

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

Financial Statements

For the year ended December 31, 2015

(With Independent Auditor's Report thereon)

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Financial Statements
For the year ended December 31, 2015
(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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability – PERS, and the schedule of District contributions – PERS, 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 20, 2016 on our consideration of the Fire District No. 1 of the Borough of Lindenwold's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

May 20, 2016
Toms River, 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, 2015, 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 20, 2016.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

May 20, 2016
Toms River, New Jersey

BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015. The intent of this narrative is to look at Borough of Lindenwold Fire District No. 1's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 1 and the District's financial statements which begin on page 14. Notes to the financial statements will provide the reader with additional useful information and they begin on page 20.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2015 by approximately \$1.8 million. In 2014 the excess was approximately \$2.0 million. This is a decrease of approximately \$225,000.
- During 2015 Borough of Lindenwold Fire District No. 1 operated at a deficit of approximately \$49,700. The deficit in 2014 was approximately \$13,600. This is an increase of approximately \$36,100.
- The District's cash balances increased by approximately \$74,600.
- The District's current liabilities increased by approximately \$9,300.
- 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, 2015
(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, 2015
(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 2015 the District's assets exceeded the liabilities by approximately \$1.8 million. A large portion of Borough of Lindenwold Fire District No. 1's net position (47.7%) 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, 2015**
(unaudited)

Statement of Net Position

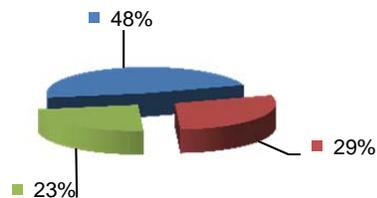
BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
NET POSITION
DECEMBER 31, 2015

	2015	2014	\$ Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$1,211,769	\$1,097,689	+114,080	+10.4%
Capital Assets	<u>846,151</u>	<u>951,449</u>	(105,298)	(11.1%)
Total Assets	2,057,920	2,049,138	+8,782	+.4%
Other Liabilities	<u>(285,083)</u>	<u>(45,230)</u>	+239,853	+530.3%
Net Position	<u>\$1,772,837</u>	<u>\$2,003,908</u>	(231,071)	(11.5%)

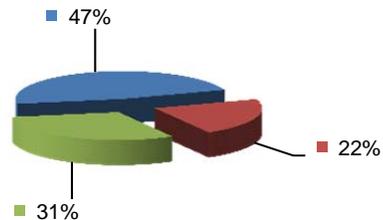
Analysis of Net Position

Invested in Capital Assets Net of Related Debt	\$ 846,151	\$ 951,449	(105,298)	(11.1%)
Capital Funds	517,241	440,035	+77,206	+17.5%
Unrestricted	<u>409,445</u>	<u>612,424</u>	(202,979)	(33.1%)
Total Net Position	<u>\$1,772,837</u>	<u>\$2,003,908</u>	(231,071)	(11.5%)

2015 Net Position



2014 Net Position



■ Invested in Net Assets ■ Designated ■ Unrestricted

■ Invested in Net Assets ■ Designated ■ Unrestricted

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**
(unaudited)

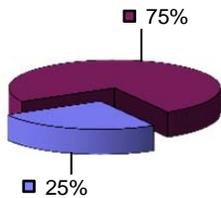
The net position of Borough of Lindenwold Fire District No. 1 decreased by approximately \$231,100 during the 2015 period. This decrease was due primarily to the implementation of GASB 68 in 2015. Other major changes in net position at December 31, 2015 that affected the net change was that the District operated at a deficit of approximately \$49,700.

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:

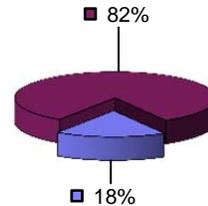
	2015	2014	\$ Increase (Decrease)	% Increase (Decrease)
Expenses				
Program Expenses				
Administrative Expenses	\$ 237,015	\$ 165,267	+71,748	+43.4%
Cost of Operations & Maintenance	<u>702,299</u>	<u>770,351</u>	(68,052)	(8.8%)
Total Program Expenses	<u>939,314</u>	<u>935,618</u>	+3,696	+.4%

2015 Program Expenses



■ Administrative ■ Operations

2014 Program Expenses

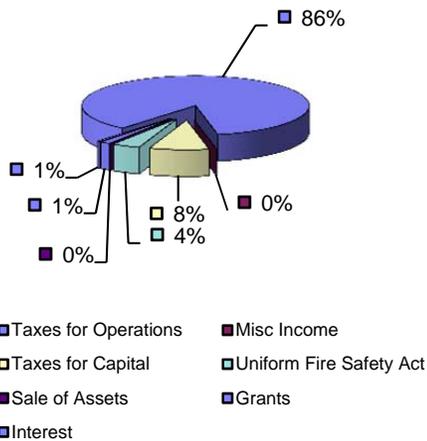


■ Administrative ■ Operations

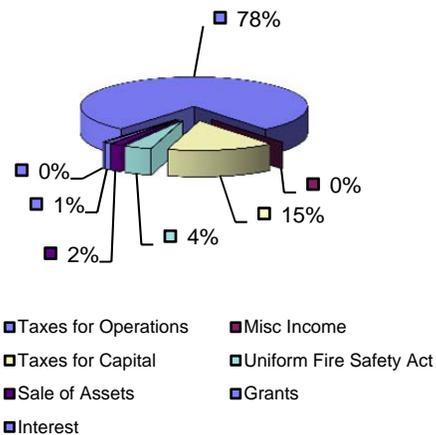
**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**
(unaudited)

	2015	2014	\$ Increase (Decrease)	% Increase (Decrease)
Program Revenues				
Operating Grants	<u>12,726</u>	<u>7,885</u>	+4,841	+61.4%
Net Program Expenses	<u>926,588</u>	<u>927,733</u>	(1,145)	(.1%)
General Revenues				
Property Taxes Levied for General Purposes	762,701	720,214	+42,487	+5.9%
Property Taxes Levied for Capital Purchases	75,000	140,000	(65,000)	(46.4%)
Uniform Fire Safety Act	35,193	36,629	(1,436)	(3.9%)
Interest earned on investments	3,966	3,248	+718	+22.1%
Sale of Assets	- 0 -	13,249	(13,249)	(100.0%)
Miscellaneous Income	<u>- 0 -</u>	<u>809</u>	(809)	(100.0%)
 Total General Revenues	 <u>876,860</u>	 <u>914,149</u>	 (37,289)	 (4.1%)
Increase (Decrease) in Net Position	(49,728)	(13,584)	+36,144	+266.14%
 Prior Period Adjustment	(181,343)	- 0 -	+181,343	+100.0%
 Net Position, January 1	 <u>2,003,908</u>	 <u>2,017,492</u>	 (13,584)	 (.7%)
 Net Position, December 31	 <u>\$1,772,837</u>	 <u>\$2,003,908</u>	 (231,071)	 (11.5%)

2015 Revenues



2014 Revenues



**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(unaudited)**

Property tax revenue constituted 94% of the total governmental activities revenues received by Borough of Lindenwold Fire District No. 1 in 2015. In 2014 the property tax revenue also constituted 93% of total revenues.

The Cost of Operations & Maintenance in 2015 was 75% and 82% of the District's total expenses in 2015 and 2014 respectively. Administration expenses equaled 25% and 18% of the total expenses in 2015 and 2014.

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, 2015, the combined balance of the governmental cash funds of Borough of Lindenwold Fire District No. 1 was approximately \$1,159,300. This balance is approximately \$74,600 higher than last year's combined governmental funds balance. The majority of the increase, approximately \$75,000, is the appropriation for future capital purchases.

The combined balance of the governmental funds of Borough of Lindenwold Fire District No. 1 was approximately \$1,117,200. An amount of approximately \$478,900 has been designated for use in 2015. The breakdown is \$76,000 designated for 2015 operating costs, \$400,000 for future Capital purchases, and approximately \$2,900 for encumbrances.

The general fund is the main operating fund of Borough of Lindenwold Fire District No. 1. At the end of 2015, the total fund balance of the general fund was approximately \$600,000. An amount of approximately \$76,000 has been designated for utilization in the 2015 Budget.

During 2015 the general fund balance of Borough of Lindenwold Fire District No. 1 decreased by approximately \$16,000. The primary reason for this decrease is:

- The Board spent more General Funds than it brought in for the year by approximately \$16,000.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(unaudited)**

At the end of 2015, the District had a capital projects fund balance of approximately \$517,200. This was an increase of approximately \$77,200 from the previous year. The major change in this fund balance was:

- A capital appropriation from the general fund of \$75,000.

General Fund Budgetary Highlights

The original budget as approved by the voters was balanced with the utilization of approximately \$92,000 of accumulated surplus.

Administrative expenses were approximately 4% less than projected in 2015. Operating expenses were approximately 9% less than projected in 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2015 Borough of Lindenwold Fire District No. 1 had invested in capital assets for government activities approximately \$846,200 (net of accumulated depreciation). Capital assets consist of fire apparatus, and fire equipment.

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 4
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2015**

	2015	2014	Change
Vehicles & Apparatus	\$2,123,562	\$2,123,562	- 0 -
Equipment	<u>435,694</u>	<u>397,921</u>	37,773
Total Capital Assets	2,559,256	2,521,483	37,773
Accumulated			
Depreciation	<u>1,713,105</u>	<u>1,570,034</u>	143,071
Investment in Capital			
Assets – net	<u>\$ 846,151</u>	<u>\$ 951,449</u>	(105,298)

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

**BOROUGH OF LINDENWOLD FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(unaudited)**

Long-Term Obligations

The District has no long term obligations.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2015, Borough of Lindenwold Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2015 the fire tax levy amounted to 94% of total revenue collected.

In 2015, Borough of Lindenwold Fire District No. 1 adopted their 2015 budget on December 28, 2015. The voters subsequently approved the budget at the February election. The 2015 budget reflects an increase in the tax levy of approximately \$25,400. The 2015 Budget has an appropriation of \$400,000 for apparatus purchase and \$75,000 for future apparatus purchase. The Board is utilizing \$477,000 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.

EXHIBIT A-1

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Statement of Net Position
December 31, 2015

	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,159,313
Accounts receivable	1,067
Prepaid expenses	10,380
Total current assets	1,170,760
Capital assets, (net of depreciation)	846,151
Total assets	2,016,911
Deferred outflow of resources:	
Deferred outflows related pension	41,009
Total deferred outflow of resources	41,009
Total assets and deferred outflow of resources	\$ 2,057,920
Liabilities:	
Current liabilities:	
Accounts payable	\$ 21,789
Accrued wages	4,785
Accrued professional fees	8,000
Accrued PERS	8,595
Total current liabilities	43,169
Noncurrent liabilities:	
Compensated absences	11,520
Net pension liability	224,419
Total noncurrent liabilities	235,939
Total liabilities	279,108
Deferred inflow of resources:	
Deferred inflows related to pensions	5,975
Total deferred inflow of resources	5,975
Net position:	
Net investment in capital assets	846,151
Restricted net position:	
Capital	517,241
Unrestricted net position	409,445
Total net position	1,772,837
Total liabilities, deferred inflow of resources and net position	\$ 2,057,920

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Statement of Activities
For the year ended December 31, 2015

EXHIBIT A-2

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Government activities:			
Operation appropriations:			
Administration	\$ 237,015	\$ -	\$ (237,015)
Costs of operations and maintenance	702,299	35,193	(667,106)
	<hr/>	<hr/>	<hr/>
Total governmental activities	939,314	35,193	(904,121)
	<hr/>	<hr/>	<hr/>
General revenues:			
Amount raised by taxation			837,701
Interest income			3,966
Miscellaneous			12,726
			<hr/>
Total general revenues			854,393
			<hr/>
Change in net position			(49,728)
			<hr/>
Net position, January 1			2,003,908
Prior period restatement (see Note 11)			(181,343)
			<hr/>
Net position, January 1, as restated			1,822,565
			<hr/>
Net position, December 31			<u>\$ 1,772,837</u>

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Governmental Funds
Balance Sheet
December 31, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 717,072	\$ 442,241	\$ 1,159,313
Accounts receivable	1,067	-	1,067
Other receivables	-	75,000	75,000
	<hr/>	<hr/>	<hr/>
Total assets	718,139	517,241	1,235,380
Liabilities:			
Accounts payable	21,789	-	21,789
Accrued wages	4,785	-	4,785
Accrued professional fees	8,000	-	8,000
Accrued PERS	8,595	-	8,595
Other payables	75,000	-	75,000
	<hr/>	<hr/>	<hr/>
Total liabilities	118,169	-	118,169
Fund balances:			
Restricted for:			
Capital	-	117,241	117,241
Assigned to:			
Other purposes	2,947	-	2,947
Designated for subsequent year's expenditures	76,000	400,000	476,000
Unassigned, reported in:			
General fund	521,023	-	521,023
	<hr/>	<hr/>	<hr/>
Total fund balances	599,970	517,241	1,117,211
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 718,139</u>	<u>\$ 517,241</u>	

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

Prepaid insurance is reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.	10,380
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,559,256 and the accumulated depreciation is \$1,713,105.	846,151
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.	35,034
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<hr/>
	(235,939)
Net position	<u>\$ 1,772,837</u>

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, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Revenues:			
Miscellaneous anticipated revenue:			
Investment income	\$ 1,760	\$ 2,206	\$ 3,966
Total miscellaneous revenues	<u>1,760</u>	<u>2,206</u>	<u>3,966</u>
Operating grant revenues:			
FEMA grant	4,841	-	4,841
Supplemental fire service act	<u>7,885</u>	<u>-</u>	<u>7,885</u>
Total operating grant revenue	<u>12,726</u>	<u>-</u>	<u>12,726</u>
Miscellaneous revenues offset with appropriations:			
Uniform fire safety act revenues:			
Annual registration fee	13,544	-	13,544
Other revenues	<u>21,649</u>	<u>-</u>	<u>21,649</u>
Total uniform fire safety act revenues	<u>35,193</u>	<u>-</u>	<u>35,193</u>
Total miscellaneous revenues offset with appropriations	<u>35,193</u>	<u>-</u>	<u>35,193</u>
Total revenues	<u>49,679</u>	<u>2,206</u>	<u>51,885</u>
Amount raised by taxation to support district budget	<u>762,701</u>	<u>75,000</u>	<u>837,701</u>
Total anticipated revenues	<u>812,380</u>	<u>77,206</u>	<u>889,586</u>
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	133,347	-	133,347
Fringe benefits	42,694	-	42,694
Other expenditures:			
Professional fees	19,511	-	19,511
Elections	688	-	688
Utilities	27,267	-	27,267
Office supplies	4,196	-	4,196
Advertising	1,405	-	1,405
Payroll service fees	4,282	-	4,282
Non-bondable assets	<u>3,625</u>	<u>-</u>	<u>3,625</u>
Total administration	<u>237,015</u>	<u>-</u>	<u>237,015</u>

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

EXHIBIT B-2
(continued)

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Cost of operations and maintenance:			
Salaries and wages	25,000	-	25,000
Fringe benefits	3,541	-	3,541
Other expenditures:			
Rental charges	189,729	-	189,729
Insurance	90,230	-	90,230
Maintenance and repairs	98,621	-	98,621
Supplies	9,779	-	9,779
Training and education	16,044	-	16,044
Uniforms	9,198	-	9,198
SFSG expenses	7,885	-	7,885
Medical/screening	3,136	-	3,136
Volunteer allowance	45,000	-	45,000
Promotions	6,072	-	6,072
Other non-bondable assets	37,224	-	37,224
	557,847	-	557,847
Total cost of operations and maintenance			
Operating appropriations offset with revenues:			
Salaries and wages	17,000	-	17,000
Fringe benefits	1,356	-	1,356
Other expenditures	15,200	-	15,200
	33,556	-	33,556
Total operating appropriations offset with revenues			
	828,418	-	828,418
Total operating appropriations			
Excess (efficiency) of revenues over (under) expenditures	(16,038)	77,206	61,168
Fund balance, January 1	616,008	440,035	1,056,043
Fund balance, December 31	\$ 599,970	\$ 517,241	\$ 1,117,211

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, 2015

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 61,168

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	37,773	
Depreciation Expense	<u>(143,071)</u>	(105,298)

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	(7,772)	
Current year	<u>10,380</u>	2,608

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 - PERS contribution - 2015	(16,637)	
Pension expense	<u>8,595</u>	(8,042)

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 \$782.

(164)

Changes in net position of governmental activities \$ (49,728)

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD

Notes to Financial Statements

For the year ended December 31, 2015

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.

Fire District No. 1 of the Borough of Lindenwold is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by Governmental Accounting Standards Board Statement No. 39 and 61.

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2015:

Officials	Term Expires March
Cliff Ruth – Chairman	2018
Richard Paul, Jr. – Vice Chairman	2016
Wayne Hans – Secretary	2017
Raymond McManus – Treasurer	2017
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.

E. Component Units

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 1: GENERAL INFORMATION (continued)

E. Component Units (continued)

- ◆ there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

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

B. Fund Accounting

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

Governmental Funds:

General Fund

The General Fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as fire

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

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, 2015.

C. District Wide and Fund Financial Statements

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

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

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

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

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.

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.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Encumbrances (continued)

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. The encumbrance at December 31, 2015 totaled \$2,947 for the General Fund.

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. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

I. Debt Limitation

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

J. Capital Assets

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets (continued)

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 1 employees may not accumulate and carry forward. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

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

N. Revenues and Expenditures

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

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

O. Fire District Taxes

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fire District Taxes (continued)

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For the year ended December 31, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Recently Issued and Adopted Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending December 31, 2018. 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.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Impact of Recently Issued Accounting Principles (continued)

74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending December 31, 2016.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

U. Unrealized Gains and Losses

Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds.

V. Subsequent Events

Fire District No. 1 of the Borough of Lindenwold has evaluated subsequent events occurring after December 31, 2015 through the date of May 20, 2016, which is the date the financial statements were available to be issued.

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, 2015, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	<u>\$1,159,313</u>
Total deposits	<u>\$1,159,313</u>
Reconciliation to governmental fund statements:	
Governmental Funds	<u>\$1,159,313</u>
Total	<u>\$1,159,313</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, 2015, the District's bank balance of \$1,235,797 was insured or collateralized as follows:

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Insured	\$ 250,000
Collateralized not in the District's Name Under GUDPA	<u>985,797</u>
Total	<u>\$1,235,797</u>

NOTE 4: CAPITAL ASSETS

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

Fixed assets as of December 31, 2015 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Apparatus	\$ 2,123,562	\$ -	\$ -	\$ 2,123,562
Equipment	<u>397,921</u>	<u>37,773</u>	<u>-</u>	<u>435,694</u>
Totals at historical cost	<u>2,521,483</u>	<u>37,773</u>	<u>-</u>	<u>2,559,256</u>
Less accumulated depreciation				
Apparatus	(1,267,615)	(109,604)	-	(1,377,219)
Equipment	<u>(302,419)</u>	<u>(33,467)</u>	<u>-</u>	<u>(335,886)</u>
Total accumulated depreciation	<u>(1,570,034)</u>	<u>(143,071)</u>	<u>-</u>	<u>(1,713,105)</u>
Government activities capital assets, net	<u>\$ 951,449</u>	<u>\$ (105,298)</u>	<u>\$ -</u>	<u>\$ 846,151</u>

NOTE 5: PENSION

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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.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.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 5: PENSION (continued)

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The 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. 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 fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 5: PENSION (continued)

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

	<u>1%</u> <u>Decrease</u> <u>(3.90%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (4.90%)</u>	<u>1%</u> <u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 278,926	\$ 224,419	\$ 178,722

Components of Net Pension Liability - At December 31, 2015, the District's proportionate share of the PERS net pension liability is valued to be \$224,419. The net pension liability was measured as of June 30, 2015. 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 June 30, 2014, to the measurement date of June 30, 2015. 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, 2015. The District's proportion measured as of June 30, 2015, was .00100%, which was an increase of .00007% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/2015</u> July 1, 2014	<u>12/31/2014</u> July 1, 2013
Deferred Outflows of Resources	\$ 41,009	\$ 5,458
Deferred Inflows of Resources	\$ 5,975	\$ 13,242
Net Pension Liability	\$ 224,419	\$ 173,559
District's portion of the Plan's total net pension Liability	0.00100%	0.00093%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2015, the District had an allocated pension expense of \$8,042. At December 31, 2015, the District's allocation of deferred outflows of resources and deferred inflows of resources related to PERS are from the following sources:

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 5: PENSION (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 24,101	\$ -
Net difference between expected and actual experience	5,354	-
Net difference between projected and actual earnings on pension plan investments	-	3,608
Changes in proportion and differences between District contributions and proportionate share of contributions	11,554	2,367
Total	<u>\$ 41,009</u>	<u>\$ 5,975</u>

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

<u>Year Ended December 31:</u>	<u>PERS</u>
2016	\$ 6,666
2017	6,666
2018	6,666
2019	9,252
2020	5,783
Thereafter	-

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 5: PENSION (continued)

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

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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 is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015,

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 5: PENSION (continued)

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

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 average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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 (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(3.90%)</u>		<u>Current</u> <u>Discount</u> <u>Rate (4.90%)</u>		<u>1%</u> <u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 278,926	\$	224,419	\$	178,722

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, 2015 the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<u>2015</u>
Total Compensated Absences	\$11,520

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

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Notes to Financial Statements (continued)
For the year ended December 31, 2015

NOTE 7: POST-EMPLOYMENT HEALTHCARE BENEFITS PLAN (continued)

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, 2015, the following inter-fund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 75,000
Capital Projects Fund	<u>75,000</u>	<u>-</u>
Total	<u>\$ 75,000</u>	<u>\$ 75,000</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, 2015, the fire tax rate on the Fire District No. 1 was approximately \$.141 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, 2015

NOTE 10: FUND BALANCE

General Fund – Of the \$599,970 General Fund fund balance at December 31, 2015, \$76,000 has been assigned to be designated for subsequent year’s expenditures; \$2,947 has been assigned for other purposes; and \$521,023 is unassigned.

Capital Fund – Of the \$517,241 Capital Fund fund balance at December 31, 2015, \$400,000 has been assigned to be designated for subsequent year’s expenditures and \$117,241 has been restricted for the Capital Projects Fund.

NOTE 11: PRIOR PERIOD ADJUSTMENT/RESTATEMENT

Net position as of January 1, 2015, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	Governmental <u>Activities</u>
Net Position as previously reported at December 31, 2014	\$ <u>2,003,908</u>
Prior period adjustment -	
Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2014)	(173,559)
Deferred Outflows (measurement date as of June 30, 2014)	5,458
Deferred Inflows (measurement date as of June 30, 2014)	<u>(13,242)</u>
Total prior period adjustment	<u>(181,343)</u>
Net Position as restated, January 1, 2015	<u>\$ 1,822,565</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Budgetary Comparison Schedule
For the year ended December 31, 2015

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 1,500	\$ 1,500	\$ 3,966	\$ 2,466
Sale of assets	1,500	1,500	-	(1,500)
Other revenue	50	50	-	(50)
Total miscellaneous revenues	<u>3,050</u>	<u>3,050</u>	<u>3,966</u>	<u>916</u>
Operating grant revenues:				
FEMA grant	-	-	4,841	4,841
Supplemental fire service act	7,885	7,885	7,885	-
Total operating grant revenue	<u>7,885</u>	<u>7,885</u>	<u>12,726</u>	<u>4,841</u>
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual registration fee	18,000	18,000	13,544	(4,456)
Other revenues	15,900	15,900	21,649	5,749
Total uniform fire safety act revenues	<u>33,900</u>	<u>33,900</u>	<u>35,193</u>	<u>1,293</u>
Total miscellaneous revenues offset with appropriations	<u>33,900</u>	<u>33,900</u>	<u>35,193</u>	<u>1,293</u>
Total revenues	<u>44,835</u>	<u>44,835</u>	<u>51,885</u>	<u>7,050</u>
Amount raised by taxation to support district budget	<u>837,701</u>	<u>837,701</u>	<u>837,701</u>	<u>-</u>
Total anticipated revenues	<u>882,536</u>	<u>882,536</u>	<u>889,586</u>	<u>7,050</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	138,906	138,906	133,347	5,559
Fringe benefits	40,437	43,237	42,694	543
Other expenditures:				
Professional fees	20,000	19,900	19,511	389
Elections	1,300	1,300	688	612
Utilities	24,900	27,500	27,267	233
Office supplies	4,400	4,400	4,196	204
Advertising	1,400	1,500	1,405	95
Payroll service fees	4,000	4,300	4,282	18
Non-bondable assets	7,000	7,000	3,625	3,375
Total administration	<u>242,343</u>	<u>248,043</u>	<u>237,015</u>	<u>11,028</u>

FIRE DISTRICT NO. 1 OF THE BOROUGH OF LINDENWOLD
Budgetary Comparison Schedule
For the year ended December 31, 2015

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of operations and maintenance:				
Salaries and wages	25,000	25,000	25,000	-
Fringe benefits	4,033	4,133	3,541	592
Other expenditures:				
Rental charges	197,500	197,500	189,729	7,771
Insurance	95,700	93,000	90,230	2,770
Maintenance and repairs	115,300	116,300	98,621	17,679
Supplies	15,000	15,000	9,779	5,221
Training and education	15,000	15,000	16,044	(1,044)
Uniforms	9,525	9,525	9,198	327
SFSG expenses	7,885	7,885	7,885	-
Medical/screening	6,000	5,700	3,136	2,564
Volunteer allowance	45,000	45,000	45,000	-
Other LEA expenses	20,600	17,800	16,388	1,412
Promotions	8,750	8,750	6,072	2,678
Other non-bondable assets	58,000	58,000	37,224	20,776
Total cost of operations and maintenance	623,293	618,593	557,847	60,746
Operating appropriations offset with revenues:				
Salaries and wages	17,000	17,000	17,000	-
Fringe benefits	1,700	1,700	1,356	344
Other expenditures	15,200	15,200	15,200	-
Total operating appropriations offset with revenues	33,900	33,900	33,556	344
Capital appropriations	75,000	75,000	-	75,000
Total operating appropriations	974,536	975,536	828,418	147,118
Excess (efficiency) of revenues over (under) expenditures	(92,000)	(93,000)	61,168	154,168
Fund balance, January 1	1,056,043	1,056,043	1,056,043	-
Fund balance, December 31	\$ 964,043	\$ 963,043	\$ 1,117,211	\$ 154,168

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 Ten Fiscal Years

	<u>2015</u>		<u>2014</u>		<u>2013</u>
District's proportion of the net pension liability (asset)	0.00100%		0.00927%		0.00094%
District's proportionate share of the net pension liability (asset)	\$ 224,419	\$	173,559	\$	180,599
District's covered-employee payroll	\$ 69,908	\$	68,956	\$	65,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	321.02%		251.70%		277.38%
Plan fiduciary net position as a percentage of the total pension liability	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 Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 8,595	\$ 7,642	\$ 7,120
Contributions in relation to the contractually required contribution	<u>8,595</u>	<u>7,642</u>	<u>7,120</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 69,908	\$ 68,956	\$ 65,108
Contributions as a percentage of covered-employee payroll	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

For the year ended December 31, 2015

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. 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.

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.



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, 2015. 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

May 20, 2016
Toms River, New Jersey