

**FIRE DISTRICT NO. 1
OF THE BOROUGH OF LINDENWOLD**

Financial Statements

For the year ended December 31, 2019

(With Independent Auditor's Report thereon)

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Financial Statements
For the year ended December 31, 2019
(With Independent Auditor's Report thereon)

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**FIRE DISTRICT NO. 1
OF THE BOROUGH OF LINDENWOLD**

PART I

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
FOR THE YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1 of the Borough of Lindenwold
County of Camden
Lindenwold, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Fire District No. 1 of the Borough of Lindenwold, County of Camden, State of New Jersey, as of and for the fiscal year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District No. 1 of the Borough of Lindenwold, County of Camden, State of New Jersey, as of December 31, 2019, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020, on our consideration of the Fire District No. 1 of the Borough of Lindenwold's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fire District No. 1 of the Borough of Lindenwold's internal control over financial reporting and compliance.

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
July 23, 2020



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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 Borough of Lindenwold
County of Camden
Lindenwold, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Borough of Lindenwold, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Fire District No. 1 of the Borough of Lindenwold's basic financial statements, and have issued our report thereon dated July 23, 2020.

Internal Control Over Financial Reporting

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

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www.hmacpainc.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire District No. 1 of the Borough of Lindenwold's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District No. 1 of the Borough of Lindenwold'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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Fire District No. 1 of the Borough of Lindenwold's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
July 23, 2020

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)**

As management of Borough of Lindenwold Fire District No. 1, we offer readers of the Lindenwold Fire District No. 1 financial statements this narrative overview and analysis of the financial activities of the Borough of Lindenwold Fire District No. 1 for the year ended December 31, 2019. The intent of this narrative is to look at Borough of Lindenwold Fire District No. 1's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 1 and the District's financial statements which begin on page 15. Notes to the financial statements will provide the reader with additional useful information and they begin MDon page 21.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2019 by \$1,100,625. In 2018 the excess was approximately \$752,795. This is an increase of \$347,830.
- During 2019 Borough of Lindenwold Fire District No. 1 operated at a surplus of \$347,830. The surplus in 2018 was \$313,105. This is an increase of \$34,725.
- The District's cash balances increased by \$282,771.
- The District's current liabilities decreased by \$58.

USING THIS ANNUAL REPORT

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

BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 8. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Borough of Lindenwold Fire District No. 1 uses fund accounting to document compliance with finance-related legal matters. Borough of Lindenwold Fire District No. 1 has two types of fund groups, a governmental fund and a fiduciary fund.

Governmental Funds

Borough of Lindenwold Fire District No. 1's activities are reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

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

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

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

Fiduciary Funds

A fiduciary fund is used to hold and report funds that are being held in trust. The District does not maintain any fiduciary funds.

Notes to Financial Statements

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Borough of Lindenwold Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2019 the District's assets exceeded the liabilities by \$1,100,625. A large portion of Borough of Lindenwold Fire District No. 1'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. Borough of Lindenwold Fire District No. 1's investment in capital assets is reported net of related accumulated depreciation.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**
(unaudited)

Statement of Net Position

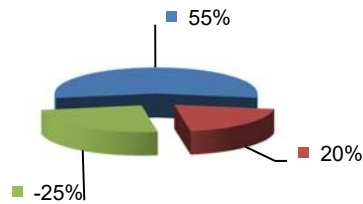
BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
NET POSITION
DECEMBER 31, 2019

	2019	2018	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$1,192,298	\$ 918,524	273,774	29.8%
Capital Assets	<u>1,209,349</u>	<u>1,317,234</u>	(107,885)	(8.2%)
Total Assets	2,401,647	2,235,758	165,889	7.4%
Other Liabilities	<u>(1,301,022)</u>	<u>(1,482,963)</u>	181,941	12.3%
Net Position	<u>\$1,100,625</u>	<u>\$ 752,795</u>	347,830	(11.5%)

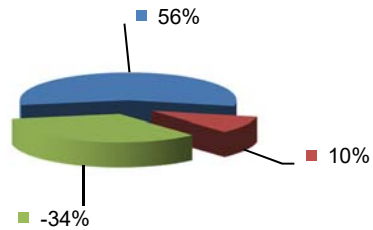
Analysis of Net Position

Invested in Capital Assets Net of Related Debt	\$1,209,349	\$1,317,234	(105,298)	(8.0%)
Capital Funds	432,179	232,156	77,206	33.3%
Unrestricted	<u>(540,903)</u>	<u>(796,595)</u>	(202,979)	(33.1%)
Total Net Position	<u>\$1,100,625</u>	<u>\$ 752,795</u>	(231,071)	(25.5%)

2019 Net Position



2018 Net Position



■ Invested in Capital Assets ■ Capital Funds ■ Unrestricted ■ Invested in Capital Assets ■ Capital Funds ■ Unrestricted

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**
(unaudited)

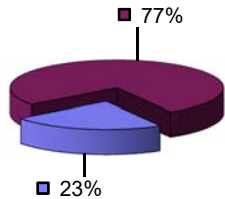
The net position of Borough of Lindenwold Fire District No. 1 increased by \$347,830 during the 2019 period. This increase was due primarily to an increase in tax revenue and decrease in expenditures in 2019.

Governmental Activities

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

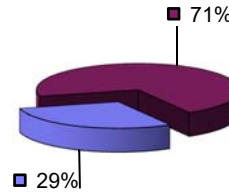
	2019	2018	\$ Increase (Decrease)	% Increase (Decrease)
Expenses				
Program Expenses				
Administrative Expenses	\$ 200,363	\$ 263,160	(62,797)	23.8%
Cost of Operations & Maintenance	<u>669,944</u>	<u>634,503</u>	35,441	5.6%
Total Program Expenses	<u>870,307</u>	<u>897,663</u>	(68,717)	(7.6%)

2019 Program Expenses



■ Administrative ■ Operations

2018 Program Expenses

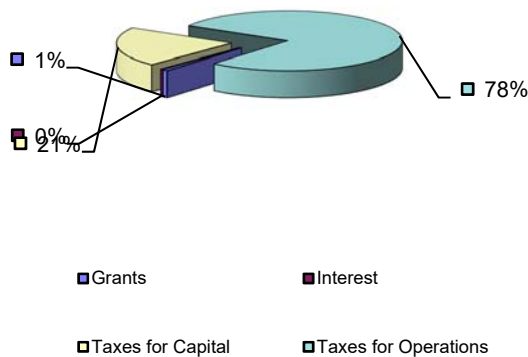


■ Administrative ■ Operations

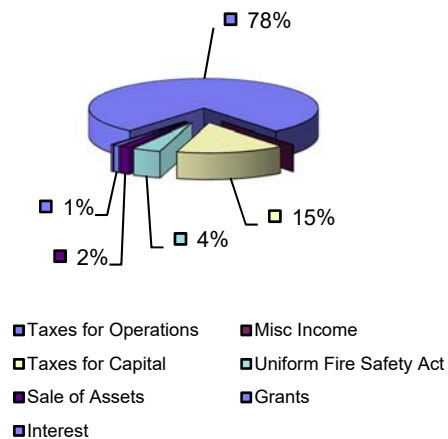
**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**
(unaudited)

	2019	2018	\$ Increase (Decrease)	% Increase (Decrease)
Program Revenues				
Charges for Service	<u>41,361</u>	<u>38,243</u>	3,118	8.2%
Net Program Expenses	<u>828,946</u>	<u>859,420</u>	(30,474)	(3.5%)
General Revenues				
Property Taxes Levied for General Purposes	914,457	958,680	(44,223)	(4.6%)
Property Taxes Levied for Capital Purchases	250,000	200,000	50,000	25.0%
Supplemental Fire Service Act	7,885	7,885	0	0.0%
Interest earned on investments	4,434	2,460	1,974	80.2%
Sale of Assets	<u>-</u>	<u>3,500</u>	(3,500)	(100%)
 Total General Revenues	 <u>1,176,776</u>	 <u>1,172,525</u>	 4,251	 0.4%
Increase (Decrease) in Net Position	347,830	313,105	34,725	11.0%
 Net Position, January 1	 <u>752,795</u>	 <u>439,690</u>	 313,105	 71.2%
 Net Position, December 31	 <u>\$1,100,625</u>	 <u>\$ 752,795</u>	 347,830	 46.2%

2019 Revenues



2018 Revenues



**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Property tax revenue constituted 96% of the total governmental activities revenues received by Borough of Lindenwold Fire District No. 1 in 2019. In 2018 the property tax revenue also constituted 96% of total revenues.

The Cost of Operations & Maintenance in 2019 was 78% and 71% of the District's total expenses in 2019 and 2018 respectively. Administration expenses equaled 22% and 29% of the total expenses in 2019 and 2018.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

Government Fund

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

As of December 31, 2019, the combined balance of the governmental cash funds of Borough of Lindenwold Fire District No. 1 was \$1,135,330. This balance is approximately \$282,771 higher than last year's combined governmental funds balance. The majority of the increase was due to excess revenues over expenses.

The combined balance of the governmental funds of Borough of Lindenwold Fire District No. 1 was \$1,106,009. An amount of \$432,179 has been restricted for capital purposes and \$673,830 is unassigned.

The general fund is the main operating fund of Borough of Lindenwold Fire District No. 1. At the end of 2019, the total fund balance of the general fund was \$673,830.

During 2019 the general fund balance of Borough of Lindenwold Fire District No. 1 increased by \$91,925.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)**

At the end of 2019, the District had a capital projects fund balance of \$432,179. This was an increase of \$200,023 from the previous year. The major change in this fund balance was:

- Capital Fund Tax Revenue of \$250,000.

General Fund Budgetary Highlights

The original budget as approved by the voters was balanced with the utilization of \$36,000 of accumulated surplus.

Administrative expenses were approximately 7% less than projected in 2019. Operating expenses were approximately 13% less than projected in 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2019 Borough of Lindenwold Fire District No. 1 had invested in capital assets for government activities approximately \$1,209,349 (net of accumulated depreciation). Capital assets consist of fire apparatus, and fire equipment.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 4
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2019**

	2019	2018	Change
Vehicles & Apparatus	\$3,036,783	\$2,992,636	44,147
Equipment	<u>498,532</u>	<u>492,702</u>	5,830
Total Capital Assets	3,535,315	3,485,338	49,977
Accumulated			
Depreciation	<u>2,325,966</u>	<u>2,168,104</u>	157,862
Investment in Capital			
Assets – net	<u>\$1,209,349</u>	<u>\$1,317,233</u>	(107,885)

Additional information on Borough of Lindenwold Fire District No. 1's capital assets can be found in Note 4 in the notes to the financial statements.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Long-Term Obligations

The District has no long term obligations.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2019, Borough of Lindenwold Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2019 the fire tax levy amounted to 96% of total revenue collected.

In 2019, Borough of Lindenwold Fire District No. 1 adopted their 2020 budget on December 30, 2019. The voters subsequently approved the budget at the February election. The 2019 budget reflects an increase in the tax levy of approximately \$25,400.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough of Lindenwold Fire District No. 1's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Wayne Hans, Borough of Lindenwold Fire District No. 1, 2201 Bangor Avenue, Lindenwold, New Jersey, 08021.

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EXHIBIT A-1

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents (See Note 3)	\$ 1,135,330
Accounts receivable	9,743
Prepaid expenses	15,101
Total current assets	1,160,174
Capital assets, (net of depreciation) (See Note 4)	1,209,349
Total assets	2,369,523
Deferred outflow of resources:	
Deferred outflows related to Other post employment benefits (See Note 8)	4,377
Deferred outflows related pension (See Note 6)	27,747
Total deferred outflow of resources	32,124
Total assets and deferred outflow of resources	\$ 2,401,647
Liabilities:	
Current liabilities:	
Accounts payable	\$ 17,861
Accrued wages	2,347
Accrued professional fees	9,150
Accrued PERS	9,706
Total current liabilities	39,064
Noncurrent liabilities:	
Compensated absences	1,144
Net Other post employment benefits liability (See Note 8)	121,102
Net pension liability (See Note 6)	179,776
Total noncurrent liabilities	302,022
Total liabilities	341,086
Deferred inflow of resources:	
Deferred inflows related to Other post employment benefits (See Note 8)	886,436
Deferred inflows related to pensions (See Note 6)	73,500
Total deferred inflow of resources	959,936
Net position:	
Net investment in capital assets	1,209,349
Restricted net position:	
Capital	432,179
Unrestricted net position	(540,903)
Total net position	1,100,625
Total liabilities, deferred inflow of resources and net position	\$ 2,401,647

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Statement of Activities
For the year ended December 31, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Government activities:			
Operation appropriations:			
Administration	\$ 200,363	\$ -	\$ (200,363)
Costs of operations and maintenance	669,944	41,361	(628,583)
	<hr/>	<hr/>	<hr/>
Total governmental activities	870,307	41,361	(828,946)
	<hr/>	<hr/>	<hr/>
General revenues:			
Amount raised by taxation			1,164,457
Interest income			4,434
Miscellaneous			7,885
			<hr/>
Total general revenues			1,176,776
			<hr/>
Change in net position			347,830
			<hr/>
Net position, January 1			752,795
			<hr/>
Net position, December 31			<u>\$ 1,100,625</u>

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Governmental Funds
Balance Sheet
December 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 526,902	\$ 608,428	\$ 1,135,330
Accounts receivable	9,743	-	9,743
Other receivable	176,249	-	176,249
Total assets	<u>712,894</u>	<u>608,428</u>	<u>1,321,322</u>
Liabilities:			
Accounts payable	17,861	-	17,861
Accrued wages	2,347	-	2,347
Accrued professional fees	9,150	-	9,150
Accrued PERS	9,706	-	9,706
Other payable	-	176,249	176,249
Total liabilities	<u>39,064</u>	<u>176,249</u>	<u>215,313</u>
Fund balances:			
Restricted for:			
Capital	-	432,179	432,179
Unassigned, reported in:			
General fund	673,830	-	673,830
Total fund balances	<u>673,830</u>	<u>432,179</u>	<u>1,106,009</u>
Total liabilities and fund balance	<u>\$ 712,894</u>	<u>\$ 608,428</u>	

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

Prepaid insurance is reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.	15,101
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,535,315 and the accumulated depreciation is \$2,325,966.	1,209,349
Deferred outflows and inflows of resources related to pensions and OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	(927,812)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(302,022)
Net position	<u>\$ 1,100,625</u>

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Revenues:			
Miscellaneous anticipated revenue:			
Interest income	\$ 4,434	\$ -	\$ 4,434
Total miscellaneous revenues	<u>4,434</u>	<u>-</u>	<u>4,434</u>
Operating grant revenues:			
Supplemental fire service act	<u>7,885</u>	<u>-</u>	<u>7,885</u>
Total operating grant revenue	<u>7,885</u>	<u>-</u>	<u>7,885</u>
Miscellaneous revenues offset with appropriations:			
Uniform fire safety act revenues:			
Annual registration fee	12,529	-	12,529
Other revenues	<u>28,832</u>	<u>-</u>	<u>28,832</u>
Total uniform fire safety act revenues	<u>41,361</u>	<u>-</u>	<u>41,361</u>
Total miscellaneous revenues offset with appropriations	<u>41,361</u>	<u>-</u>	<u>41,361</u>
Total revenues	<u>53,680</u>	<u>-</u>	<u>53,680</u>
Amount raised by taxation to support district budget	<u>914,457</u>	<u>250,000</u>	<u>1,164,457</u>
Total anticipated revenues	<u>968,137</u>	<u>250,000</u>	<u>1,218,137</u>
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	76,601	-	76,601
Fringe benefits	39,707	-	39,707
Other expenditures:			
Professional fees	41,019	-	41,019
Elections	1,608	-	1,608
Utilities	28,040	-	28,040
Office supplies	3,984	-	3,984
Advertising	1,063	-	1,063
Payroll service fees	4,262	-	4,262
Non-bondable assets	<u>4,079</u>	<u>-</u>	<u>4,079</u>
Total administration	<u>200,363</u>	<u>-</u>	<u>200,363</u>

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

EXHIBIT B-2
(continued)

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Cost of operations and maintenance:			
Salaries and wages	95,095	-	95,095
Fringe benefits	3,884	-	3,884
Other expenditures:			
Rental charges	206,265	-	206,265
Insurance	99,230	-	99,230
Maintenance and repairs	81,309	-	81,309
Supplies	16,539	-	16,539
Training and education	15,859	-	15,859
Uniforms	9,447	-	9,447
Medical/screening	4,136	-	4,136
Volunteer allowance	44,864	-	44,864
Other LEA expenses	3,725	-	3,725
Promotions	3,961	-	3,961
Other non-bondable assets	59,997	-	59,997
	644,311	-	644,311
Total cost of operations and maintenance			
Operating appropriations offset with revenues:			
Salaries and wages	16,000	-	16,000
Fringe benefits	1,320	-	1,320
Other expenditures	14,218	-	14,218
	31,538	-	31,538
Total operating appropriations offset with revenues			
Capital appropriations	-	49,977	49,977
Total operating appropriations	876,212	49,977	926,189
Excess (efficiency) of revenues over (under) expenditures	91,925	200,023	291,948
Fund balance, January 1	581,905	232,156	814,061
Fund balance, December 31	\$ 673,830	\$ 432,179	\$ 1,106,009

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
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, 2019

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 291,948

Amounts reported for governmental activities in the statement of activities
(Exhibit A-2) are different as follows:

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

Capital Outlays - Capital Projects Fund	\$ 49,977	
Depreciation Expense	(157,862)	
		(107,885)

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

	(15,695)	
Prior year	15,101	
Current year	15,101	
		(594)

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.

		(419)
Pension expense - 2019		
Other post employment benefits credit - 2019		152,539

In the statement of activities, certain operating expenses, e.g., compensated
absences (sick leave) are measured by the amounts earned during the
year. In the governmental funds, however, expenditures for these items are
reported in the amount of financial resources used, essentially, the
amounts actually paid. This year, the decrease in sick leave paid was
\$12,241.

		12,241
Changes in net position of governmental activities	\$	347,830

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1 of the Borough of Lindenwold is a political subdivision of the Borough of Lindenwold, County of Camden, 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 firefighting services to the residents within its territorial location.

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

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization's board
- ◆ 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, 2019:

Officials	Term Expires March
Cliff Ruth – Chairman	2021
Richard Paul, Jr. – Vice Chairman	2019
Wayne Hans – Secretary	2020
Raymond McManus – Treasurer	2020
Frank Weindel – Commissioner	2021

C. Accounting Records

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

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 1: GENERAL INFORMATION (continued)

E. Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units. The District had no component units as of for the year ended December 31, 2019.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Fire District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

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

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

B. Fund Accounting

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Governmental Funds:

General Fund

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

Capital Projects Fund

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

Fiduciary Funds:

The District does not have any fiduciary funds as of December 31, 2019.

C. District Wide and Fund Financial Statements

The district-wide financial statements (A-1 and A-2) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

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

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

In its accounting and financial reporting, the Fire District No. 1 of the Borough of Lindenwold follows the pronouncements of the Governmental Accounting Standards Board (GASB).

E. Budgets and Budgetary Accounting

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

The fire commissioners must introduce and adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A 40A: 14-78.3.

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

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Encumbrances

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. There were no encumbrances as of December 31, 2019.

G. Cash, Cash Equivalents and Investments

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

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which they are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

H. Prepaid Expenses

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

I. Debt Limitation

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

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

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

Equipment	5 to 25 Years
Apparatus	10 to 20 Years

K. Inventory, Materials and Supplies

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

L. Interfund Receivable/Payable

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

M. Compensated Absences

Fire District employees are entitled to sick leave. Unused sick leave may be accumulated up to 910 hours for 35 hour employees and 1,040 hours for 40 hour employees and may be carried forward to subsequent years. Vacation days not used during the year by bureau and dispatch employees may be carried forward up to 35 hours; District employees may not accumulate and carry forward. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

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

N. Revenues and Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fire District Taxes

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all monies assessed, on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

P. Fund Equity

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

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

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Position (continued)

- Unrestricted– Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

R. Use of Estimates

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

S. Deferred Inflows/Outflows of Resources

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

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

T. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2019:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following effective dates have been updated to reflect the implementation of Statement No. 95.

Recently Issued Accounting Pronouncements

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Impact of Recently Issued Accounting Principles (continued)

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This statement had no material impact on the District's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Impact of Recently Issued Accounting Principles (continued)

measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 91, Conduit Debt Obligations, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

U. Subsequent Events

Fire District No. 1 of the Borough of Lindenwold has evaluated subsequent events occurring after December 31, 2019 through the date of July 23, 2020, which is the date the financial statements were available to be issued. Other than the following, no items have come to the attention of the District that would require disclosure.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy by way of executive orders, has ordered, among other things: all State residents to remain home or at their place of residence unless they meet one or more enumerated exceptions; all State residents to practice social distancing; gatherings of individuals, such as parties, celebrations and social events, are cancelled; non-essential businesses to cease operations from 8:00 p.m. to 5:00 a.m.; all restaurants and bars to close except for delivery or takeout services; casinos, racetracks, gyms and fitness centers and entertainment centers to close; all county and municipal libraries to close; all business and non-profits to accommodate telework or work-from-home arrangements; the cessation of all non-essential construction projects; an extension of insurance premium grace periods; all Pre-K through 12 schools to close; all universities and colleges in the State to cease in-person instruction; The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread of and impacts of COVID-19.

The District cannot reasonably predict how long and in what manner the outbreak may impact its financial condition or operations.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 3: CASH AND CASH EQUIVALENTS

The Fire District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2019, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 1,135,330
Total Deposits	<u>\$ 1,135,330</u>
Reconciliation to Governmental Fund Statements:	
Governmental Funds	\$ 1,135,330
Total	<u>\$ 1,135,330</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, the District's bank balance of \$1,222,563 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized not in the District's Name	
Under GUDPA	972,563
Total	<u>\$ 1,222,563</u>

NOTE 4: CAPITAL ASSETS

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

Fixed assets as of December 31, 2019 consisted of the following:

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 4: CAPITAL ASSETS (continued)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Apparatus	\$ 2,992,636	\$ 44,148	\$ -	\$ 3,036,784
Equipment	492,702	5,829	-	498,531
Totals at historical cost	<u>3,485,338</u>	<u>49,977</u>	<u>-</u>	<u>3,535,315</u>
Less accumulated depreciation				
Apparatus	(1,755,214)	(132,166)	-	(1,887,380)
Equipment	(412,890)	(25,696)	-	(438,586)
Total accumulated depreciation	<u>(2,168,104)</u>	<u>(157,862)</u>	<u>-</u>	<u>(2,325,966)</u>
Government activities capital assets, net	<u>\$ 1,317,234</u>	<u>\$ (107,885)</u>	<u>\$ -</u>	<u>\$ 1,209,349</u>

NOTE 5: LONG-TERM OBLIGATIONS

During the year ended December 31, 2019, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>12/31/18</u>	<u>Accrued/</u> <u>increases</u>	<u>Retired/</u> <u>decreases</u>	<u>Balance</u> <u>12/31/19</u>	<u>Due within</u> <u>One Year</u>
Compensated absences	\$ 13,385	\$ -	(12,241)	\$ 1,144	-
Other post employment benefits	302,522	-	(181,420)	121,102	-
Net pension liability	<u>194,584</u>	<u>-</u>	<u>(14,808)</u>	<u>179,776</u>	<u>-</u>
Total	<u>\$510,491</u>	<u>\$ -</u>	<u>\$ (208,469)</u>	<u>\$ 302,022</u>	<u>\$ -</u>

Note 6. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

Note 6. PENSION OBLIGATIONS (continued)

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

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 with 25 or more years of service credit before age 62 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 and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (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 accompanying 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, 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. For the year ended December 31, 2019, the District's contractually required contribution to PERS plan was \$9,705.

Components of Net Pension Liability - At December 31, 2019, the District's proportionate share of the PERS net pension liability was \$179,776. The net pension liability was measured as of June 30, 2019. 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, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The District's proportion measured as of June 30, 2019, was 0.0009977327% which was an increase of 0.0000094727% from its proportion measured as of June 30, 2018.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

Note 6. PENSION OBLIGATIONS (continued)

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

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 27,747	\$ 44,513
Deferred Inflows of Resources	73,500	75,039
Net Pension Liability	179,776	194,584
District's portion of the Plan's total Net Pension Liability	0.00100%	0.00099%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$10,123.

At December 31, 2019, 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>
Differences between Expected and Actual Experience	\$ 3,227	\$ 794
Changes of Assumptions	17,951	62,400
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,838
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>6,569</u>	<u>7,468</u>
	<u>\$ 27,747</u>	<u>\$ 73,500</u>

The District will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

Note 6. PENSION OBLIGATIONS (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

Note 6. PENSION OBLIGATIONS (continued)

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2020	\$ 365,724
2021	(304,987)
2022	(97,898)
2023	(7,957)
2024	<u>(635)</u>
	<u>\$ (45,753)</u>

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

Note 6. PENSION OBLIGATIONS (continued)

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

Note 6. PENSION OBLIGATIONS (continued)

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

benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ 228,666	\$ 179,776	\$ 140,884

NOTE 7: VESTED EMPLOYEE BENEFITS

In accordance with GASB-16 and NCGA-1 (Governmental Accounting and Financial Reporting Principles), the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2019 the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<u>2019</u>
Total Compensated Absences	\$ 1,144

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the District's as of June 30, 2019 was \$121,102. The District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the District was 0.0008940009%, which was a decrease of 0.0010369966% from its proportion measured as of June 30, 2018.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$(149,050) for the State's proportionate share of the OPEB (benefit) expense attributable to the District. This OPEB (benefit) expense was based on the OPEB plans June 30, 2019 measurement date.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The District	\$ 140,024.72	\$ 121,102.00	\$ 105,724.79
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The District	\$ 102,195.16	\$ 121,102.00	\$ 145,220.85
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019:

Collective Balances at December 31, 2019 and December 31, 2018

	12/31/2019	12/31/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 11,158,226.00	\$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
District's Portion	0.000894%	0.001931%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	<u>(1,617,916,178.00)</u>
	<u>\$ (8,750,667,255.00)</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	63,032
Retirees Currently Receiving Benefits	27,871
Total Plan Members	90,903

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	\$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	9,478,435.00
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	15,666,618,141.00
Total OPEB Liability (Ending)	\$ 13,546,071,100.00

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2019

NOTE 9: INTERFUND RECEIVABLE/PAYABLE

As of December 31, 2019, the following inter-fund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 176,249	\$ -
Capital Projects Fund	<u> -</u>	<u>176,249</u>
Total	<u>\$ 176,249</u>	<u>\$ 176,249</u>

The purpose of interfunds is for short-term borrowings.

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

NOTE 10: FUNDING

The activities of the Board of Commissioners are primarily funded by the striking of the fire tax on the property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2019, the fire tax rate on the Fire District No. 1 was approximately \$.197 per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$7,885. As a condition of this grant, the Board must match the grant by 10%.

NOTE 11: FUND BALANCE

General Fund – Of the \$673,830 General Fund fund balance at December 31, 2019, \$673,830 is unassigned.

Capital Fund – Of the \$432,179 Capital Fund fund balance at December 31, 2019, \$432,179 has been restricted for the Capital Projects Fund.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Budgetary Comparison Schedule
For the year ended December 31, 2019

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Interest income	\$ -	\$ -	\$ 4,434	\$ 4,434
Other revenue	50	50	-	(50)
Total miscellaneous revenues	<u>50</u>	<u>50</u>	<u>4,434</u>	<u>4,384</u>
Operating grant revenues:				
Supplemental fire service act	7,885	7,885	7,885	-
Total operating grant revenue	<u>7,885</u>	<u>7,885</u>	<u>7,885</u>	<u>0</u>
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual registration fee	18,000	18,000	12,529	(5,471)
Other revenues	15,700	15,700	28,832	13,132
Total uniform fire safety act revenues	<u>33,700</u>	<u>33,700</u>	<u>41,361</u>	<u>7,661</u>
Total miscellaneous revenues offset with appropriations	<u>33,700</u>	<u>33,700</u>	<u>41,361</u>	<u>7,661</u>
Total revenues	<u>41,635</u>	<u>41,635</u>	<u>53,680</u>	<u>12,045</u>
Amount raised by taxation to support district budget	<u>1,164,457</u>	<u>1,164,457</u>	<u>1,164,457</u>	<u>-</u>
Total anticipated revenues	<u>1,206,092</u>	<u>1,206,092</u>	<u>1,218,137</u>	<u>12,045</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	76,860	77,860	76,601	1,259
Fringe benefits	39,867	41,667	39,707	1,960
Other expenditures:				
Professional fees	45,500	46,500	41,019	5,481
Elections	1,500	1,700	1,608	92
Utilities	32,100	32,100	28,040	4,060
Office supplies	4,400	4,400	3,984	416
Advertising	1,400	1,400	1,063	337
Payroll service fees	3,800	4,300	4,262	38
Non-bondable assets	7,000	7,000	4,079	2,921
Total administration	<u>212,427</u>	<u>216,927</u>	<u>200,363</u>	<u>16,564</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Budgetary Comparison Schedule
For the year ended December 31, 2019

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of operations and maintenance:				0
Salaries and wages	106,730	106,930	95,095	11,835
Fringe benefits	12,475	7,975	3,884	4,091
Other expenditures:				
Rental charges	216,500	216,500	206,265	10,235
Insurance	105,000	105,000	99,230	5,770
Maintenance and repairs	110,850	108,950	81,309	27,641
Supplies	15,000	16,600	16,539	61
Training and education	16,500	16,500	15,859	641
Uniforms	9,525	9,625	9,447	178
SFSG expenses	7,885	7,885	-	7,885
Medical/screening	5,500	5,500	4,136	1,364
Volunteer allowance	45,000	45,000	44,864	136
Other LEA expenses	6,300	6,600	3,725	2,875
Promotions	9,500	9,500	3,961	5,539
Other non-bondable assets	79,200	79,200	59,997	19,203
	<u>745,965</u>	<u>741,765</u>	<u>644,311</u>	<u>97,454</u>
Operating appropriations offset with revenues:				
Salaries and wages	16,000	16,000	16,000	-
Fringe benefits	1,700	1,700	1,320	380
Other expenditures	16,000	15,700	14,218	1,482
	<u>33,700</u>	<u>33,400</u>	<u>31,538</u>	<u>1,862</u>
Total operating appropriations offset with revenues	<u>33,700</u>	<u>33,400</u>	<u>31,538</u>	<u>1,862</u>
Capital appropriations	<u>250,000</u>	<u>250,000</u>	<u>49,977</u>	<u>200,023</u>
Total operating appropriations	<u>1,242,092</u>	<u>1,242,092</u>	<u>926,189</u>	<u>315,903</u>
Excess (efficiency) of revenues over (under) expenditures	(36,000)	(36,000)	291,948	327,948
Fund balance, January 1	<u>814,061</u>	<u>814,061</u>	<u>814,061</u>	<u>-</u>
Fund balance, December 31	<u>\$ 778,061</u>	<u>\$ 778,061</u>	<u>\$ 1,106,009</u>	<u>\$ 327,948</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00099%	0.00099%	0.00104%	0.00102%	0.00100%	0.000927%
District's proportionate share of the net pension liability (asset)	\$ 179,776	\$ 194,584	\$ 241,631	\$ 300,977	\$ 224,419	\$ 173,559
District's covered-employee payroll	\$ 71,642	\$ 70,295	\$ 70,406	\$ 71,908	\$ 69,908	\$ 68,956
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	250.94%	276.81%	343.20%	418.56%	321.02%	251.70%
Plan fiduciary net position as a percentage of the total pension liability	67.92%	67.92%	48.10%	40.14%	47.93%	52.08%

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
 Schedule of District Contributions
 Public Employee's Retirement System
 Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributor	\$ 9,706	\$ 9,830	\$ 9,616	\$ 9,028	\$ 8,595	\$ 7,642
Contributions in relation to the contractually required contribution	9,706	9,830	9,616	9,028	8,595	7,642
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 71,642	\$ 70,295	\$ 70,406	\$ 71,908	\$ 69,908	\$ 68,956
Contributions as a percentage of covered-employee payroll	13.55%	13.98%	13.66%	12.55%	12.29%	11.08%

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability
Local Government Retired Employees Plan
Last Four Fiscal Years **

	Measurement Date Ended June 30,			
	2019	2018	2017	2016
District's proportion of the other postemployment benefit liability (asset)	0.089400%	0.001931%	0.001906%	0.006320%
District's proportionate share of the net other postemployment benefit liability (asset)	\$ 121,102	\$ 302,522	\$ 389,125	\$ 1,372,544
District's covered-employee payroll	\$ 71,642	\$ 70,295	\$ 70,406	\$ 71,908
District's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	169.04%	430.36%	552.69%	1908.75%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	1.97%	1.97%	1.03%	0.69%

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019**

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Retired Employees Plan (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

**FIRE DISTRICT NO. 1
OF THE BOROUGH OF LINDENWOLD**

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2019

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**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

None.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

**FIRE DISTRICT NO. 1
OF THE BOROUGH OF LINDENWOLD**

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

Board of Fire Commissioners
Fire District No. 1 of the Borough of Lindenwold
County of Camden
Lindenwold, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2019.

GENERAL COMMENTS:

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

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

The bid threshold in accordance with N.J.S.A. 40A:II-4 was \$17,500 for the year ended December 31, 2019.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
July 23, 2020