

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

**Financial Statements**

**For the year ended December 31, 2021**

**(With Independent Auditor's Report thereon)**



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Financial Statements**  
**For the year ended December 31, 2021**  
**(With Independent Auditor's Report thereon)**

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

**ROSTER OF OFFICIALS  
DECEMBER 31, 2021**

Board of Commissioners

<b>Officials</b>	<b>Term Expiration</b>
Richard Paul, Jr. – Acting Chairman	2022
Wayne Hans – Treasurer	2023
Tammy DeLucca – Commissioner	2023
Frank Weindel – Secretary	2021

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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, 2021**

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**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

## 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 Audit of the Financial Statements

#### *Opinion*

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, herein referred to as the District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, herein referred to as the District, as of December 31, 2021, 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.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 District's internal control over financial reporting and compliance.

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

Medford, New Jersey  
January 9, 2023

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**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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of the Fire District No. 1 of the Borough of Lindenwold as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Borough of Lindenwold's basic financial statements and have issued our report thereon dated January 9, 2023.

**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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## **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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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* or audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Medford, New Jersey  
January 9, 2023

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(unaudited)

As management of the 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, 2021. 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 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 on page 21.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at December 31, 2021 by \$1,811,577. In 2020 the excess was \$1,443,320. This is an increase of \$368,257.
- During 2021 Borough of Lindenwold Fire District No. 1 operated at a surplus of \$368,257. The surplus in 2020 was \$342,695. This is an increase of \$25,562.
- The District's cash balances increased by \$418,366.
- The District's current liabilities increased by \$2,284.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The 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, 2021**  
(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 the 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. The 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. The Borough of Lindenwold Fire District No. 1 provides firefighting services to the citizens of the 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, the Borough of Lindenwold Fire District No. 1 uses fund accounting to document compliance with finance-related legal matters. The Borough of Lindenwold Fire District No. 1 has one type of fund group, a governmental fund.

**Governmental Funds**

The 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, 2021  
(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.

The 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, the 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**

The Borough of Lindenwold Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2021 the District's assets exceeded the liabilities by \$1,811,577. A large portion of the 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. The 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, 2021  
(unaudited)**

**Statement of Net Position**

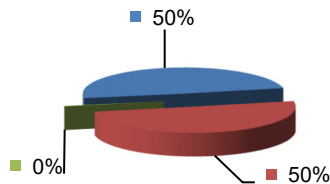
BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1  
NET POSITION  
DECEMBER 31, 2021

	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$2,376,375	\$2,015,541	360,834	17.9%
Capital Assets	<u>894,946</u>	<u>1,078,714</u>	(183,768)	(17.0%)
Total Assets	3,271,321	3,094,255	177,066	5.7%
Other Liabilities	<u>(1,459,744)</u>	<u>(1,650,935)</u>	191,191	11.6%
Net Position	<u>\$1,811,577</u>	<u>\$1,443,320</u>	368,257	25.5%

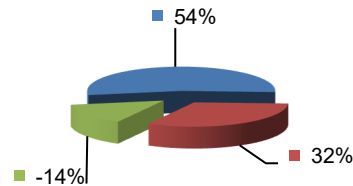
**Analysis of Net Position**

Invested in Capital Assets Net of Related Debt	\$ 894,946	\$1,078,714	(183,768)	(17.0%)
Capital Funds	910,010	650,010	260,000	40.0%
Unrestricted	<u>6,621</u>	<u>(285,404)</u>	292,025	102.3%
Total Net Position	<u>\$1,811,577</u>	<u>\$1,443,320</u>	368,257	25.5%

**2021 Net Position**



**2020 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, 2021  
(unaudited)**

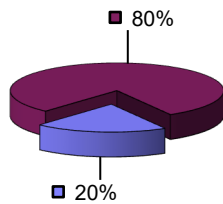
The net position of the Borough of Lindenwold Fire District No. 1 increased by \$368,257 during the 2021 period. This increase was due revenues exceeding expenditures significantly during 2021.

**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:

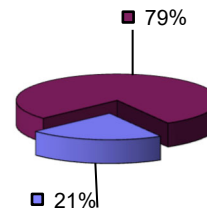
	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)
Expenses				
Program Expenses				
Administrative Expenses	\$ 170,292	\$ 186,362	(16,070)	(8.6%)
Cost of Operations & Maintenance	<u>681,645</u>	<u>685,283</u>	(3,638)	(0.5%)
Total Program Expenses	<u>851,937</u>	<u>871,645</u>	(19,708)	(2.3%)

**2021 Program Expenses**



■ Administrative   ■ Operations

**2020 Program Expenses**

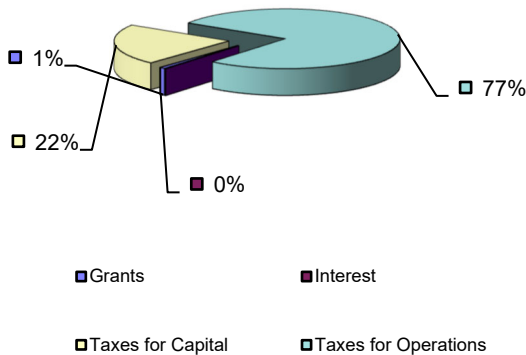


■ Administrative   ■ Operations

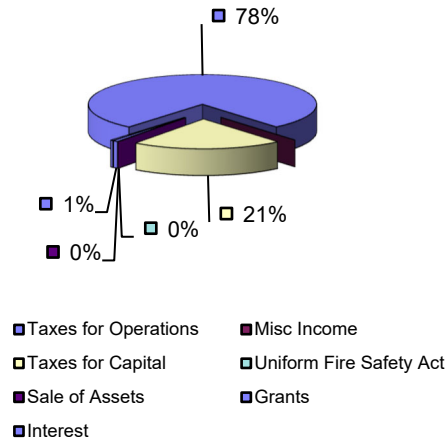
**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(unaudited)**

	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)
<b>Program Revenues</b>				
Charges for Service	<u>39,530</u>	<u>35,486</u>	4,044	11.4%
Net Program Expenses	<u>812,407</u>	<u>836,159</u>	(23,752)	(2.8%)
<b>General Revenues</b>				
Property Taxes Levied for General Purposes	909,953	955,260	(45,307)	(4.7%)
Property Taxes Levied for Capital Purchases	260,000	212,000	48,000	22.6%
Supplemental Fire Service Act	7,885	7,885	0	0.0%
Sale of Assets	1,600	-	1,600	100.0%
Interest earned on investments	<u>1,226</u>	<u>3,709</u>	(2,483)	(669%)
 Total General Revenues	 <u>1,180,664</u>	 <u>1,178,854</u>	 1,810	 0.2%
Increase (Decrease) in Net Position	368,257	342,695	25,562	7.5%
 Net Position, January 1	 <u>1,443,320</u>	 <u>1,100,625</u>	 342,695	 31.1%
 Net Position, December 31	 <u>\$1,811,577</u>	 <u>\$ 1,443,320</u>	 368,257	 25.5%

**2021 Revenues**



**2020 Revenues**



**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**  
(unaudited)

Property tax revenue constituted 98% of the total governmental activities revenues received by Borough of Lindenwold Fire District No. 1 in 2021. In 2020 the property tax revenue also constituted 98% of total revenues.

The Cost of Operations & Maintenance were 80% and 79% of the District's total expenses in 2021 and 2020 respectively. Administration expenses equaled 20% and 21% of the total expenses in 2021 and 2020.

**FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

The 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, 2021, the combined balance of the governmental cash funds of the Borough of Lindenwold Fire District No. 1 was \$1,921,052. This balance is \$418,366 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 the Borough of Lindenwold Fire District No. 1 was \$1,897,075. An amount of \$910,010 has been restricted for capital purposes; \$102,750 has been assigned for designated for subsequent year's expenditures; and \$884,315 is unassigned.

The general fund is the main operating fund of the Borough of Lindenwold Fire District No. 1. At the end of 2021, the total fund balance of the general fund was \$987,065.

During 2021 the general fund balance of the Borough of Lindenwold Fire District No. 1 increased by \$167,033.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**  
(unaudited)

At the end of 2021, the District had a capital projects fund balance of \$910,010. This was an increase of \$260,000 from the previous year. The major change in this fund balance was:

- Capital Fund Tax Revenue of \$260,000.

**General Fund Budgetary Highlights**

The original budget as approved by the voters was balanced with the utilization of no accumulated surplus.

Administrative expenses were approximately 16% less than projected in 2021. Operating expenses were approximately 8% less than projected in 2021.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2020, the Borough of Lindenwold Fire District No. 1 had invested in capital assets for government activities approximately \$1,078,714 (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, 2021**

	2021	2020	Change
Vehicles & Apparatus	\$2,563,789	\$3,036,783	(472,994)
Equipment	<u>517,835</u>	<u>507,355</u>	10,480
Total Capital Assets	3,081,624	3,544,138	(462,514)
Accumulated			
Depreciation	<u>2,186,678</u>	<u>2,465,424</u>	(278,746)
Investment in Capital			
Assets – net	<u>\$ 894,946</u>	<u>\$1,078,714</u>	(183,768)

Additional information on the 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, 2021  
(unaudited)**

**Long-Term Obligations**

The District has no long term obligations.

**ECONOMIC FACTORS AND NEXT YEARS BUDGET**

In 2021, the Borough of Lindenwold Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2021 the fire tax levy amounted to 98% of total revenue collected.

In 2021, the Borough of Lindenwold Fire District No. 1 adopted their 2022 budget on December 27, 2021. The voters subsequently approved the budget at the February election. The 2022 budget reflects an increase in the tax levy of approximately \$11,000.

**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, 801 Scott 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, 2021

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents (See Note 3)	\$ 1,921,052
Accounts receivable	11,926
Prepaid expenses	17,000
Total current assets	<u>1,949,978</u>
Capital assets, (net of depreciation) (See Note 4)	<u>894,946</u>
Total assets	<u>2,844,924</u>
Deferred outflow of resources:	
Deferred outflows related to Other post employment benefits (See Note 8)	418,310
Deferred outflows related pension (See Note 6)	8,087
Total deferred outflow of resources	<u>426,397</u>
Total assets and deferred outflow of resources	<u>\$ 3,271,321</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 8,638
Accrued wages	4,985
Accrued professional fees	13,000
Accrued PERS	9,280
Total current liabilities	<u>35,903</u>
Noncurrent liabilities:	
Compensated absences	8,823
Net Other post employment benefits liability (See Note 8)	511,554
Net pension liability (See Note 6)	93,872
Total noncurrent liabilities	<u>614,249</u>
Total liabilities	<u>650,152</u>
Deferred inflow of resources:	
Deferred inflows related to Other post employment benefits (See Note 8)	715,452
Deferred inflows related to pensions (See Note 6)	94,140
Total deferred inflow of resources	<u>809,592</u>
Net position:	
Net investment in capital assets	894,946
Restricted net position:	
Capital	910,010
Unrestricted net position	6,621
Total net position	<u>1,811,577</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 3,271,321</u>

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, 2021**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Government activities:			
Operation appropriations:			
Administration	\$ 170,292	\$ -	\$ (170,292)
Costs of operations and maintenance	681,645	39,530	(642,115)
	<hr/>	<hr/>	<hr/>
Total governmental activities	851,937	39,530	(812,407)
	<hr/>	<hr/>	<hr/>
General revenues:			
Amount raised by taxation			1,169,953
Interest income			1,226
Sale of Assets			1,600
Miscellaneous			7,885
			<hr/>
Total general revenues			1,180,664
			<hr/>
Change in net position			368,257
			<hr/>
Net position, January 1			1,443,320
			<hr/>
Net position, December 31			<u>\$ 1,811,577</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, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 834,793	\$ 1,086,259	\$ 1,921,052
Accounts receivable	11,926	-	11,926
Other receivable	176,249	-	176,249
<b>Total assets</b>	<u>1,022,968</u>	<u>1,086,259</u>	<u>2,109,227</u>
<b>Liabilities:</b>			
Accounts payable	8,638	-	8,638
Accrued wages	4,985	-	4,985
Accrued professional fees	13,000	-	13,000
Accrued PERS	9,280	-	9,280
Other payable	-	176,249	176,249
<b>Total liabilities</b>	<u>35,903</u>	<u>176,249</u>	<u>212,152</u>
<b>Fund balances:</b>			
Restricted for:			
Capital	-	910,010	910,010
Designated for subsequent year's expenditures	102,750	-	102,750
Unassigned, reported in:			
General fund	884,315	-	884,315
<b>Total fund balances</b>	<u>987,065</u>	<u>910,010</u>	<u>1,897,075</u>
<b>Total liabilities and fund balance</b>	<u>\$ 1,022,968</u>	<u>\$ 1,086,259</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.

17,000

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,081,625 and the accumulated depreciation is \$2,186,679.

894,946

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.

(383,195)

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

(614,249)

Net position

\$ 1,811,577

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, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Revenues:			
Miscellaneous anticipated revenue:			
Interest income	\$ 1,226	\$ -	\$ 1,226
Total miscellaneous revenues	<u>1,226</u>	<u>-</u>	<u>1,226</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	15,088	-	15,088
Other revenues	<u>24,442</u>	<u>-</u>	<u>24,442</u>
Total uniform fire safety act revenues	<u>39,530</u>	<u>-</u>	<u>39,530</u>
Total miscellaneous revenues offset with appropriations	<u>39,530</u>	<u>-</u>	<u>39,530</u>
Total revenues	<u>48,641</u>	<u>-</u>	<u>48,641</u>
Amount raised by taxation to support district budget	<u>909,953</u>	<u>260,000</u>	<u>1,169,953</u>
Total anticipated revenues	<u>958,594</u>	<u>260,000</u>	<u>1,218,594</u>
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	65,363	-	65,363
Fringe benefits	37,913	-	37,913
Other expenditures:			
Professional fees	26,724	-	26,724
Elections	2,832	-	2,832
Utilities	27,864	-	27,864
Office supplies	2,798	-	2,798
Advertising	775	-	775
Payroll service fees	4,952	-	4,952
Non-bondable assets	<u>1,071</u>	<u>-</u>	<u>1,071</u>
Total administration	<u>170,292</u>	<u>-</u>	<u>170,292</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, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Cost of operations and maintenance:			
Salaries and wages	57,112	-	57,112
Fringe benefits	4,665	-	4,665
Other expenditures:			
Rental charges	206,765	-	206,765
Insurance	102,888	-	102,888
Maintenance and repairs	118,050	-	118,050
Supplies	11,857	-	11,857
Training and education	14,192	-	14,192
Uniforms	10,616	-	10,616
SFSG expenses	7,885	-	7,885
Medical/screening	3,996	-	3,996
Volunteer allowance	45,000	-	45,000
Other LEA expenses	5,568	-	5,568
Promotions	6,210	-	6,210
Other non-bondable assets	72,232	-	72,232
Total cost of operations and maintenance	667,036	-	667,036
Operating appropriations offset with revenues:			
Salaries and wages	18,447	-	18,447
Fringe benefits	1,499	-	1,499
Other expenditures	9,787	-	9,787
Total operating appropriations offset with revenues	29,733	-	29,733
Total operating appropriations	867,061	-	867,061
Other Financing Sources/(Uses):			
Sale of Assets (nonbudgeted)	75,500	-	75,500
Total Other Financing Sources/(Uses):	75,500	-	75,500
Excess (efficiency) of revenues over (under) expenditures	167,033	260,000	427,033
Fund balance, January 1	820,032	650,010	1,470,042
Fund balance, December 31	\$ 987,065	\$ 910,010	\$ 1,897,075

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, 2021**

Total net changes in Fund Balance-Governmental Funds (B-2)	\$	427,033
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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 - General Fund	\$	10,480	
Capital Asset Sold		(73,900)	
Depreciation Expense		<u>(120,348)</u>	
			(183,768)

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

Prior year		(17,204)	
Current year		<u>17,000</u>	
			(204)

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

Pension expense - 2021		31,466	
Other post employment benefits credit - 2021		97,443	

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, the increase in sick leave paid was \$3,713.

		<u>(3,713)</u>
Changes in net position of governmental activities	\$	<u><u>368,257</u></u>

# FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD

## Notes to Financial Statements

For the year ended December 31, 2021

### 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. 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.

#### C. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

#### D. 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, 2021.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**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."

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



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Fund Accounting (continued)**

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, 2021.

**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.

**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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

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.

**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, 2021.

**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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Cash, Cash Equivalents and Investments (continued)**

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.

**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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2021:

GASB Statement No. 84, "*Fiduciary Activities*". The objective GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. No material changes to the financial statements.

Recently Issued Accounting Pronouncements

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

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**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, 2021, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand Deposits	<u>\$ 1,921,052</u>
Total Deposits	<u>\$ 1,921,052</u>
<b>Reconciliation to Governmental Fund Statements:</b>	
Governmental Funds	<u>\$ 1,921,052</u>
Total	<u>\$ 1,921,052</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, 2021, the District's bank balance of \$2,038,464 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized not in the District's Name Under GUDPA	1,788,464
Total	<u>\$2,038,464</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.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 4: CAPITAL ASSETS (continued)**

Fixed assets as of December 31, 2021 consisted of the following:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Apparatus	\$ 3,036,783	\$ -	\$ (472,994)	\$ 2,563,789
Equipment	507,355	10,480	-	517,835
Total at Historical Cost	<u>3,544,138</u>	<u>10,480</u>	<u>(472,994)</u>	<u>3,081,624</u>
Less Accumulated Depreciation				
Apparatus	(2,006,653)	(104,492)	399,094	(1,712,051)
Equipment	(458,771)	(15,856)	-	(474,627)
Total Accumulated Depreciation	<u>(2,465,424)</u>	<u>(120,348)</u>	<u>399,094</u>	<u>(2,186,678)</u>
Governmental Activities Capital Assets, net	<u>\$ 1,078,714</u>	<u>\$ (109,868)</u>	<u>\$ (73,900)</u>	<u>\$ 894,946</u>

**NOTE 5: LONG-TERM OBLIGATIONS**

During the year ended December 31, 2021, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>12/31/20</u>	<u>Accrued/</u> <u>increases</u>	<u>Retired/</u> <u>decreases</u>	<u>Balance</u> <u>12/31/21</u>	<u>Due within</u> <u>One Year</u>
Compensated absences	\$ 5,110	\$ 3,713	-	\$ 8,823	-
Other post employment benefits	516,683	-	5,129	511,554	-
Net pension liability	<u>124,771</u>	<u>-</u>	<u>30,899</u>	<u>93,872</u>	<u>-</u>
Total	<u>\$ 646,564</u>	<u>\$ 3,713</u>	<u>\$ 36,028</u>	<u>\$ 614,249</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



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 6. PENSION OBLIGATIONS (continued)**

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

- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 2021, 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, 2021, the District's contractually required contribution to PERS plan was \$9,280.

**Components of Net Pension Liability** - At December 31, 2021, the District's proportionate share of the PERS net pension liability was \$93,872. The net pension liability was measured as of June 30, 2021. 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, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the District's

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 6. PENSION OBLIGATIONS (continued)**

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

actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, was 0.00079% which was an increase of 0.00003% from its proportion measured as of June 30, 2020.

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 248,531,007	\$ 1,383,360,202
Collective Deferred Inflows of Resources	7,422,916,600	6,885,726,332
Collective Net Pension Liability	11,972,782,878	16,435,616,426
District's portion of the Plan's total Net Pension Liability	0.00079%	0.00077%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2021, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2021 measurement date is \$(22,186). This expense is not recognized by the District because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the District contributed \$9,280 to the plan in 2021.

At December 31, 2021, 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	\$ 1,480	\$ 672	
Changes of Assumptions	489	33,419	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	24,728	
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>6,118</u>	<u>35,321</u>	
	<u>\$ 8,087</u>	<u>\$ 94,140</u>	

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 6. PENSION OBLIGATIONS (continued)**

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

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

	<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	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
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
June 30, 2020	-	5.16
June 30, 2021	-	5.13
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
June 30, 2020	-	5.00
June 30, 2021	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
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**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:

<b>Year Ending</b>	<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2023		\$ (35,434)
2024		(26,962)
2025		(19,738)
2026		(4,005)
2027		<u>86</u>
		<u>\$ (86,053)</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-2021
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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 6. PENSION OBLIGATIONS (continued)**

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

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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 benefit payments of

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 6. PENSION OBLIGATIONS (continued)**

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

current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ 129,198	\$ 93,872	\$ 65,744

**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, 2021 the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<b><u>2021</u></b>
Total Compensated Absences	\$ 8,823

**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, 2021**

**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, 2021 were \$3,872,142,278 and \$14,177,910,609, 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, 2021**

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

measurement period July 1, 2020 through June 30, 2021. 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, 2021 was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021

PERS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

\* - 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, 2021 was \$511,554. The District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State proportionate share of the OPEB Obligation attributable to the District was 0.00284%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2020.



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

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

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$(87,131) 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, 2021 measurement date.

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2019 and July 1, 2014 to June 30, 2019, respectively.

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

*Discount Rate*

The discount rate for June 30, 2021 was 2.16%. 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, 2021, 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 (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The District	\$ 602,001	\$ 511,554	\$ 439,873
State of New Jersey's Total Nonemployer OPEB Liability	21,182,289,882	17,999,781,235	15,477,574,697

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

The following presents the net OPEB liability as of June 30, 2021, 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, 2021**

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The District	\$ 426,808	\$ 511,554	\$ 622,137
State of New Jersey's Total Nonemployer OPEB Liability	15,017,879,689	17,999,781,235	21,890,793,528

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2021:

**Collective Balances at December 31, 2021 and December 31, 2020**

	12/31/2021	12/31/2020
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 3,001,822,350	\$ 3,168,345,589
Collective Deferred Inflows of Resources	6,947,492,748	7,333,043,620
Collective Net OPEB Liability	17,999,781,235	17,946,612,946
District's Portion	0.002842%	0.002879%

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:	
2022	\$ (1,074,753,405)
2023	(1,076,167,210)
2024	(1,077,459,075)
2025	(769,416,743)
2026	(129,344,414)
Thereafter	181,470,449
	<u>\$ (3,945,670,398)</u>

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**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 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Plan Membership**

At June 30, 2020, the Program membership consisted of the following:

	June 30, 2020
Active Plan Members	64,243
Retirees Currently Receiving Benefits	32,624
Total Plan Members	96,867

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Service Cost	\$ 846,075,674
Interest on the Total OPEB Liability	413,837,061
Change of Benefit Terms	2,029,119
Differences Between Expected and Actual Experience	(1,196,197,410)
Changes of Assumptions	339,165,715
Contributions From the Employer	(325,097,477)
Contributions From Non-Employer Contributing Entity	(37,777,433)
Net Investment Income	(201,343)
Administrative Expense	11,334,383
Net Change in Total OPEB Liability	53,168,289
Total OPEB Liability (Beginning)	17,946,612,946
Total OPEB Liability (Ending)	\$ 17,999,781,235

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 9: INTERFUND RECEIVABLE/PAYABLE**

As of December 31, 2021, 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, 2021, 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 \$987,065 General Fund fund balance at December 31, 2021, \$102,750 is assigned as designated for subsequent years expenditures and \$884,315 is unassigned.

**Capital Fund** – Of the \$910,010 Capital Fund fund balance at December 31, 2021, \$910,010 has been restricted for the Capital Projects Fund.

**NOTE 12: SUBSEQUENT EVENTS**

Fire District No. 1 of the Borough of Lindenwold has evaluated subsequent events occurring after December 31, 2021 through the date of January 9, 2023, which is the date the financial statements were available to be issued. No additional items other than those below have come to the attention of the District that would require disclosure.

***Purchase and Funding of Apparatus***

In August of 2022, the District issued \$1,161,316 of General Obligation Bonds with a final maturity date of August 1, 2032 and at an interest rate of 3.270%. The purpose of the issue of the bonds was to fund the purchase of a tower ladder truck and related equipment.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD  
Budgetary Comparison Schedule  
For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue				
Interest income	\$ 2,000	\$ 2,000	\$ 1,226	\$ (774)
Total miscellaneous revenues	<u>2,000</u>	<u>2,000</u>	<u>1,226</u>	<u>(774)</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>-</u>
Miscellaneous revenues offset with appropriations				
Uniform fire safety act revenues:				
Annual registration fee	17,000	17,000	15,088	(1,912)
Other revenues	14,700	14,700	24,442	9,742
Total uniform fire safety act revenues	<u>31,700</u>	<u>31,700</u>	<u>39,530</u>	<u>7,830</u>
Total miscellaneous revenues offset with appropriations	<u>31,700</u>	<u>31,700</u>	<u>39,530</u>	<u>7,830</u>
Total revenues	<u>41,585</u>	<u>41,585</u>	<u>48,641</u>	<u>7,056</u>
Amount raised by taxation to support district budget	1,169,953	1,169,953	1,169,953	-
Total anticipated revenues	<u>1,211,538</u>	<u>1,211,538</u>	<u>1,218,594</u>	<u>7,056</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	63,288	67,788	65,363	2,425
Fringe benefits	33,775	39,375	37,913	1,462
Other expenditures:				
Professional fees	52,000	40,600	26,724	13,876
Elections	2,750	2,850	2,832	18
Utilities	32,100	32,700	27,864	4,836
Office supplies	4,400	4,400	2,798	1,602
Advertising	2,500	2,500	775	1,725
Payroll service fees	5,000	5,000	4,952	48
Non-bondable assets	7,000	7,000	1,071	5,929
Total administration	<u>202,813</u>	<u>202,213</u>	<u>170,292</u>	<u>31,921</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD  
Budgetary Comparison Schedule  
For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of operations and maintenance:				
Salaries and wages	80,000	81,100	57,112	23,988
Fringe benefits	10,560	10,760	4,665	6,095
Other expenditures:				
Rental charges	226,240	221,240	206,765	14,475
Insurance	115,765	115,765	102,888	12,877
Maintenance and repairs	113,850	118,050	118,050	-
Supplies	15,000	14,500	11,857	2,643
Training and education	16,500	16,500	14,192	2,308
Uniforms	13,525	13,525	10,616	2,909
SFSG expenses	7,885	7,885	7,885	-
Medical/screening	5,500	5,500	3,996	1,504
Volunteer allowance	45,000	45,000	45,000	-
Other LEA expenses	7,700	7,700	5,568	2,132
Promotions	8,500	8,600	6,210	2,390
Other non-bondable assets	91,500	91,500	72,232	19,268
Total cost of operations and maintenance	<u>757,525</u>	<u>757,625</u>	<u>667,036</u>	<u>90,589</u>
Operating appropriations offset with revenues:				
Salaries and wages	18,000	18,500	18,447	53
Fringe benefits	1,800	1,800	1,499	301
Other expenditures	11,900	11,900	9,787	2,113
Total operating appropriations offset with revenues	<u>31,700</u>	<u>32,200</u>	<u>29,733</u>	<u>2,467</u>
Length of service award program				
Capital appropriations	<u>260,000</u>	<u>260,000</u>	<u>-</u>	<u>260,000</u>
Total operating appropriations	<u>1,252,038</u>	<u>1,252,038</u>	<u>867,061</u>	<u>384,977</u>
Excess (efficiency) of revenues over (under) expenditures	(40,500)	(40,500)	351,533	392,033
Other financing sources (uses):				
Sale of assets (nonbudgeted)	-	-	75,500	(75,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>75,500</u>	<u>(75,500)</u>
Excess (efficiency) of revenues & other financing sources over (under) expenditures & other financing sources (uses)	<u>(40,500)</u>	<u>(40,500)</u>	<u>427,033</u>	<u>316,533</u>
Fund balance, January 1	<u>1,470,042</u>	<u>1,470,042</u>	<u>1,470,042</u>	<u>-</u>
Fund balance, December 31	<u>\$ 1,429,542</u>	<u>\$ 1,429,542</u>	<u>\$ 1,897,075</u>	<u>\$ 316,533</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 Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<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)	0.00079%	0.00077%	0.00099%	0.00099%	0.00104%	0.00102%	0.00100%	0.00927%
District's proportionate share of the net pension liability (asset)	\$ 93,872	\$ 124,771	\$ 179,776	\$ 194,584	\$ 241,631	\$ 300,977	\$ 224,419	\$ 173,559
District's covered-employee payroll	\$ 61,551	\$ 58,068	\$ 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	152.51%	214.87%	250.94%	276.81%	343.20%	418.56%	321.02%	251.70%
Plan fiduciary net position as a percentage of the total pension liability	106.27%	75.13%	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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributor	\$ 9,280.00	\$ 8,370	\$ 9,706	\$ 9,830	\$ 9,616	\$ 9,028	\$ 8,595	\$ 7,642
Contributions in relation to the contractually required contributor	9,280	8,370	9,706	9,830	9,616	9,028	8,595	7,642
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 61,551	\$ 58,068	\$ 71,642	\$ 70,295	\$ 70,406	\$ 71,908	\$ 69,908	\$ 68,956
Contributions as a percentage of covered-employee payroll	15.08%	14.41%	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 Six Fiscal Years \*\***

	Measurement Date Ended June 30,					
	2021	2020	2019	2018	2017	2016
District's proportion of the other postemployment benefit liability (asset)	0.002879%	0.002879%	0.008940%	0.001931%	0.001906%	0.006320%
District's proportionate share of the net other postemployment benefit liability (asset)	\$ 511,554	\$ 516,683	\$ 121,102	\$ 302,522	\$ 389,125	\$ 1,372,544
District's covered-employee payroll	\$ 61,551	\$ 58,068	\$ 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	831.11%	889.79%	169.04%	430.36%	552.69%	1908.75%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	0.90%	0.90%	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, 2021**

**Public Employees' Retirement System (PERS)**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

The discount rate was 7.00% as of June 30, 2020 and June 30, 2021.

**State Health Benefit Local Retired Employees Plan (OPEB)**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

**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, 2021**

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**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021**

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  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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, 2021.

**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:11-4 was \$17,500 for the year ended December 31, 2021.

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.

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**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  
January 9, 2023