

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

**Financial Statements**

**For the year ended December 31, 2017**

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



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Financial Statements**  
**For the year ended December 31, 2017**  
**(With Independent Auditor's Report thereon)**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District No. 1 of the Borough of Lindenwold, County of Camden, State of New Jersey, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2018, on our consideration of the Fire District No. 1 of the Borough of Lindenwold's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District No. 1 of the Borough of Lindenwold's internal control over financial reporting and compliance.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

May 31, 2018  
Medford, New Jersey



**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:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Borough of Lindenwold, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Fire District No. 1 of the Borough of Lindenwold's basic financial statements, and have issued our report thereon dated May 31, 2018.

**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.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

Medford, New Jersey  
May 31, 2018



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

As management of Borough of Lindenwold Fire District No. 1, we offer readers of the Lindenwold Fire District No. 1 financial statements this narrative overview and analysis of the financial activities of the Borough of Lindenwold Fire District No. 1 for the year ended December 31, 2017. 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, 2017 by \$1,711,317. In 2016 the excess was \$1,741,728. This is a decrease of \$30,411.
- During 2017 Borough of Lindenwold Fire District No. 1 operated at a deficit of \$30,411. The deficit in 2016 was \$31,109. This is an increase of \$11,884.
- The District's cash balances decreased by approximately \$577,000.
- The District's current liabilities decreased by approximately \$2,700.
- The District increased the fund for future purchase of fire apparatus by \$75,000.

**USING THIS ANNUAL REPORT**

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

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

**Reporting on the District as a Whole**

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

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

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

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

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

**Fiduciary Funds**

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

**Notes to Financial Statements**

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

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Borough of Lindenwold Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2017 the District's assets exceeded the liabilities by approximately \$1,711,317. A large portion of Borough of Lindenwold Fire District No. 1's net position (72.1%) is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Borough of Lindenwold Fire District No. 1's investment in capital assets is reported net of related accumulated depreciation.

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

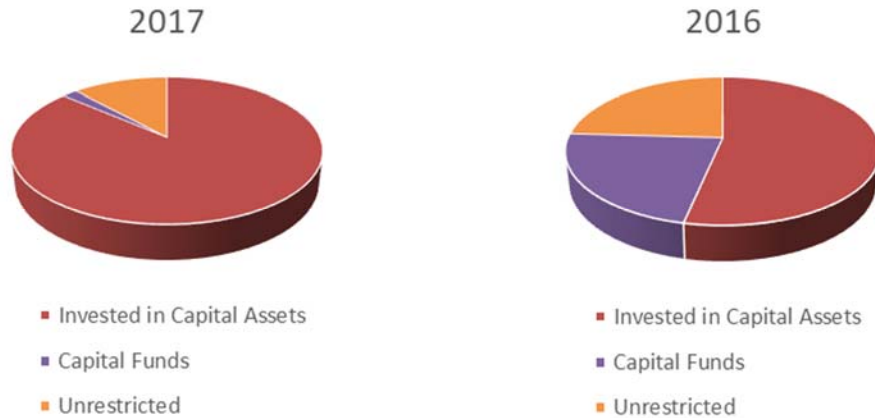
**Statement of Net Position**

Borough of Lindenwold Fire District No. 1  
Net Position  
December 31, 2017

	2017	2016	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$ 571,814	\$ 1,164,717	(592,903)	-50.91%
Capital Assets	<u>1,478,003</u>	<u>928,724</u>	549,279	59.14%
Total Assets	2,049,817	2,093,441	(43,624)	-2.08%
Other Liabilities	<u>(338,500)</u>	<u>(351,713)</u>	13,213	-3.76%
Net Position	<u>\$ 1,711,317</u>	<u>\$ 1,741,728</u>	(30,411)	-1.75%

**Analysis of Net Position**

Invested in Capital Assets	\$ 1,478,003	\$ 928,728	549,275	59.14%
Capital Funds	32,156	393,471	(361,315)	-91.83%
Unrestricted	<u>201,158</u>	<u>419,533</u>	(218,375)	-52.05%
Total Net Position	<u>\$ 1,711,317</u>	<u>\$ 1,741,732</u>	(30,415)	-1.75%



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

The net position of Borough of Lindenwold Fire District No. 1 decreased by approximately \$30,400 during the 2017 period. This decrease was due primarily to the results of the normal operations of the District during 2017. Other major changes in net position at December 31, 2016 that affected the net change was that the District operated at a deficit of approximately \$31,100.

**Governmental Activities**

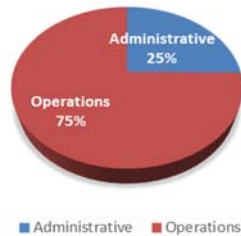
The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

	2017	2016	\$ Increase (Decrease)	% Increase (Decrease)
Expenses				
Program Expenses				
Administrative Expenses	\$ 255,914	\$ 235,637	\$ 20,277	8.61%
Cost of Operations & Maintenance	<u>686,751</u>	<u>701,821</u>	(15,070)	-2.15%
Total Program Expenses	<u>942,665</u>	<u>937,458</u>	5,207	0.56%

**2017 Program Expenses**



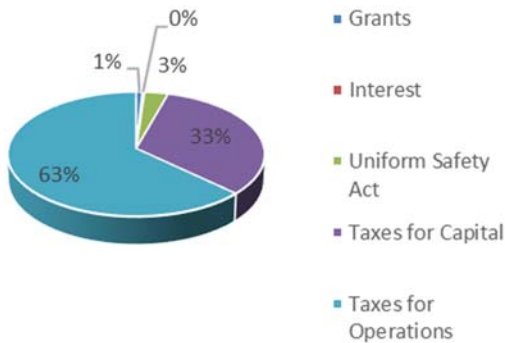
**2016 Program Expenses**



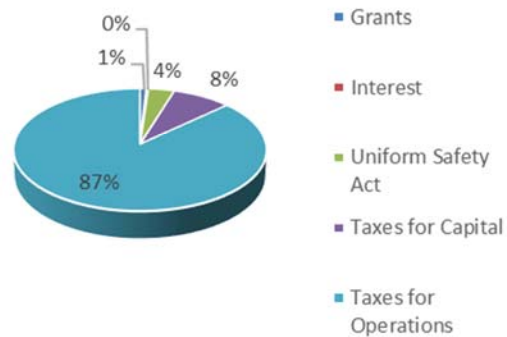
**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(unaudited)**

	2017	2016	\$ Increase (Decrease)	% Increase (Decrease)
<b>Program Revenues</b>				
Operating Grants	<u>7,885</u>	<u>7,885</u>	-	0.00%
Net Program Expenses	<u>965,285</u>	<u>929,573</u>	35,712	3.84%
<b>General Revenues</b>				
Property Taxes Levied for General Purposes	593,791	788,124	(194,333)	-24.66%
Property Taxes Levied for Capital Purchases	307,759	75,000	232,759	310.35%
Uniform Fire Safety Act	30,505	32,806	(2,301)	-7.01%
Interest earned on investments	<u>2,819</u>	<u>2,534</u>	285	11.25%
<b>Total General Revenues</b>	<u>934,874</u>	<u>898,464</u>	36,410	4.05%
Increase (Decrease) in Net Position	(30,411)	(31,109)	698	-2.24%
Net Position, January 1	<u>\$1,741,728</u>	<u>1,772,837</u>	(31,109)	-1.75%
Net Position, December 31	<u><u>\$1,711,317</u></u>	<u><u>\$ 1,741,728</u></u>	(30,411)	-1.75%

2017 Revenues



2016 Revenues



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

Property tax revenue constituted 96% of the total governmental activities revenues received by Borough of Lindenwold Fire District No. 1 in 2017. In 2016 the property tax revenue also constituted 95% of total revenues.

The Cost of Operations & Maintenance was 74% and 75% of the District's total expenses in 2017 and 2016 respectively. Administration expenses equaled 26% and 25% of the total expenses in 2017 and 2016.

**FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

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

**Government Fund**

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

As of December 31, 2017, the combined balance of the governmental cash funds of Borough of Lindenwold Fire District No. 1 was \$484,354. This balance is approximately \$577,000 lower than last year's combined governmental funds balance. The majority of the decrease, was due to the finalization of an apparatus purchase within governmental funds.

The combined balance of the governmental funds of Borough of Lindenwold Fire District No. 1 was \$451,105. An amount of \$75,000 has been designated for use in 2018, \$32,156 has been restricted for capital purposes, \$3,588 is assigned to other purposes and \$340,361 is unassigned.

The general fund is the main operating fund of Borough of Lindenwold Fire District No. 1. At the end of 2017, the total fund balance of the general fund was \$418,949. An amount of \$75,000 has been designated for utilization in the 2018 Budget.

During 2017 the general fund balance of Borough of Lindenwold Fire District No. 1 decreased by approximately \$212,000. The primary reason for this decrease is:

- The District allocated additional funds to the Capital Fund to finalize the purchase of a new aerial fire apparatus put into operation during 2017.

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

At the end of 2017, the District had a capital projects fund balance of \$32,156. This was an decrease of \$361,315 from the previous year. The major change in this fund balance was:

- A capital appropriation for the remaining payment of an aerial fire apparatus of approximately \$660,000.

**General Fund Budgetary Highlights**

The budget as approved by the voters was balanced with the utilization of approximately \$498,241 of accumulated surplus.

Administrative expenses were approximately 3% less than projected in 2017. Operating expenses were approximately 13% less than projected in 2017.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2017 Borough of Lindenwold Fire District No. 1 had invested in capital assets for government activities approximately \$1,478,003 (net of accumulated depreciation). Capital assets consist of fire apparatus, and fire equipment.

Borough of Lindenwold Fire District No. 1			
Capital Assets			
(Net of Accumulated Depreciation)			
December 31, 2017			
	2017	2016	Change
Vehicles & Apparatus	\$ 2,992,637	\$ 2,123,562	869,075
Apparatus in Progress	-	200,000	(200,000)
Equipment	<u>486,105</u>	<u>460,521</u>	25,584
 Total Capital Assets	 3,478,742	 2,784,083	 694,659
 Accumulated Depreciation	 <u>2,000,739</u>	 <u>1,855,359</u>	 145,380
 Investment in Capital Assets, net	 <u>\$ 1,478,003</u>	 <u>\$ 928,724</u>	 549,279



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

Additional information on Borough of Lindenwold Fire District No. 1's capital assets can be found in Note 5 in the notes to the financial statements.

**Long-Term Obligations**

The District has no long term obligations.

**ECONOMIC FACTORS AND NEXT YEARS BUDGET**

In 2017, Borough of Lindenwold Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2017 the fire tax levy amounted to 96% of total revenue collected.

In 2017, Borough of Lindenwold Fire District No. 1 adopted their 2018 budget on December 28, 2017. The voters subsequently approved the budget at the February election. The 2018 budget reflects an increase in the tax levy of approximately \$257,130. The Board is utilizing \$75,000 of accumulated surplus to balance the budget.

**REQUESTS FOR INFORMATION**

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

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**EXHIBIT A-1**

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Statement of Net Position**  
**December 31, 2017**

		<u>Governmental Activities</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$	484,354
Accounts receivable		1,236
Prepaid expenses		17,568
Total current assets		<u>503,158</u>
Capital assets, (net of depreciation)		<u>1,478,003</u>
Total assets		<u>1,981,161</u>
Deferred outflow of resources:		
Deferred outflows related pension		<u>68,656</u>
Total deferred outflow of resources		<u>68,656</u>
Total assets and deferred outflow of resources	\$	<u><u>2,049,817</u></u>
Liabilities:		
Current liabilities:		
Accounts payable	\$	13,752
Accrued wages		2,367
Accrued professional fees		8,750
Accrued PERS		9,616
Total current liabilities		<u>34,485</u>
Noncurrent liabilities:		
Compensated absences		12,581
Net pension liability		<u>241,631</u>
Total noncurrent liabilities		<u>254,212</u>
Total liabilities		<u>288,697</u>
Deferred inflow of resources:		
Deferred inflows related to pensions		<u>49,803</u>
Total deferred inflow of resources		<u>49,803</u>
Net position:		
Net investment in capital assets		1,478,003
Restricted net position:		
Capital		32,156
Unrestricted net position		<u>201,158</u>
Total net position		<u>1,711,317</u>
Total liabilities, deferred inflow of resources and net position	\$	<u><u>2,049,817</u></u>

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

EXHIBIT A-2

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Statement of Activities**  
**For the year ended December 31, 2017**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Government activities:			
Operation appropriations:			
Administration	\$ 255,914	\$ -	\$ (255,914)
Costs of operations and maintenance	717,256	30,505	(686,751)
Total governmental activities	973,170	30,505	(942,665)
General revenues:			
Amount raised by taxation			901,550
Interest income			2,819
Miscellaneous			7,885
Total general revenues			912,254
Change in net position			(30,411)
Net position, January 1			1,741,728
Net position, December 31			\$ 1,711,317

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, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 481,802	\$ 2,552	\$ 484,354
Accounts receivable	1,236	-	1,236
Other receivable	-	29,604	29,604
<b>Total assets</b>	<b>483,038</b>	<b>32,156</b>	<b>515,194</b>
<b>Liabilities:</b>			
Accounts payable	13,752	-	13,752
Accrued wages	2,367	-	2,367
Accrued professional fees	8,750	-	8,750
Accrued PERS	9,616	-	9,616
Other payable	29,604	-	29,604
<b>Total liabilities</b>	<b>64,089</b>	<b>-</b>	<b>64,089</b>
<b>Fund balances:</b>			
Restricted for:			
Capital	-	32,156	32,156
Assigned to:			
Other purposes	3,588	-	3,588
Designated for subsequent year's expenditures	75,000	-	75,000
Unassigned, reported in:			
General fund	340,361	-	340,361
<b>Total fund balances</b>	<b>418,949</b>	<b>32,156</b>	<b>451,105</b>
<b>Total liabilities and fund balance</b>	<b>\$ 483,038</b>	<b>\$ 32,156</b>	

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.

17,568

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,478,742 and the accumulated depreciation is \$2,00,739.

1,478,003

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.

18,853

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

(254,212)

Net position

\$ 1,711,317

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, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Revenues:			
Miscellaneous anticipated revenue:			
Interest income	\$ 2,819	\$ -	\$ 2,819
Total miscellaneous revenues	2,819	-	2,819
Supplemental fire service act	7,885	-	7,885
Total operating grant revenue	7,885	-	7,885
Miscellaneous revenues offset with appropriations:			
Uniform fire safety act revenues:			
Annual registration fee	12,165	-	12,165
Other revenues	18,340	-	18,340
Total uniform fire safety act revenues	30,505	-	30,505
Total miscellaneous revenues offset with appropriations	30,505	-	30,505
Total revenues	41,209	-	41,209
Amount raised by taxation to support district budget	593,791	307,759	901,550
Total anticipated revenues	635,000	307,759	942,759
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	141,480	-	141,480
Fringe benefits	46,254	-	46,254
Other expenditures:			
Professional fees	27,451	-	27,451
Elections	1,130	-	1,130
Utilities	26,684	-	26,684
Office supplies	4,257	-	4,257
Advertising	907	-	907
Payroll service fees	4,779	-	4,779
Non-bondable assets	2,972	-	2,972
Total administration	255,914	-	255,914

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, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Cost of operations and maintenance:			
Salaries and wages	26,000	-	26,000
Fringe benefits	3,890	-	3,890
Other expenditures:			
Rental charges	191,974	-	191,974
Insurance	97,563	-	97,563
Maintenance and repairs	87,280	-	87,280
Supplies	9,172	-	9,172
Training and education	15,944	-	15,944
Uniforms	7,524	-	7,524
SFSG expenses	7,885	-	7,885
Medical/screening	5,187	-	5,187
Volunteer allowance	45,000	-	45,000
Promotions	3,461	-	3,461
Other non-bondable assets	59,257	-	59,257
Total cost of operations and maintenance	<u>560,137</u>	<u>-</u>	<u>560,137</u>
Operating appropriations offset with revenues:			
Salaries and wages	17,000	-	17,000
Fringe benefits	1,412	-	1,412
Other expenditures	13,231	-	13,231
Total operating appropriations offset with revenues	<u>31,643</u>	<u>-</u>	<u>31,643</u>
Capital appropriations	<u>-</u>	<u>669,074</u>	<u>669,074</u>
Total operating appropriations	<u>847,694</u>	<u>669,074</u>	<u>1,516,768</u>
Excess (efficiency) of revenues over (under) expenditures	(212,694)	(361,315)	(574,009)
Fund balance, January 1	<u>631,643</u>	<u>393,471</u>	<u>1,025,114</u>
Fund balance, December 31	<u>\$ 418,949</u>	<u>\$ 32,156</u>	<u>\$ 451,105</u>

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, 2017**

Total net changes in Fund Balance-Governmental Funds (B-2) \$ (574,009)

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	39,965	
Capital Outlays - Capital Projects Fund	669,074	
Depreciation Expense	<u>(159,760)</u>	
		549,279

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	(11,122)	
Current year	<u>17,568</u>	
		6,446

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 - 2017	(11,186)
------------------------	----------

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  
\$120.

Changes in net position of governmental activities	<u><u>\$ (30,411)</u></u>
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**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**

**Notes to Financial Statements**

**For the year ended December 31, 2017**

**NOTE 1: GENERAL INFORMATION**

**A. Description of Reporting Entity**

Fire District No. 1 of the Borough of Lindenwold is a political subdivision of the Borough of Lindenwold, County of Camden, State of New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location.

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

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization's board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

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

**B. District Officials**

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

<b>Officials</b>	<b>Term Expires March</b>
Cliff Ruth – Chairman	2018
Richard Paul, Jr. – Vice Chairman	2019
Wayne Hans – Secretary	2020
Raymond McManus – Treasurer	2020
Frank Weindel – Commissioner	2018

**C. Accounting Records**

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

**D. Minutes**

Minutes were recorded for meetings and contained approvals for disbursements.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 1: GENERAL INFORMATION (continued)**

**E. Component Units**

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - 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, 2017.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

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

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

**B. Fund Accounting**

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**B. Fund Accounting (continued)**

Governmental Funds:

*General Fund*

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

*Capital Projects Fund*

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

Fiduciary Funds:

The District does not have any fiduciary funds as of December 31, 2017.

**C. District Wide and Fund Financial Statements**

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

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

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**D. Basis of Accounting**

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

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

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

**E. Budgets and Budgetary Accounting**

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

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

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

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

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**F. Encumbrances**

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. There were no encumbrances as of December 31, 2017.

**G. Cash, Cash Equivalents and Investments**

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

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

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

**H. Prepaid Expenses**

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

**I. Debt Limitation**

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**J. Capital Assets**

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

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

Equipment	5 to 25 Years
Apparatus	10 to 20 Years

**K. Inventory, Materials and Supplies**

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

**L. Interfund Receivable/Payable**

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

**M. Compensated Absences**

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

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

**N. Revenues and Expenditures**

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

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**O. Fire District Taxes**

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

**P. Fund Equity**

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

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

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

**Q. Net Position**

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

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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**Q. Net Position (continued)**

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

**R. Use of Estimates**

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

**S. Deferred Inflows/Outflows of Resources**

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

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

**T. Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2017:

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the District's financial statements.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

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

**T. Impact of Recently Issued Accounting Principles**

additional transparency. The adoption of this Statement had no impact on the District's financial statements.

Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the District's financial statements.

Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. The adoption of this Statement had no impact on the District's financial statements.

Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to have a material 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, 2017**

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

**T. Impact of Recently Issued Accounting Principles**

Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the District's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the District's financial statements.

**U. Subsequent Events**

Fire District No. 1 of the Borough of Lindenwold has evaluated subsequent events occurring after December 31, 2017 through the date of May 31, 2018, which is the date the financial statements were available to be issued.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**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, 2017, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand Deposits	\$ 484,354
Total Deposits	<u>\$ 484,354</u>
<b>Reconciliation to Governmental Fund Statements:</b>	
Governmental Funds	\$ 484,354
Total	<u>\$ 484,354</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, 2017, the District's bank balance of \$561,688 was insured or collateralized as follows:

Insured	\$250,000
Collateralized not in the District's Name Under GUDPA	<u>311,688</u>
Total	<u>\$561,688</u>

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 4: CAPITAL ASSETS**

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

Fixed assets as of December 31, 2017 consisted of the following:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
Apparatus	\$ 2,123,562	\$ 869,074	\$ -	\$2,992,636
Apparatus - Construction in Progress	200,000	-	(200,000)	-
Equipment	460,521	39,965	(14,380)	486,106
	<hr/>			
Total at Historical Cost	2,784,083	909,039	(214,380)	3,478,742
	<hr/>			
Less Accumulated Depreciation				
Apparatus	(1,486,823)	(123,331)	-	(1,610,154)
Equipment	(368,536)	(36,429)	14,380	(390,585)
	<hr/>			
Total Accumulated Depreciation	(1,855,359)	(159,760)	14,380	(2,000,739)
	<hr/>			
Governmental Activities Capital Assets, net	\$ 928,724	\$ 749,279	\$(200,000)	\$1,478,003
	<hr/>			

**NOTE 5: 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.nj.gov/treasury/pensions/financial-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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (continued):**

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

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 allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The 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 2017, 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, 2017, the District's contractually required contribution to PERS plan was \$9,616.

**Components of Net Pension Liability** - At December 31, 2017, the District's proportionate share of the PERS net pension liability was \$241,631. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017, was 0.00104% which was an increase of 0.00002% from its proportion measured as of June 30, 2016.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (continued):**

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

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 68,656	\$ 91,215
Deferred Inflows of Resources	49,803	1,834
Net Pension Liability	241,631	300,977
Fire's portion of the Plan's total net pension Liability	0.00104%	0.00102%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2017, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$17,428. 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 \$9,616 to the plan in 2017.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 5,690	\$ -
Changes of Assumptions	48,680	48,502
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,645	-
Changes in Proportion and Differences between Fire Contributions and Proportionate Share of Contributions	12,641	1,301
	<u>\$ 68,656</u>	<u>\$ 49,803</u>

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (continued):**

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

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
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	-
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
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	-
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

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (continued):**

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

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

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2018	\$ 3,445
2019	3,445
2020	3,445
2021	9,956
2022	<u>(1,436)</u>
	<u>\$ 18,855</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	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).



**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (continued):**

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

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

**Notes to Financial Statements (continued)**

**For the year ended December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (continued):**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
District's Proportionate Share of the Net Pension Liability	<u>\$ 299,759</u>	<u>\$ 241,631</u>	<u>\$ 193,202</u>

**NOTE 6: 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, 2017 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>2017</u></b>
Total Compensated Absences	\$ 12,581

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 7: POST-EMPLOYMENT HEALTHCARE BENEFITS PLAN**

The District participates in the New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pensions and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the District of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis.

**NOTE 8: INTERFUND RECEIVABLE/PAYABLE**

As of December 31, 2017, the following inter-fund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 29,604
Capital Projects Fund	<u>29,604</u>	<u>-</u>
Total	<u>\$ 29,604</u>	<u>\$ 29,604</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 9: 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, 2017, the fire tax rate on the Fire District No. 1 was approximately \$.146 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%.

**FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2017**

**NOTE 10: FUND BALANCE**

**General Fund** – Of the \$418,949 General Fund fund balance at December 31, 2017, \$75,000 has been assigned to be designated for subsequent year’s expenditures; \$3,588 has been assigned for other purposes; and \$340,361 is unassigned.

**Capital Fund** – Of the \$32,156 Capital Fund fund balance at December 31, 2017, \$32,156 has been restricted for the Capital Projects Fund.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD  
Budgetary Comparison Schedule  
For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Interest income	\$ -	\$ -	\$ 2,819	\$ 2,819
Sale of assets	-	-	-	-
Other revenue	50	50	-	(50)
Total miscellaneous revenues	<u>50</u>	<u>50</u>	<u>2,819</u>	<u>2,769</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	18,000	18,000	12,165	(5,835)
Other revenues	15,900	15,900	18,340	2,440
Total uniform fire safety act revenues	<u>33,900</u>	<u>33,900</u>	<u>30,505</u>	<u>(3,395)</u>
Total miscellaneous revenues offset with appropriations	<u>33,900</u>	<u>33,900</u>	<u>30,505</u>	<u>(3,395)</u>
Total revenues	<u>41,835</u>	<u>41,835</u>	<u>41,209</u>	<u>(626)</u>
Amount raised by taxation to support district budget	901,550	901,550	901,550	-
Total anticipated revenues	<u>943,385</u>	<u>943,385</u>	<u>942,759</u>	<u>(626)</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	141,406	145,106	141,480	3,626
Fringe benefits	43,205	43,905	46,254	(2,349)
Other expenditures:				
Professional fees	23,000	27,600	27,451	149
Elections	1,300	1,300	1,130	170
Utilities	29,900	30,000	26,684	3,316
Office supplies	4,400	4,400	4,257	143
Advertising	1,400	1,400	907	493
Payroll service fees	4,300	4,800	4,779	21
Non-bondable assets	7,000	4,400	2,972	1,428
Total administration	<u>255,911</u>	<u>262,911</u>	<u>255,914</u>	<u>6,997</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD  
Budgetary Comparison Schedule  
For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of operations and maintenance:				
Salaries and wages	26,000	26,000	26,000	-
Fringe benefits	4,280	4,380	3,890	490
Other expenditures:				
Rental charges	198,500	198,500	191,974	6,526
Insurance	96,500	96,500	97,563	(1,063)
Maintenance and repairs	115,850	108,150	87,280	20,870
Supplies	15,000	15,000	9,172	5,828
Training and education	16,500	16,500	15,944	556
Uniforms	9,000	9,600	7,524	2,076
SFSG expenses	7,885	7,885	7,885	-
Medical/screening	5,500	5,500	5,187	313
Volunteer allowance	45,000	45,000	45,000	-
Other LEA expenses	7,600	7,600	-	7,600
Promotions	9,000	9,000	3,461	5,539
Other non-bondable assets	95,200	95,200	59,257	35,943
Total cost of operations and maintenance	<u>651,815</u>	<u>644,815</u>	<u>560,137</u>	<u>84,678</u>
Operating appropriations offset with revenues:				
Salaries and wages	17,000	17,000	17,000	-
Fringe benefits	1,700	1,700	1,412	288
Other expenditures	15,200	15,200	13,231	1,969
Total operating appropriations offset with revenues	<u>33,900</u>	<u>33,900</u>	<u>31,643</u>	<u>2,257</u>
Capital appropriations	<u>500,000</u>	<u>500,000</u>	<u>669,074</u>	<u>(169,074)</u>
Total operating appropriations	<u>1,441,626</u>	<u>1,441,626</u>	<u>1,516,768</u>	<u>(75,142)</u>
Excess (efficiency) of revenues over (under) expenditures	(498,241)	(498,241)	(574,009)	(75,768)
Fund balance, January 1	<u>1,025,114</u>	<u>1,025,114</u>	<u>1,025,114</u>	<u>-</u>
Fund balance, December 31	<u>\$ 526,873</u>	<u>\$ 526,873</u>	<u>\$ 451,105</u>	<u>\$ (75,768)</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 Five Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00104%	0.00102%	0.00100%	0.00927%	0.00094%
District's proportionate share of the net pension liability (asset)	\$ 241,631	\$ 300,977	\$ 224,419	\$ 173,559	\$ 180,599
District's covered-employee payroll	\$ 70,406	\$ 71,908	\$ 69,908	\$ 68,956	\$ 65,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	343.20%	418.56%	321.02%	251.70%	277.38%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

This schedule is presented to illustrate the requirement to show information for 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 Five Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 9,616	\$ 9,028	\$ 8,595	\$ 7,642	\$ 7,120
Contributions in relation to the contractually required contribution	<u>9,616</u>	<u>9,028</u>	<u>8,595</u>	<u>7,642</u>	<u>7,120</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 70,406	\$ 71,908	\$ 69,908	\$ 68,956	\$ 65,108
Contributions as a percentage of covered-employee payroll	13.66%	12.55%	12.29%	11.08%	10.94%

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, 2017**

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

**Changes of Benefit Terms**

None.

**Changes of Assumptions**

The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

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Board of Fire Commissioners  
Fire District No. 1 of the Borough of Lindenwold

We have audited the basic financial statements of the Fire District No. 1 of the Borough of Lindenwold in the County of Camden, state of New Jersey, for the year ended December 31, 2017. 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 then ended.

**GENERAL COMMENTS**

**Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)**

*N.J.S.A.40A:11-4* - 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 \$17,500 except by contract or agreement.

It is pointed out that the Board of Fire Commissioners 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.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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.

**Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

**Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

**Examination of Cash Receipts**

A test check of cash receipts was made.

**Acknowledgment**

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team.

During our review, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please contact us.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

Medford, New Jersey  
May 31, 2018