

**BOARD OF FIRE COMMISSIONERS**  
**TOWNSHIP OF EDGEWATER PARK**  
**FIRE DISTRICT NO. 1**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**



TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
Financial Statements  
For the year ended December 31, 2015  
(With Independent Auditor's report thereon)

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BOARD OF FIRE COMMISSIONERS

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

ROSTER OF OFFICIALS

DECEMBER 31, 2015

BOARD OF COMMISSIONERS

John Loftus	Chairman
Calvin Stevenson	Secretary
Dennis Robbins	Treasurer
Jill Reuter	Commissioner
Robert Ryder	Commissioner

OTHER OFFICIALS

Robert Simcox	Salary Clerk/Accountant
John Augustino	Fire Official (resigned Sept 1)
Carl J. Shaw	Fire Inspector, Fire Official (Sept 1)
Matthew Augustino	Fire Inspector (Sept 1)

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**FINANCIAL STATEMENTS**

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

[www.hfacpas.com](http://www.hfacpas.com)

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## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Fire District No. 1 of the Township of Edgewater Park  
County of Burlington  
Edgewater Park, New Jersey 08010

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Fire District No. 1 of the Township of Edgewater Park, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Fire District No. 1 of the Township of Edgewater Park, County of Burlington, State of New Jersey, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016 on our consideration of the Fire District No. 1 of the Township of Edgewater Park'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 Fire District No. 1 of the Township of Edgewater Park's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

John J. Maley, Jr.  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #218

June 13, 2016  
Bordentown, New Jersey

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

Board of Fire Commissioners  
Fire District No. 1 of the Township of Edgewater Park:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of each major fund and the aggregate remaining fund information of Fire District No. 1 of the Township of Edgewater Park, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Fire District No. 1 of the Township of Edgewater Park’s basic financial statements, and have issued our report thereon dated June 13, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fire District No. 1 of the Township of Edgewater Park'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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs State of New Jersey.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

John J. Maley, Jr.  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #218

June 13, 2016  
Bordentown, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART 1**

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## TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

### MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the Township of Edgewater Park Fire District No. 1 (The “District”) annual financial report presents a discussion and analysis of the Fire District’s financial performance during the fiscal year that ended on December 31, 2015. The District services the entire area of the Township of Edgewater Park in Burlington County, New Jersey. The District has a contractual relationship with Beverly Fire District No. 1 to provide fire protection for the Township of Edgewater Park. The District has no fire apparatus and no debt outstanding. Please read this in conjunction with the District’s financial statements, which immediately follow this section.

#### Financial Highlights

Total assets and deferred outflows of resources were \$113,376 and total liabilities and deferred inflows of resources were \$13,867 resulting in net position of \$99,509 at December 31, 2015.

The Fire district’s unrestricted net position was \$61,714 for the year ended December 31, 2015.

Operating revenue was \$429,130 for the year ended December 31, 2015.

Operating expenses were \$404,311 for the year ended December 31, 2015. The single largest expense was the Beverly City Fire District interlocal services contract amounting to \$278,524. The interlocal services agreement with the Beverly City Fire District to provide fire protection services obligates Edgewater Park Fire District to payments in 2016 amounting to \$279,917.

#### Overview of Annual Financial Report

Management’s Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management’s examination and analysis of the Fire district’s financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire district’s capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting, and, for the governmental funds, using the modified accrual basis of accounting. The combined financial statement, Governmental Funds Balance Sheet/Statement of Net Position includes a column to report governmental funds, a conversion column and a column to report Net Position.

The combined financial statement, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position also includes columns to report governmental funds, conversion transactions and the Statement of Activity.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

MANAGEMENTS DISCUSSION AND ANALYSIS

Overview of Annual Financial Report (Continued)

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

Financial Analysis of the Fire District

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Position – Table 1 summarizes the changes in net position between December 31, 2015 and 2014:

Table 1

Condensed Summary of Net Position

Years Ended December 31,	<u>2015</u>	<u>2014</u>	<u>Increase / (Decrease)</u>
Assets:			
Current Assets	\$ 110,449	\$ 89,516	\$ 20,933
Total Assets	<u>110,449</u>	<u>89,516</u>	<u>20,933</u>
Deferred Outflows of Resources:			
Prepaid Payroll	2,927	-	2,927
Total Deferred Outflows of Resources	<u>2,927</u>	<u>-</u>	<u>2,927</u>
Total Assets and Deferred Outflows of Resources	<u>113,376</u>	<u>89,516</u>	<u>23,860</u>
Liabilities:			
Current Liabilities	13,867	14,826	(959)
Total Liabilities	<u>13,867</u>	<u>14,826</u>	<u>(959)</u>
Net Position			
Restricted - Appropriation Reserves	30,795	-	30,795
Unrestricted	68,714	74,690	(5,976)
Total Net Position	<u>\$ 99,509</u>	<u>\$ 74,690</u>	<u>\$ 24,819</u>

Net Position increased by \$24,819 compared to the prior year.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

MANAGEMENTS DISCUSSION AND ANALYSIS

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position between fiscal years December 31, 2015 and 2014.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	<u>2015</u>	<u>2014</u>	<u>Increase / (Decrease)</u>
<u>Revenues</u>			
Operating Revenues:			
District Taxes	\$ 390,257	\$ 382,607	\$ 7,650
Supplemental Fire Services	3,010	3,010	-
Other	<u>35,863</u>	<u>40,888</u>	<u>(5,025)</u>
Total Revenues	<u>429,130</u>	<u>426,505</u>	<u>2,625</u>
<u>Expenses</u>			
Operating Expenses:			
Salaries & Wages	9,942	9,500	442
Other Expenses	358,022	361,984	(3,962)
Uniform Fire Safety Act			
Salaries & Wages	29,320	30,521	(1,201)
Other Expenses	7,027	6,275	752
Depreciation Expense	<u>-</u>	<u>3,867</u>	<u>(3,867)</u>
Total Expenses	<u>404,311</u>	<u>412,147</u>	<u>(7,836)</u>
Change in Net Position	24,819	14,358	10,461
Total Net Position, Beginning of Year	<u>74,690</u>	<u>60,332</u>	<u>14,358</u>
Total Net Position, End of Year	<u>\$ 99,509</u>	<u>\$ 74,690</u>	<u>\$ 24,819</u>

The summary of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position.

The favorable budget variance of \$14,680 in Administrative Other Expenses accounts for the largest portion of the change in net position.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

MANAGEMENTS DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2015 and 2014.

Table 3

Capital Assets - Net of Depreciation

Vehicles	\$ 17,900	\$ 17,900	\$ -
Equipment	<u>14,894</u>	<u>14,894</u>	<u>-</u>
Total Capital Assets	32,794	32,794	-
Less: Accumulated Depreciation	<u>32,794</u>	<u>32,794</u>	<u>-</u>
Total Capital Assets: Net of Depreciation	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Debt Outstanding

The Fire District has no debt outstanding and no debt authorized.

Next Year's Budget and User Rates

The District adopted a \$440,600 operating budget for 2016, an increase of \$1,113 when compared to 2015. The Tax Levy increased \$7,805 when compared to 2015.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Fire District in writing, at 400 Delanco Road, Edgewater Park, New Jersey 08010 or the Township Clerk by telephone at (609) 877-2050

**BASIC FINANCIAL STATEMENTS**

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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EDGEWATER PARK**  
**Statement of Net Position**  
**2015**

	<b>Governmental Activities</b>
	<b><u>2015</u></b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ -
Other receivables	-
Prepaid payroll	<u>2,927</u>
Total current assets	<u>2,927</u>
Capital assets (net of depreciation)	
Total assets	<u>2,927</u>
Liabilities:	
Current liabilities:	
Accounts payable	-
Other payables and reserves	<u>1,971</u>
Total current liabilities	<u>1,971</u>
Total liabilities	<u>1,971</u>
Net position:	
Restricted:	
Other purposes	30,795
Unrestricted:	
Undesignated	61,714
For subsequent year's expenditures	<u>7,000</u>
Total net position	<u><u>\$ 99,509</u></u>

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EDGEWATER PARK**  
**Statement of Activities**  
**For the year ended December 31, 2015**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>  <u>2015</u>
Government activities:			
Operation appropriations:			
Administration	\$ 17,224	\$ -	\$ 17,224
Costs of operations and maintenance	350,740	35,372	315,368
Operating appropriations offset with revenues	<u>36,347</u>	<u>-</u>	<u>36,347</u>
Total government activities	<u>404,311</u>	<u>35,372</u>	<u>368,939</u>
General revenues:			
Miscellaneous revenue			491
Operating grant revenues			3,010
Amount raised by taxation			<u>390,257</u>
Total general revenues			<u>393,758</u>
Excess of expenditures over revenues			24,819
Net position, January 1			<u>74,690</u>
Net position, December 31			<u><u>\$ 99,509</u></u>

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EDGEWATER PARK**  
**Governmental Funds**  
**Balance Sheet**  
**2015**

	<u><b>2015</b></u> <u><b>General Fund</b></u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 107,439
Other receivable	3,010
Prepaid payroll	<u>2,927</u>
Total assets	<u>113,376</u>
Liabilities, equity and other credits:	
Accounts payable	11,896
Other payables and reserves	<u>1,971</u>
Total liabilities	<u>13,867</u>
Fund balances:	
Restricted for:	
Appropriation reserves	30,795
Assigned for:	
For subsequent year's expenditures	7,000
Other purposes	-
Unassigned, reported in:	
General fund	<u>61,714</u>
Total fund balance	<u>99,509</u>
Total liabilities and fund balance	<u><u>\$ 113,376</u></u>
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 \$32,794 and the accumulated depreciation is \$32,794.	<u>-</u>
Net position of governmental activities	<u><u>\$ 99,509</u></u>

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

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

	<u>General Fund</u>
Revenues:	
Miscellaneous anticipated revenue:	
Interest Income	\$ 491
Total miscellaneous revenues	491
Operating grant revenues:	
Supplemental fire service act	3,010
Total operating grant revenue	3,010
Miscellaneous revenues offset with appropriations:	
Uniform fire safety act revenues:	
Annual registration fee	35,372
Total uniform fire safety act revenues	35,372
Other revenues offset with appropriations	-
Total miscellaneous revenues offset with appropriations	35,372
Total revenues	38,873
Amount raised by taxation to support district budget	390,257
Total anticipated revenues	429,130

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

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

	<u>General Fund</u>
Expenditures:	
Operating appropriations:	
Administration:	
Salaries and wages	9,942
Fringe benefits	348
Other expenditures:	
Professional fees	6,098
Elections	788
Operating materials and supplies	49
Total administration	17,224
Cost of operations and maintenance:	
Other expenditures:	
Rental charges	65,800
Contracted services	278,524
Miscellaneous Expenses	6,416
Total cost of operations and maintenance	350,740
Operating appropriations offset with revenues:	
Salaries and wages	29,320
Fringe benefits	3,953
Other expenditures	3,073
Total operating appropriations offset with revenues	36,347
Total operating appropriations	404,311
Total governmental expenditures	404,311
Excess of revenues over expenditures	24,819
Fund balance, January 1	74,690
Fund balance, December 31	\$ 99,509

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



TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Fire Commissioners (the “Board”) of the Township of Edgewater Park Fire District No. 1 (the “District”) have been prepared in conformity with generally accepted accounting principles (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 District’s accounting policies are described below.

The District is also reviewing the following recently issued GASB statements to assess the impact on the District financial statements:

GASB Statement 68 *Accounting and Financial Reporting for Pensions* replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this statement to impact its financial statement. This Statement is effective for financial statements beginning after June 15, 2014 and had no effect on the District financial statements.

GASB Statement 70 *Accounting and Financial Reporting for Non Exchange Financial Guarantees*, this statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on that guarantee. The District does not expect this statement to impact its financial statements.

GASB Statement 71 *Pension Transition for Contributions made Subsequent to the measurement Date-An Amendment of GASB Statement No. 68*, this statement requires a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. The District is evaluating this Statement to determine its impact on the financial statements.

GASB Statement 72 *Fair Value Measurement and Application*, this statement requires investments to be measured at fair value. These assets were previously required to be measured at fair value. This Statement is effective for financial statements beginning after June 15, 2015. The District is evaluating this Statement to determine its impact on the financial statements.

**A. Reporting Entity**

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the District. The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing District, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board of Fire Commissioners exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements – Statement of Net Position and Statement of Activities**

The District's basic financial statements include columns to report government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) in lieu of separate financial statements.

In the combined Governmental Funds/Statement of Net Position and the combined Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities, the Statement of Net Position and the Statement of Activities columns, are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**C. Measurement Focus and Financial Statement Presentation**

The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and are reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

In the combined financial statements, the Statement of Net Position column and of the Statement of Activities columns, financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on long-term debt which are recorded when due.

Property Taxes:

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to the district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Inventories and Prepaid Expenses**

The cost of inventory items and prepaid expenses are recorded as expenditures in the governmental fund types. In the enterprise fund, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**E. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental columns in the financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000. Donated capital assets are valued at their estimated fair market value on the date received.

Capital assets are reflected as expenditures in the governmental fund. Capital outlays, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Depreciation of all assets is provided using the straight-line basis over the following estimated useful lives:

Fire Vehicles	20 years
Machinery and Equipment	5 years

**F. Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing issues. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**G. Net Position**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. 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

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

for the acquisition construction or improvement of those assets. Assets restricted for capital projects include unexpended bond proceeds reduced by an equal amount of debt outstanding. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**H. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

The term “enabling legislation” means legislation that authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes defined in the legislation. Legal enforceability means that the government can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Appropriation reserves represent unexpended balances of appropriations, except for amounts, which may be canceled by the governing body in accordance with N.J.S.A. 40A:4-60. Appropriation reserves are restricted, until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. In the statement of net position, appropriation reserves are legally imposed restrictions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Board of Fire Commissioners. Those committed amounts cannot be used for any other purpose unless 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Fire

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Fire Commissioners or a District official delegated that District by resolution or policy of the Board.

**I. Budgets/Budgetary Control**

Annual appropriated budgets are prepared each year. The budgets are submitted to the Division of Local Government Services and are voted upon at the annual election on the third Saturday in February. Budgets are prepared in accordance with statute, which does not differ significantly from budgets prepared in accordance with GAAP. Limited budget amendments may be made during the last two months of the year with Board approval.

**J. Encumbrances**

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

The encumbered appropriation District carries over into the next fiscal year as appropriation reserves. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**K. Subsequent Events**

Fire District No. 1 of the Township of Edgewater Park has evaluated subsequent events occurring after December 31, 2015 through the date of June 13, 2016, which is the date the financial statements were available to be issued.

**Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes amounts on deposit, certificates of deposit and short term investments with original maturities of three months or less. Investments are stated at fair value.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

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 the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The District deposits its funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include Savings and Loan Institutions, banks (both State and National Banks) and savings banks where deposits of which are federally insured. All public depositories must pledge collateral, having a market value of 5% 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 government units.

As of December 31, 2015 cash and cash equivalents and investments of the District consisted of the following:

	Cash	Investments	Total
Time Deposits	\$ 33,699	\$ -	\$ 33,699
Demand Deposits	73,741	-	73,741
	\$ 107,439	\$ -	\$ 107,439

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. The carrying amount of the District's deposits with financial institutions at December 31, 2015 was \$107,439 and the bank balance was \$107,439. The balance was fully covered by federal depository insurance and GUDPA. Other than the above interest bearing accounts, there was no investment activity during the year.

Interest Rate Risk, Credit Risk and Concentrations of Credit Risk – The District does not have a formal investment policy addressing categories of risk.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: CAPITAL ASSETS**

The following is a summarization of the changes in capital assets by source for the year ended December 31, 2015:

	Primary Government			
	Balance 12/31/2014	Additions	Disposals	Balance 12/31/2015
Vehicles	\$ 17,900	\$ -	\$ -	\$ 17,900
Equipment	14,894	-	-	14,894
<b>Total Capital Assets</b>	<b>32,794</b>	<b>-</b>	<b>-</b>	<b>32,794</b>
Less accumulated depreciation for:				
Vehicles	(17,900)	-	-	(17,900)
Equipment	(14,894)	-	-	(14,894)
<b>Total Accumulated</b>	<b>(32,794)</b>	<b>-</b>	<b>-</b>	<b>(32,794)</b>
<b>Capital assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note 4: FUND BALANCE UNRESTRICTED**

The fund balance unrestricted at December 31, 2015 totaled \$64,333, of which \$7,000 is assigned and included as anticipated revenue in the 2016 budget.

**Note 5: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for property, liability, and surety bonds.

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

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

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 5: RISK MANAGEMENT (continued)**

State for benefits paid and the ending balance of the District’s expendable trust fund for the current year and prior two years:

Fiscal Year	District Contributions	Employee Withholdings	Amount Reimbursed	Reserve Balance
2015	\$ -	\$ -	\$ -	\$ 1,970.94
2014	272.27	-	-	1,970.94
2013	-	-	-	1,698.67

**Note 6: COMMITMENTS**

Edgewater Park Fire District No.1 contracts with Beverly City Fire District for Beverly to provide fire protection services to Edgewater Park Fire District No.1. The agreement is subject to annual approval and appropriation of funds by the voters and governing bodies of both districts. The term of the agreement is for five years from January 1, 2016 through December 31, 2020. The agreed amounts as of December 31, 2015 are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 279,917
2017	281,317
2018	284,130
2019	286,972
2020	289,842

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**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EDGEWATER PARK**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2015**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 20	\$ 20	\$ 491	\$ 471
Total miscellaneous revenues	<u>20</u>	<u>20</u>	<u>491</u>	<u>471</u>
Operating grant revenues:				
Supplemental fire service act	<u>3,010</u>	<u>3,010</u>	<u>3,010</u>	<u>-</u>
Total operating grant revenue	<u>3,010</u>	<u>3,010</u>	<u>3,010</u>	<u>-</u>
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Reserves Utilized	14,000	14,000	14,000	-
Annual Registration Fees	15,000	15,000	35,372	20,372
Other revenues	<u>17,200</u>	<u>17,200</u>	<u>-</u>	<u>(17,200)</u>
Total uniform fire safety act revenues	<u>46,200</u>	<u>46,200</u>	<u>49,372</u>	<u>3,172</u>
Other revenues offset with appropriations		-	-	-
Total miscellaneous revenues offset with appropriations	<u>46,200</u>	<u>46,200</u>	<u>49,372</u>	<u>3,172</u>
Total revenues	<u>49,230</u>	<u>49,230</u>	<u>52,873</u>	<u>3,643</u>
Amount raised by taxation to support district budget	<u>390,257</u>	<u>390,257</u>	<u>390,257</u>	<u>-</u>
Total anticipated revenues	<u>439,487</u>	<u>439,487</u>	<u>443,130</u>	<u>3,643</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF EDGEWATER PARK**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2015**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	10,000	10,000	9,942	58
Fringe benefits	2,000	2,000	348	1,652
Other expenditures:				
Professional fees	17,500	17,500	6,098	11,403
Elections	1,500	1,500	788	712
Office Expenses	963	963	49	914
Total administration	<u>31,963</u>	<u>31,963</u>	<u>17,224</u>	<u>14,739</u>
Cost of operations and maintenance:				
Miscellaneous Expenses	10,800	10,800	6,416	4,384
Rental charges	72,000	72,000	65,800	6,200
Outside services	278,524	278,524	278,524	-
Cost of operations and maintenance (continued):				
Total cost of operations and maintenance	<u>361,324</u>	<u>361,324</u>	<u>350,740</u>	<u>6,200</u>
Operating appropriations offset with revenues:				
Salaries and wages	32,100	32,100	29,320	2,780
Fringe benefits	5,500	5,500	3,953	1,547
Other expenditures	8,600	8,600	3,073	5,527
Total operating appropriations offset with revenues	<u>46,200</u>	<u>46,200</u>	<u>36,347</u>	<u>9,853</u>
Total operating appropriations	<u>439,487</u>	<u>439,487</u>	<u>404,311</u>	<u>30,792</u>
Other financing sources and uses:				
Realized (loss)/gain on investments	-	-	-	-
Unrealized (loss)/gain on investments	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (efficiency) of revenues over (under) expenditures	-	-	38,819	34,435
Fund balance, January 1	<u>74,690</u>	<u>74,690</u>	<u>74,690</u>	<u>-</u>
Fund balance, December 31	<u>\$ 74,690</u>	<u>\$ 74,690</u>	<u>\$ 113,509</u>	<u>\$ 34,435</u>
Reconciliation to GAAP Basis:				
Excess from above			38,819	
Less Fund Balance Appropriated			(14,000)	
			<u>24,819</u>	
Excess of Revenues over Expenditures Exhibit B-2			<u>\$ 24,819</u>	

**OTHER SUPPLEMENTAL INFORMATION**

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**Township of Edgewater Park Fire District No.1  
General Fund  
Comparative Balance Sheet  
As of December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 107,439.17	\$ 89,516.07
Total Assets	<u>110,449.17</u>	<u>89,516.07</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	11,895.62	12,729.82
Due Beverly City Fire Companies	-	125.00
Reserve for State Unemployment	1,970.94	1,698.67
Payroll Liabilities	<u>-</u>	<u>272.27</u>
Total Liabilities	<u>13,866.56</u>	<u>14,825.76</u>
Fund Balance:		
Restricted:		
For Appropriation Reserves	30,795.26	-
Assigned:		
Designated for Subsequent Year Expenditures	7,000.00	14,000.00
Unassigned:		
Undesignated	<u>61,714.20</u>	<u>60,690.31</u>
Total Fund Balance	<u>99,509.46</u>	<u>74,690.31</u>
Total Liabilities and Fund Balance	<u>\$ 113,376.02</u>	<u>\$ 89,516.07</u>

**Township of Edgewater Park Fire District No. 1  
General Fund  
Comparative Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
As of December 31, 2015 and 2014**

	2015	2014
<b><u>REVENUES:</u></b>		
Local Sources:		
District Taxes	\$ 390,257.00	\$ 382,607.00
State Sources:		
Supplemental Fire Services Program	3,010.00	3,010.00
Miscellaneous Revenues:		
Interest on Deposits & Investments	491.06	297.87
Uniform Fires Safety Act	35,371.83	40,590.55
Total Revenues	429,129.89	426,505.42
 <b><u>EXPENDITURES:</u></b>		
Operating Appropriations		
Salaries & Wages	9,941.83	9,500.04
Other Expenses	358,022.40	361,984.24
Uniform Fire Safety Act		
Salaries & Wages	29,319.77	30,520.79
Other Expenses	7,026.74	6,274.79
Total Expenditures	404,310.74	408,279.86
Excess Expenditures over Revenues	24,819.15	18,225.56
Fund Balance, January 1	74,690.31	56,464.75
Fund Balance, December 31	\$ 99,509.46	\$ 74,690.31

**Board of Fire Commissioners  
Township of Edgewater Park Fire District No. 1  
Statistical Information  
December 31, 2015**

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 nine years.

Year	Assessed Valuation	Total Tax Levy	Property Tax Levy
2015	\$ 604,096,000	\$ 390,257.00	0.086
2014	608,503,020	382,607.00	0.063
2013	612,504,100	328,882.00	0.054
2012	617,316,981	322,434.00	0.053
2011 *	622,157,736	316,098.00	0.051
2010	307,677,410	309,900.00	0.101
2009	310,325,085	309,900.00	0.100
2008	311,134,167	309,900.00	0.100
2007	310,588,619	309,900.00	0.100
2006	310,109,261	306,800.00	0.099

\* Reassessment

Debt Service

The District has no debt issued or authorized at December 31, 2015.

Unrestricted Fund Balance

General Fund:

Fiscal Year Ended	End of Fiscal Year	Utilization In Subsequent Budget
2015	\$ 68,714	\$ 7,000
2014	74,690	14,000
2013	32,962	14,000
2012	57,181	51,141
2011	108,698	71,656
2010	138,715	57,392
2009	178,198	53,213
2008	137,903	44,400
2007	137,821	30,000
2006	145,282	20,750

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**GENERAL COMMENTS and RECOMENDATIONS**

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EDGEWATER PARK FIRE DISTRICT NO. 1

FINDINGS AND RESPONSES

DECEMBER 31, 2015

We have audited the financial statements of the Edgewater Park Fire District No. 1 as of and for the year ended December 31, 2015. In accordance with the requirements of *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; We present for your review and consideration the following findings of significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements.

**Current Year Findings**

There are no current year findings.

**Summary of Prior of Year Findings/Recommendations**

There were no prior year findings.

**Acknowledgment**

We desire to express my appreciation of the assistance and courtesies rendered by the District officials and employees during the course of the audit.

Should you have any questions concerning my comments or recommendations, or should you desire any assistance in implementing my recommendations, please call us.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

John J. Maley, Jr.  
Certified Public Accountant  
Registered Municipal Accountant  
No.218

June 13, 2016  
Bordentown, NJ