements of the District are a matter of public record.

If you have any questions about this report or need additional information please contact The Board Clerk at 38 Taylor Avenue, Manasquan, New Jersey 08736.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN**

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	2017
ASSETS	
Cash and cash equivalents	\$ 1,407,245
Accounts receivable	9,479
Prepaid expenses	4,261
Security deposit	2,000
Capital assets, net	577,843
Contribution receivable - length of service award program	90,577
Cash and investments - length of service award program	1,361,949
Total assets	3,453,354
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - PERS	97,286
Total deferred outflows of resources	97,286
Total assets and deferred outflows of resources	3,550,640
LIABILITIES	
Accounts payable and accrued expenses	142,034
Capital lease obligation payable	255,666
Net pension liability - PERS	210,397
Net assets available for program benefits - length of service award program	1,452,526
Total liabilities	2,060,623
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - PERS	68,545
Total deferred inflows of resources	68,545
Total liabilities and deferred inflows of resources	2,129,168
NET POSITION	
Net invested in capital assets	322,177
Restricted for capital projects	279,808
Unrestricted	819,487
Total net position	\$ 1,421,472

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

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	2017
Expenses:	
Operating appropriations:	
Administration	\$ 180,710
Cost of operations and maintenance	214,888
Operating appropriations offset with revenues	45,715
Appropriations for duly incorporated first aid/rescue squad	6,000
Length of service award program (LOSAP) - Contribution P.L. 1997, c.388)	90,577
Interest expense	7,038
Depreciation	118,896
Total program expenses	663,824
Program revenues:	
Charges for services	32,165
Supplemental fire service grant	1,898
Total program revenues	34,063
Net program expenses	629,761
General revenues:	
Amount raised by taxation	822,532
Interest on investments and deposits	599
Miscellaneous revenue	-
Total general revenues	823,131
Change in net position	193,370
Net position - beginning of year - restated	1,228,102
Net position - end of year	\$ 1,421,472

The accompanying notes are an integral part of these financial statements

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017**

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 1,127,437	\$ 279,808	\$	\$ 1,407,245
Accounts receivable	9,479			9,479
Prepaid expenses	4,261			4,261
Security deposit	2,000			2,000
Contribution receivable - length of service award program	90,577			90,577
Cash and investments - length of service award program	1,361,949			1,361,949
Total assets	\$ 2,595,703	\$ 279,808	-	\$ 2,875,511
LIABILITIES				
Accounts payable and accrued expenses	\$ 142,034	\$		\$ 142,034
Total liabilities	142,034	-	-	142,034
FUND BALANCES				
Restricted for Capital Projects		279,808		279,808
Investment in length of service award program	1,452,526			1,452,526
Assigned - other	9,838			9,838
Assigned - Designated for subsequent year's expenditures				-
Unassigned	991,305			991,305
Total fund balances	2,453,669	279,808	-	2,733,477
Total liabilities and fund balances	\$ 2,595,703	\$ 279,808	\$ -	\$ 2,875,511

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,720,250 and the accumulated depreciation is \$2,142,407.

577,843

Deferred outflows and inflows of resources related to pensions

28,741

Long-term liabilities, including capital lease obligation payable and length of service awards program payable, are not due and payable in the current period and are therefore not reported as liabilities in the funds.

(1,918,589)

\$ 1,421,472

The accompanying notes are an integral part of these financial statements

FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Capital Projects Fund	Debt Service	Total
Revenues:				
Amount raised by taxation	\$ 612,786	\$ 155,000	\$ 54,746	\$ 822,532
Interest on investments and deposits	599			599
Investment income - length of service award program	211,794			211,794
Miscellaneous revenue	-			-
Total general revenues	<u>825,179</u>	<u>155,000</u>	<u>54,746</u>	<u>1,034,925</u>
Operating grant revenues:				
Supplemental fire service act	1,898			1,898
Miscellaneous revenues offset with appropriations				
Annual registration fees	32,165			32,165
Total revenues	<u>859,242</u>	<u>155,000</u>	<u>54,746</u>	<u>1,068,988</u>
Expenditures:				
Administration	171,183			171,183
Cost of operations and maintenance	214,888			214,888
Operating appropriations offset with revenues	38,095			38,095
Appropriations for duly incorporated first aid/rescue squad	6,000			6,000
Capital Expenditures		109,330		109,330
Debt service principal payments			47,708	47,708
Interest payments on debt			7,038	7,038
Participant distributions, forfeitures and charges length of service award program	110,767			110,767
Total expenditures	<u>540,933</u>	<u>109,330</u>	<u>54,746</u>	<u>705,009</u>
Excess of revenues over expenditures	318,309	45,670	-	363,979
Fund balance, January 1 - restated	2,135,360	234,138	-	2,369,498
Fund balance, December 31	<u>\$ 2,453,669</u>	<u>\$ 279,808</u>	<u>\$ -</u>	<u>\$ 2,733,477</u>

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

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
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, 2017**

Total net changes in fund balance - governmental funds (B - 2)	\$	363,979
<p>Amounts reported for governmental activities in the statement of activities (A - 2) are different because:</p> <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 useful lives as depreciation expense</p>		
Capital outlays - capital projects fund	109,330	
Depreciation expense	<u>(118,896)</u>	(9,566)
<p>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.</p>		
Pension		(17,147)
<p>Length of service award program contribution is not reported in governmental funds as expenditures. However, in the statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Investment income LOSAP is not a revenue in the government-wide financial statements as it is payable to the volunteers in accordance with the plan benefits</p>		
District contribution to length of service award program	(90,577)	
Length of service award investment income	(211,794)	
Participant withdrawals	<u>110,767</u>	(191,604)
Principal payment on capital lease obligation payable		<u>47,708</u>
Changes in net position of governmental activities (A - 2)	\$	<u><u>193,370</u></u>

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

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1 Borough of Manasquan is a political subdivision of the Borough of Manasquan, County of Monmouth, State of New Jersey. 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 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.

The primary criterion for including activities with 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;
- 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.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2017;

<u>Officials</u>	<u>Term Expires March</u>
John White	2021
Jack Herbert, Jr.	2019
Carmen Triggiano	2021
Drew Coder	2020
Brian Wick	2020

C. Accounting Records

The official accounting records of the Fire District No. 1 Borough of Manasquan are maintained in the office of the district.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fire District No. 1, Borough of Manasquan (the "Fire District") have been prepared to conform 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 following is a summary of the more significant of these policies.

Government-wide and Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function of segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

The Fire District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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, except for provisions allowed by N.J.S.A 40A:14-78.5. Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued)

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.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year-end.

The budget, as detailed on exhibit C-1, includes all amendments and modifications to the adopted budget has approved by the Board of Commissioners.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

The encumbered appropriation authority carries over into the next year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current year end. The encumbrances at December 31, 2017 totaled \$9,838 for the general fund.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, 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, Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued)

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 ("GUDPA"), a multiple financial institutional collateral pool, 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 of federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, The deposits of which are federally insured. 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 amount of their deposits to the governmental units.

Inventories

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory for the year ended December 31, 2017.

Prepaid Expenses

Prepaid expenses recorded on the government-side financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2017.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization threshold is \$5,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Apparatus	10 years
Vehicles	5 years
Equipment	5 - 10 years

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between the summation of assets and the summation of liabilities. Net position is classified into 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 Fire 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.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is 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 of 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:

Nonspendable - The nonspendable 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 are restricted to 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; of (2) imposed by law through constitutional provisions or enabling legislation.

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 Fire Commissioners. Such formal actions consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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 either the Board of Fire Commissioners or by the Fire Chief, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Fire Chief is established by way of a formal job description for the position, approved by the Board of Fire 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 unassigned fund balance.

When expenditures are 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 expenditures are 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 appropriated in the following order: committed, assigned, and then unassigned.

Deferred Outflows and Deferred Inflows of Resources - Deferred outflows of resources represents a consumption of net position that is applicable to a future reporting period(s). Deferred outflows of resources will not be recognized as an outflow of resources (expenses/expenditure) until then.

Deferred inflows of resources represents an acquisition of net position that is applicable to a future reporting period(s). Deferred inflows of resources will not be recognized as an inflow of resources (revenue) until that time.

Accounting 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.

Subsequent Events

The District has evaluated subsequent events through November 14, 2018, the date the financial statements were available to be issued.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit 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.

PROPERTY TAX LEVIES:

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Calendar Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2017	\$ 1,979,465,275	\$ 822,532	0.042
12/31/2016	\$ 1,979,465,275	\$ 774,494	0.040
12/31/2015	\$ 1,976,206,200	\$ 757,101	0.039
12/31/2014	\$ 1,555,731,800	\$ 737,195	0.048
12/31/2013	\$ 1,521,996,500	\$ 727,810	0.048

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

CAPITAL ASSETS

Capital assets together with accumulated depreciation and estimated useful lives consists of the following:

	2017	Estimated Useful Life (Years)
Assets		
Fire Engines and Apparatus	1,838,456	10
Vehicles	200,517	5
Equipment	681,277	5 - 10
	2,720,250	
Less: accumulated depreciation	(2,142,407)	
	\$ 577,843	

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2017
Accounts payable	\$ 28,153
Accrued LOSAP	90,577
Accrued pension	9,658
Accrued vacation and sick pay	7,600
Accrued salaries	5,462
Accrued expenses - other	584
	\$ 142,034

PRIOR PERIOD ADJUSTMENT

As of January 1, 2017, the general fund blaance and net position have been restated as follows:

	General Fund	Net Position
December 31, 2016, as previously reported	\$ 876,374	\$ 1,394,547
Implementation of GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68 and amendment of GASB Statements No. 67 and No. 68	1,260,922	
Record GASB Statement No. 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27		(164,509)
To reflect additional accounts receivalbe	5,664	5,664
To reflect compensated absences	(7,600)	(7,600)
December 31, 2016, as restated	\$ 2,135,360	\$ 1,228,102

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

CAPITAL LEASE OBLIGATIONS PAYABLE

The Board has entered into a lease with option to purchase agreement for a 2014 Spartan Metro Star LFD 10 pumper with equipment. The lease dated January 28, 2015 in the amount of \$350,000 is payable in annual installments of \$54,746 and bears interest at the rate of 2.32%

The following is a schedule of future lease payments under the lease together with the present value of the lease payments as of December 31, 2017:

<u>Due Date</u>	<u>2017</u>
January 28, 2018	\$ 54,746
January 28, 2019	54,746
January 28, 2020	54,746
January 28, 2021	54,746
January 28, 2022	<u>54,746</u>
Total lease payments	273,730
Less: amount representing interest	<u>(18,064)</u>
Present value of lease payments	<u>\$ 255,666</u>

COMMITMENTS

The Board leases facilities and equipment from Manasquan Hook & Ladder Company No. 1 and Volunteer Engine Company No. 2. The leases are for a term of one year and are automatically renewable from year to year. If either party decides not to renew, written notice must be given sixty days prior to expiration of the term. Rental is paid semi-annually in the amount of \$15,000 to each company.

The Board leases office space in Manasquan, NJ. The lease is for a term of five years commencing on August 1, 2015 and ending July 31, 2020 and is subject to the Board receiving funding through tax appropriations on an annual basis. Rent expense was \$24,000 in 2017. The future minimum rental payments for the office space are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 24,000
2019	24,000
2020	<u>14,000</u>
Total	<u>\$ 62,000</u>

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

PENSION PLAN

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/annrprts.shtml.

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:

<u>Tier</u>	<u>Definition</u>
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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. Generally accepted accounting principles. 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.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Contributions - The contribution policy for PERS is set by N.J.S.A. 15 A 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, 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 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.

Components of Net Pension Liability - As of December 31, 2017, the District reported a liability of \$210,397 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net position liability was based on the District's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was .00090% which was a decrease of .00105 from its proportion measured as of June 30, 2016.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Collective Balances as of December 31, 2016 and 2015

	<u>2017</u>	<u>2016</u>
Actuarial valuation date	July 1, 2016	July 1, 2015
Deferred outflows of resources	\$ 97,286	\$ 146,902
Deferred inflows of resources	\$ 68,545	\$ -
Net pension liability	\$ 210,397	\$ 311,412
District's portion of the plan's total net pension liability	0.00090%	0.00105%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2017, the District recognized pension expense of \$25,521. As of December 31, 2017, the 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	\$ 42,388	\$ 42,232
Net difference between expected and actual experience	4,954	
Net difference between projected and actual earnings on pension plan investments	1,433	
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>48,511</u>	<u>26,313</u>
Total	<u>\$ 97,286</u>	<u>\$ 68,545</u>

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

<u>Year Ended June 30:</u>	<u>PERS</u>
2018	\$ 21,755
2019	32,837
2020	19,893
2021	(26,455)
2022	<u>(19,289)</u>
Total	<u>\$ 28,741</u>

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2017
Actuarial valuation date	July 1, 2016
Inflation rate	2.25%
Salary increases based on age:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a one year static projection based on mortality improvements Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.00% at June 30, 2017) 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 real rates of return for each major asset class included PERS's target asset allocation as of June 30, 2017 are summarized in the following table.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumption, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(Continued)

FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

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 as of June 30, 2017 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 (2.98%) or 1-percentage -point higher (4.98%) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 261,010	\$ 210,397	\$ 168,230

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

LENGTH OF SERVICE AWARDS PROGRAM

LENGTH OF SERVICE AWARD PROGRAM

The Length of Service Award Program (LOSAP) for the Board of Fire Commissioners of Fire District No. 1, of the Borough of Manasquan, was created by a Fire District Resolution adopted on February 6, 2002 pursuant to Section 457 (e)(11)(13) of the Internal Revenue 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 Borough of Manasquan, Fire District No. 1, approved the adoption of the Program at the general election held on February 16, 2002.

The first year of eligibility for entrance into the program was calendar year 2000. The tax deferred income benefits for active volunteer Fire Fighters that serve Fire District No. 1, Borough of Manasquan come from contributions made solely by the Board of Fire Commissioners, on behalf of those volunteers who meet the criteria of the Program created by the Board of Fire Commissioners.

Contributions

If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Fire District after notice to the participants and public publication elected to automatically make the maximum annual contribution permitted by the Division of Local Government Services and budgets accordingly.

The Fire District elected to contribute \$1,709 for the year ended December 31, 2017 per eligible volunteer, into the Plan. Participants direct the investment of the contributions into various investment options offered by the Plan.

Participant Accounts

Each participant's account is credited with the Fire District's contribution and Plan earnings, and charged with administrative expenses. For the year ended December 31, 2017, the Fire District elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. In accordance with the amendments to Section 457 of the Internal Revenue Code, and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

VALIC ("Contractor"), an approved Length of Service Awards Contractor provides investment and other services regarding the length of services award program. The Fire District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Contractor. Since the Fire District is not considered to be holding the assets, the Length of Service Awards Program is not presented in the Fire District's financial statements.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

Vesting

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of active emergency service. "Year of active emergency service" means a twelve (12) month period during which an active volunteer member participates in the Fire Service and satisfies the minimum requirements of participation established by the sponsoring agency on a consistent uniform basis.

Payment of Benefits

Upon separation from service or disability as defined under the program, vested participants may select various options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

The Board did adopt an amended plan in 2011 wherein "In-Service Distribution" after vesting is permitted. Such distribution requires the total vested amount is withdrawn by the participant. No partial distribution is permitted. If a participant elects in-service distribution the participant must thereafter complete at least five (5) years of emergency service again to vest in the program. Participants do not have to separate himself/herself from service.

Forfeited Accounts

During the year ended December 31, 2017 forfeitures were \$-0-.

LENGTH OF SERVICE AWARD PROGRAM - INVESTMENTS

An investment agreement was entered into at the inception of the Plan between the Fire District and the Plan Contractor, whereby the Plan Contractor would have custody of the securities of the Plan and also advises the Fire District as to investment alternatives.

The investments consist of pooled separate accounts by Fund. Each participant may choose his/her allocation from among these investments. The investments are made by the Plan Contractor for benefit of plan participants. The investments are valued at fair value at the end of each year and the increase/decrease benefit of plan is posted to the participant's account.

	<u>2017</u>
Pooled Separate Accounts	\$ <u>1,361,949</u>

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

TAX STATUS - LENGTH OF SERVICE AWARD PROGRAM

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. The Plan administrator and the management of the Fire District believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Service Code.

The Plan is generally subject to routine audits by the Internal Revenue Service, for three years. There are currently no audits in progress.

RISK AND UNCERTAINTIES - LENGTH OF SERVICE AWARD PROGRAM

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

Pooled Separate Accounts: Valued at the net asset value (NAV) of the participation units held by the plan at year end. The NAV, as reported by the insurance company, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying mutual fund held in the subaccounts.

(Continued)

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

LENGTH OF SERVICE AWARD PROGRAM - CASH AND INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017

Assets at Fair Value as of December 31, 2017

Pooled Separate Accounts:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Aggressive Growth Lifestyle	\$ 753	\$	\$	\$ 753
Blue Chip Growth Fund	7,767			7,767
Conservative Growth Lifestyle	32,894			32,894
Core Bond Fund	1,005			1,005
Emerging Economies	21,005			21,005
Fixed Account Plus	85,436			85,436
Foreign Value	3,057			3,057
Global Social Awareness Fund	982			982
Government Money Market I	33,554			33,554
Government Money Market II	3,309			3,309
Growth & Income Fund	11,383			11,383
Health Sciences Fund	47,584			47,584
High Yield Bond Fund	2,479			2,479
International Growth Fund	14,891			14,891
International Equities Index Fund	29,739			29,739
International Opportunities	9,114			9,114
Large Cap Value Fund	6,608			6,608
Mid Cap Growth Fund	6,705			6,705
Mid Cap Index Fund	80,661			80,661
Mid Cap Value Fund	14,680			14,680
NASDAQ-100(R) Index Fund	52,385			52,385
Science & Technology Fund	304,663			304,663
Short Term Fixed Account	227,590			227,590
Sm Cap Aggressive Gwth	2,142			2,142
Small Cap Fund	388			388
Small Cap Growth Fund	8,209			8,209
Small Cap Index Fund	54,193			54,193
Small Cap Value Fund	9,403			9,403
Stock Index Fund	278,690			278,690
Strategic Bond Fund	9,171			9,171
Value Fund	1,509			1,509
Total Pooled Separate Accounts	\$ <u>1,361,949</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,361,949</u>
Total Assets at Fair Value	\$ <u><u>1,361,949</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,361,949</u></u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Modified		
Revenues				
Miscellaneous anticipated revenues:				
Interest investments and deposits	\$ 750	\$ 750	\$ 599	\$ (151)
Miscellaneous revenue				-
Total miscellaneous anticipated revenues	750	750	599	(151)
Operating grant revenue:				
Supplemental fire services grant	1,898	1,898	1,898	-
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act				
Annual registration fees	32,505	32,505	32,165	(340)
Amount to be raised by taxation to support the district budget	822,532	822,532	822,532	-
Total anticipated revenues	857,685	857,685	857,194	(491)
Non-budgetary revenues:				
Miscellaneous				
Total revenues	857,685	857,685	857,194	(491)
Expenditures				
Operating appropriations:				
Administration:				
Salaries and wages (excluding commissioners)	55,000	45,300	39,000	6,300
Commissioners	10,000	10,000	10,000	-
Fringe benefits	20,762	20,762	16,480	4,282
Administrative	14,600	14,600	3,171	11,429
Advertising	1,500	1,500	1,111	389
Elections	1,700	1,700	765	935
Insurance	68,500	68,500	52,597	15,903
Professional fees	44,000	44,000	43,799	201
Payroll taxes		3,600	3,595	5
Other	900	900	665	235
Total administration	216,962	210,862	171,183	39,679
Cost of operations and maintenance:				
Rentals/leases	92,550	92,550	88,420	4,130
Repairs and maintenance	65,000	65,000	48,972	16,028
Fire training	23,969	23,969	11,813	12,156
New equipment	68,500	68,500	53,869	14,631
Reimbursement-expenses and losses				-
Supplies	22,000	22,000	7,448	14,552
Utilities	5,500	5,500	4,366	1,134
Total cost of operations and maintenance	277,519	277,519	214,888	62,631

(Continued)

FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Modified</u>		
Expenditures (Continued)				
Operating appropriations (Continued)				
Operating appropriations offset with revenues:				
Salary and wages	26,130	32,130	32,094	36
Fringe benefits	3,075	3,075	2,618	457
Other expenses - USFA	3,300	3,400	3,383	17
Total operating appropriations offset with revenues	32,505	38,605	38,095	510
Appropriations for duly incorporated first aid/ rescue squad	6,000	6,000	6,000	-
Capital appropriations:				
Capital appropriations	155,000	155,000	109,330	45,670
Length of service award program (LOSAP)	115,000	115,000	90,577	
Debt service for capital appropriations:				
Principal payment on debt service	48,916	48,916	47,708	1,208
Interest payment on debt service	5,783	5,783	7,038	(1,255)
Total debt service for capital appropriations	54,699	54,699	54,746	(47)
Total expenditures	857,685	857,685	684,819	148,443
Excess (deficiency) of revenues over (under) expenditures	-	-	172,375	147,952
Fund balance, January 1, restated			1,108,576	
Fund balance, December 31			\$ 1,280,951	
RECAPITULATION OF FUND BALANCE				
Restricted fund balance				
Capital projects			\$ 279,808	
Assigned fund balance				
Designated for subsequent year's expenditures			-	
Other purposes			9,838	
Unassigned fund balance			991,305	
Total budgetary basis			1,280,951	
Reconciliation to governmental fund statements::				
Length of service award program investment balance not recognized on the budgetary basis			1,452,526	
Total fund balance per governmental funds			\$ 2,733,477	

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
RECONCILIATION OF BUDGET TO STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

Sources/Inflows of Resources:

Actual amount (budgetary basis) total revenues from budgetary comparison schedule (C - 1)	\$ 857,194
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Budgetary basis differs from GAAP in that the District does not budget for length of service award program investment income	211,794
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u>1,068,988</u>
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Use/Outflows of Resources:

Actual amount (budgetary basis) total expenditures from budgetary comparison schedule (C - 1)	684,819
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Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service award program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the plan	
Length of service award program district contribution	(90,577)
Participant distributions and forfeitures	110,767

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u>705,009</u>
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**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	Measurement Date Ended June 30,				
	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.00090%	0.00105%	0.00090%	0.00059%	0.00058%
District's Proportionate Share of the Net Pension Liability	\$ 210,397	\$ 311,412	\$ 202,826	\$ 109,967	\$ 110,312
District's Covered-Employee Payroll	\$ 68,192	\$ 67,337	\$ 59,570	\$ 45,880	\$ 40,470
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	308.54%	462.47%	340.48%	239.68%	272.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

*** This schedule is presented to illustrate the requirement to show information for ten 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
BOROUGH OF MANASQUAN
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>For the year ended December 31,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Contractually Required Contribution	\$ 8,373	\$ 9,341	\$ 7,768	\$ 4,482	\$ 4,349
District's Contribution in Relation to the Contractually Required Contribution	<u>8,373</u>	<u>9,341</u>	<u>7,768</u>	<u>4,482</u>	<u>4,349</u>
District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 70,192	\$ 68,192	\$ 67,337	\$ 59,570	\$ 45,880
District's Contributions as a Percentage of it's Covered-Employee Payroll	11.93%	13.70%	11.54%	7.52%	9.48%

*** This schedule is presented to illustrate the requirement to show information for ten 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
BOROUGH OF MANASQUAN

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

None.

Changes of Assumptions

None.

Length of Service Awards Program (LOSAP)

Changes in Benefit Terms

None.

Changes of Assumptions

None.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, 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.

None.

**FIRE DISTRICT NO. 1
BOROUGH OF MANASQUAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.