

Township Of Gloucester
Fire District #1
Glendora, New Jersey
County of Camden

Report of Audit
For The Year Ending
December 31, 2016

**FIRE DISTRICT NO. 1
TOWNSHIP OF GLOUCESTER, NEW JERSEY**

Table of Contents

	<u>Page</u>
ROSTER OF OFFICIALS AND SURETY BONDS	1
FINANCIAL SECTION	
Independent Auditor's Report	3
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	5
Required Supplementary Information - Part I	
Management's Discussion and Analysis	8
Basic Financial Statements	
A. Government-wide Financial Statements:	
A-1 Statement of Net Position	16
A-2 Statement of Activities	17
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	19
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to the Financial Statements	23
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	37
C-2 Budgetary Comparison Schedule - Special Revenue Fund	N/A
C-3 Notes to Required Supplementary Information - Part II Budgetary Comparison Schedule - Note to RSI	41
Required Supplementary Information - Part III	
Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
RSI-1 Schedule of the Fire District's Proportionate Share of the Net Pension Liability - PERS	N/A
RSI-2 Schedule of the Fire District's Contributions - PERS	N/A
RSI-3 Schedule of the Fire District's Proportionate Share of the Net Pension Liability - PFRS	N/A
RSI-4 Schedule of the Fire District's Contributions - PFRS	N/A
RSI-5 Notes to Required Supplementary Information - Part III	N/A

**FIRE DISTRICT NO. 1
TOWNSHIP OF GLOUCESTER, NEW JERSEY**

Table of Contents (Cont'd)

	<u>Page</u>
Required Supplementary Information - Part IV	
RSI-6 Schedule of Funding Progress for Health Benefit Plan	N/A
RSI-7 Notes to Required Supplementary Information - Part IV	N/A
Other Supplementary Information	
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures - Budgetary	N/A
I. Long-Term Debt:	
I-1 Schedule of General Obligation Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	44
I-3 Budgetary Comparison Schedule - Debt Service Fund	45
Schedule of Findings and Recommendations	
Schedule of Financial Statement Findings	47
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	48
APPRECIATION	49

FIRE DISTRICT NO. 1
TOWNSHIP OF GLOUCESTER, NEW JERSEY
Roster of Officials and Surety Bonds

Board of Commissioners

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Philip Knast	Chairman	(A)
Gary Emmett	Treasurer	(A)
Woodrow Minner	Secretary	(A)
John Atkinson	Clerk	(A)
Howard Brooks	In Charge of Insurance	(A)

(A) American Alternative Insurance Corporation provides a blanket position bond for a limited amount of \$10,000.00

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Gloucester
Glendora, New Jersey 08029

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Township of Gloucester Fire District No. 1, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Fire 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; 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 requirements as prescribed by the Bureau of Authority Regulation, 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 Fire District'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 Fire District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Township of Gloucester Fire District No. 1, in the County of Camden, State of New Jersey, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Information

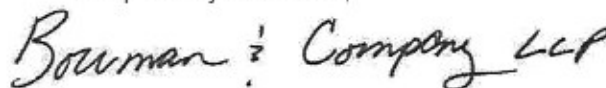
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Gloucester Fire District No. 1's basic financial statements. The accompanying major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying major fund supporting statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying major fund supporting statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017 on our consideration of the Township of Gloucester Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Gloucester Fire District No. 1's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
April 19, 2017

**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**

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Gloucester
Glendora, New Jersey 08029

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund, of the Township of Gloucester Fire District No. 1, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated April 19, 2017.

Internal Control over Financial Reporting

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

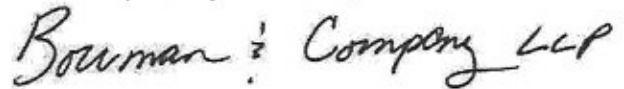
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Gloucester Fire District No. 1'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 Bureau of Authority Regulation, 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* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
April 19, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

As management of the Township of Gloucester Fire District No. 1 (the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance their understanding of the Fire District's financial performance.

Financial Highlights

- The assets of the Fire District exceeded its liabilities at the close of the most recent year by \$499,150.91 (net position).
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$455,163.05, a decrease of \$17,266.86 in comparison with the prior year. The decrease was attributable to the results of operations in the General Fund.
- At the end of the current year, unassigned fund balance for the general fund was \$345,680.71, approximately a 5.3 percent decrease from that of the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. The Fire District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Fire District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Fire District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The Statement of Activities presents information showing how the Fire District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., accrued interest on capital leases).

Both of the government-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include fire-fighting, which are provided to the citizens of the Township of Gloucester residing within District No. 1.

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. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited) (Cont'd)

Governmental Funds. All of the Fire District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the fire-fighting operation.

The Fire District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Also, the Fire District adopts an annual budget in accordance with N.J.S.A. 40A:14-78.3. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Fire District, assets exceeded liabilities by \$499,150.91 at the close of the most recent year.

STATEMENTS OF NET POSITION		
DECEMBER 31,		
	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 476,241.76	\$ 484,826.76
Capital Assets	192,438.80	256,448.85
Total Assets	668,680.56	741,275.61
Long-term Liabilities Outstanding	109,112.71	187,260.03
Other Liabilities	60,416.94	50,446.15
Total Liabilities	169,529.65	237,706.18
Net Position:		
Net Investment in Capital Assets	47,419.86	36,092.52
Restricted	5,000.00	5,000.00
Unrestricted	446,731.05	462,476.91
Total Net Position	\$ 499,150.91	\$ 503,569.43

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
 Management's Discussion and Analysis
 For the Year Ended December 31, 2016
 (Unaudited) (Cont'd)

Government-wide Financial Analysis (Cont'd)

The portion of the Fire District's net position (9.5 percent) reflects its investment in capital assets (i.e., fire apparatus and equipment); less any related debt used to acquire those assets that is still outstanding. The Fire District uses these assets to provide fire-fighting to the citizens of the Township of Gloucester residing within District No. 1; consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Fire District's net position (1 percent) represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

The Statement of Activities shows the cost of the governmental activities' program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

STATEMENTS OF ACTIVITIES		
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015		
	<u>2016</u>	<u>2015</u>
Expenses:		
Operating Appropriations:		
Administration	\$ 45,641.05	\$ 43,869.50
Cost of Operations and Maintenance	283,193.46	274,428.23
Operating Appropriations Offset with Revenues	6,391.36	6,086.95
Interest on Long-Term Debt	7,623.79	9,747.91
	<u>342,849.66</u>	<u>334,132.59</u>
Total Program Expenses		
Program Revenues:		
Charges for Services	12,760.45	11,775.75
Operating Grants and Contributions	2,584.03	2,584.03
	<u>327,505.18</u>	<u>319,772.81</u>
Net Program Expenses		(Continued)

OWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Management's Discussion and Analysis

For the Year Ended December 31, 2016

(Unaudited) (Cont'd)

Governmental Activities (Cont'd)

STATEMENTS OF ACTIVITIES		
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015		
	<u>2016</u>	<u>2015</u>
General Revenues		
Taxes:		
Property Taxes, Levied for General Purposes	\$ 231,417.82	\$ 267,558.91
Taxes Levied for debt Service	84,482.18	42,241.09
Unrestricted Investment Earnings	688.74	617.65
Miscellaneous Income	6,497.92	261.00
	<hr/>	<hr/>
Total General Revenues	323,086.66	310,678.65
	<hr/>	<hr/>
Change in Net Position	(4,418.52)	(9,094.16)
	<hr/>	<hr/>
Net Position, January 1	503,569.43	512,663.59
	<hr/>	<hr/>
Net Position, December 31	<u>\$ 499,150.91</u>	<u>\$ 503,569.43</u>

Property taxes constituted 93.34% of revenues for governmental activities for the Fire District for the year 2016.

Cost of operations and maintenance comprises 82.60% of Fire District expenses, with administration comprising 13.31% of total expenses.

Financial Analysis of the Fire District's Funds

As stated earlier, the Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Fire District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fire District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Fire District's governmental funds reported combining ending fund balances of \$455,163.05, a decrease of \$17,266.86 in comparison with the prior year. The decrease was attributable to the results of operations in the General Fund.

Of the combined ending fund balances of \$455,163.05, 75.95% constitutes unassigned fund balance in the amount of \$345,680.71. The remainder of fund balance is either nonspendable for prepaid expenses \$15,614.34, restricted to indicate that it is not available for new spending because it has already been committed to future capital outlays, \$5,000.00 or it has been assigned for spending in the subsequent year's budget \$88,868.00.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited) (Cont'd)

Financial Analysis of the Fire District's Funds (Cont'd)

Governmental Funds (Cont'd)

The general fund is the main operating fund of the Fire District. At the end of the current year, total fund balance of the general fund was \$455,163.05. Of this amount, \$88,868.00 has been designated for the subsequent year's expenditures.

The fund balance in the Fire District's general fund decreased by (\$17,266.86) during the current year. Key factors in this decrease are as follows:

- The Fire District's supported is budget appropriations with the use of fund balance which resulted in expenditures in excess of realized revenues in 2016.

There are no fund balances in Special Revenue, Capital Projects or Debt Service Funds at December 31, 2016.

General Fund Budgetary Highlights

For the year 2016, the Fire District's budget, as approved by the voters, included a budgetary basis revenue estimate of \$240,884.00. The original budgeted estimate, as introduced and approved by the voters, was not amended.

During 2016, the Fire District budgeted \$229,900.00 for property taxes (local tax levy), \$2,584.00 state aid revenues (supplemental fire services grant), \$500.00 for interest income and \$7,900.00 for Uniform Fire Safety Act Other Revenues, respectively.

The final budgetary basis expenditure appropriation estimate, \$319,572.00 was not amended and, therefore, was identical to the amount introduced and approved by the voters.

Capital Asset and Debt Administration

Capital Assets

The Fire District's investment in capital assets for its governmental activities as of December 31, 2016 amounts to \$192,438.80 (net of accumulated depreciation and related debt). This investment in capital assets includes fire apparatus and various types of equipment.

CAPITAL ASSETS		
(NET OF ACCUMULATED DEPRECIATION)		
DECEMBER 31, 2016 AND 2015		
	<u>2016</u>	<u>2015</u>
Apparatus and Trucks	\$ 175,543.20	\$ 219,429.00
Equipment	16,895.60	37,019.85
Total	<u>\$ 192,438.80</u>	<u>\$ 256,448.85</u>

Additional information on the Fire District's capital assets can be found in Note 5.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited) (Cont'd)

Long-term Debt

Capital Lease

At the end of the current year, the Fire District had a capital lease with \$145,018.94 outstanding, a decrease of \$75,337.39 from the prior year as a result of the annual principal payment and an additional principal payment.

Economic Factors and Next Year's Budget

For the 2016 year, the Fire District was able to sustain its budget through the township tax levy, state aid, and miscellaneous revenue sources. The 2017 budget was adopted on December 13, 2016 by the Commissioners, and the voters subsequently approved the budget at the annual fire district election held on February 18, 2017.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the Fire District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gary Emmett, Treasurer at the Township of Gloucester Fire District No. 1, P.O. Box 38, Glendora, New Jersey 08029.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Statement of Net Position

December 31, 2016

ASSETS:

Cash and Cash Equivalents	\$ 455,627.42
Prepaid Expenses	15,614.34
Restricted Assets:	
Restricted Cash and Cash Equivalents	5,000.00
Capital Assets, net (Note 5)	<u>192,438.80</u>
Total Assets	<u>668,680.56</u>

LIABILITIES:

Accounts Payable	21,078.71
Accrued Interest Payable	3,432.00
Noncurrent Liabilities (Note 6):	
Due within One Year	35,906.23
Due beyond One Year	<u>109,112.71</u>
Total Liabilities	<u>169,529.65</u>

NET POSITION:

Net Investment in Capital Assets	47,419.86
Restricted for:	
Capital Projects	5,000.00
Unrestricted	<u>446,731.05</u>
Total Net Position	<u>\$ 499,150.91</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Statement of Activities

For the Year Ended December 31, 2016

Expenses:	
Operating Appropriations:	
Administration	\$ 45,641.05
Cost of Operations and Maintenance	283,193.46
Operating Appropriations Offset with Revenues	6,391.36
Interest on Capital Leases	7,623.79
	<hr/>
Total Program Expenses	342,849.66
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Program Revenues:	
Charges for Services	12,760.45
Operating Grants and Contributions	2,584.03
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Net Program Expenses	327,505.18
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General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	231,417.82
Taxes Levied for Debt Service	84,482.18
Unrestricted Investment Earnings	688.74
Miscellaneous Income	6,497.92
	<hr/>
Total General Revenues	323,086.66
	<hr/>
Change in Net Position	(4,418.52)
	<hr/>
Net Position, January 1	503,569.43
	<hr/>
Net Position, December 31	\$ 499,150.91
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The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 460,627.42			\$	\$ 460,627.42
Prepaid Expenses	15,614.34				15,614.34
Total Assets	\$ 476,241.76	\$ -	\$ -	\$ -	\$ 476,241.76
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 21,078.71				\$ 21,078.71
Total Liabilities	21,078.71				21,078.71
Fund Balances:					
Nonspendable	15,614.34				15,614.34
Restricted:					
Radio Replacement	5,000.00				5,000.00
Assigned:					
Designated for Subsequent Year's Expenditures	88,868.00				88,868.00
Unassigned:					
General Fund	345,680.71				345,680.71
Total Fund Balances	455,163.05				455,163.05
Total Liabilities and Fund Balances	\$ 476,241.76	\$ -	\$ -	\$ -	(Continued)

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Balance Sheet
Governmental Funds
December 31, 2016

	Total Governmental Funds
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,354,611.35 and the accumulated depreciation is \$1,162,172.55.</p> <p>Long-term liabilities, such as obligations under capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p> <p>Accrued interest payable is not due and payable in the current period and, therefore, is not reported as liabilities in the funds.</p> <p>Net position of governmental activities</p>	<p>\$ 192,438.80</p> <p>(145,018.94)</p> <p style="border-top: 1px solid black;">(3,432.00)</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 499,150.91</p>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Miscellaneous Anticipated Revenues	\$ 688.74				\$ 688.74
Operating Grant Revenue	2,584.03				2,584.03
Miscellaneous Revenues Offset with Appropriations	12,760.45				12,760.45
Amount to be Raised by Taxation to Support the District Budget	231,417.82			\$ 84,482.18	315,900.00
Non-Budgetary Revenues	6,497.92				6,497.92
Total Revenues	253,948.96			84,482.18	338,431.14
EXPENDITURES:					
Operating Appropriations:					
Administration	45,641.05				45,641.05
Cost of Operations and Maintenance	219,183.41				219,183.41
Operating Appropriations Offset with Revenues	6,391.36				6,391.36
Debt Service				84,482.18	84,482.18
Total Expenditures	271,215.82			84,482.18	355,698.00
Net Change in Fund Balances	(17,266.86)				(17,266.86)
Fund Balance, January 1	472,429.91				472,429.91
Fund Balance, December 31	\$ 455,163.05	\$ -	\$ -	\$ -	\$ 455,163.05

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
 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, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ (17,266.86)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
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. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (64,010.05)
	(64,010.05)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	75,337.39
In the statement of activities, certain operating expenses, e.g., accrued interest on leases, 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 (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	1,521.00
Change in Net Position of Governmental Activities	<u>\$ (4,418.52)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Gloucester Fire District No. 1 (the "Fire District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Fire District is a political subdivision of the Township of Gloucester (the "Township"), Camden County, New Jersey. The Township is comprised of an area of approximately 23.26 square miles. It is bounded by Gloucester County to the West, the Township of Winslow to the South, the Boroughs of Runnemede and Magnolia to the North and the Boroughs of Somerdale, Stratford, Hi-Nella, Lindenwold, Pine Hill and Clementon to the east. As of the 2010 United States Census, the Township's population was 64,634. The Fire District was formed in January of 1956. 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 N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. The Fire District has one fire company within its jurisdiction, the Glendora Volunteer Fire Company.

The primary criterion for including activities within the Fire District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

Component Units

In evaluating how to define the Fire District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fire District has no component units.

Government-wide and Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

The Fire District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes and general obligation bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

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 approve the annual budget not 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.5.

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.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1, and exhibit I-3, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Fire District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at year-end.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any inventory for the year ended December 31, 2016.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2016. At December 31, 2016, prepaid expenses in the amount of \$15,614.34 existed.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The Fire District's capitalization threshold is \$5,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5-20 Years
Fire Apparatus and Trucks	5-10 Years

The Fire District does not possess any infrastructure assets.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Fire District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Fire District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Fire District does not have employees and therefore has no compensated absence balance at December 31, 2016.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into 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 the 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 Fire 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.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal action consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Fire Commissioners.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, and then unassigned.

Interfund Activity

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles

The Fire District implemented the following GASB Statements for the year ended December 31, 2016:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the Fire District.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the Fire District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2016, the Fire District's bank balances of \$461,185.40 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 398,155.15
Uninsured and Uncollateralized	<u>63,030.25</u>
Total	<u>\$ 461,185.40</u>

Note 3: PROPERTY TAX LEVIES

Following is a tabulation of Fire District assessed valuations, tax levies, and property tax rates per \$100.00 of assessed valuations for the current and preceding four years:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2016	\$ 373,849,600.00	\$ 315,900.00	\$.085
2015	375,086,800.00	309,800.00	.083
2014	375,998,700.00	303,800.00	.081
2013	377,500,500.00	297,900.00	.079
2012	377,610,800.00	292,100.00	.078

Note 4: ACCOUNTS RECEIVABLE

At December 31, 2016, the Fire District has no receivables.

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 is as follows:

	Balance Jan. 1, 2016	Increases	Decreases	Balance Dec. 31, 2016
Capital Assets that are being Depreciated:				
Fire Apparatus	\$ 835,729.00			\$ 835,729.00
Fire Equipment	155,106.75			155,106.75
Trucks	363,775.60			363,775.60
Total Capital Assets being Depreciated	1,354,611.35			1,354,611.35
Less Accumulated Depreciation for:				
Fire Apparatus	(616,300.00)	\$ (43,885.80)		(660,185.80)
Fire Equipment	(118,086.91)	(20,124.25)		(138,211.16)
Trucks	(363,775.59)			(363,775.59)
Total Accumulated Depreciation	(1,098,162.50)	(64,010.05) *		(1,162,172.55)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	256,448.85	(64,010.05)		192,438.80
Capital Assets, Net	\$ 256,448.85	\$ (64,010.05)	\$ -	\$ 192,438.80

Depreciation expense was charged to functions / programs of the Fire District as follows:

Cost of Operations and Maintenance	\$ 64,010.05
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Note 6: LONG-TERM LIABILITIES

During the year ended December 31, 2016, the following changes occurred in long-term obligations for governmental activities:

	Balance Jan. 1, 2016	Additions	Deductions	Balance Dec. 31, 2016	Due within One Year
Obligations under Capital Leases	\$ 220,356.33	\$ -	\$ (75,337.39)	\$ 145,018.94	\$ 35,906.23

Obligations under Capital Leases - The Fire District leased a Fire Apparatus totaling \$338,858.00 under a capital lease. The capital lease was for a term of ten years with an interest rate of 4.15%, with a final payment on June 21, 2021.

The following is a schedule of the remaining future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at December 31, 2016:

Year Ending Dec. 31,	Principal	Interest	Total
2017	\$ 35,906.23	\$ 6,334.86	\$ 42,241.09
2018	37,474.72	4,766.37	42,241.09
2019	39,111.73	3,129.36	42,241.09
2020	32,526.26	1,420.84	33,947.10
Total	\$ 145,018.94	\$ 15,651.43	\$ 160,670.37

Capital leases are depreciated in a manner consistent with the Fire District's depreciation policy for owned assets. The debt service fund is responsible for budgeting and liquidating the liability associated with the capital leases.

Note 7: RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

Note 8: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2017 annual budget of the Fire District was adopted on December 13, 2016, and subsequently approved by the voters at the annual election held on February 18, 2017. The adopted budget utilized \$88,868.00 of fund balance in the general fund.

The following presents the total fund balance of the general fund as of the end of the last five years and the amount utilized in the subsequent year's budget:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilization in Subsequent Budget</u>
2016	\$ 455,163.05	\$ 88,868.00
2015	472,429.91	78,688.00
2014	434,432.00	30,318.00
2013	406,824.81	32,382.00
2012	367,886.11	27,885.00

Note 9: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balances of the Fire District, as of December 31, 2016, are summarized as follows:

General Fund - The Fire District records payments made to vendors for insurance that will benefit periods beyond December 31, 2016 as prepaid expenses. As a result, because prepaid expenses are recorded as an asset, even though it does not represent expendable financial resources, it is necessary to set aside fund balance at year-end by an amount equal to the balance of prepaid expense. As of December 31, 2016, the nonspendable fund balance was \$15,614.34.

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Fire District's fund balance are summarized as follows:

General Fund –

Capital Projects (Future Capital Outlays) – These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2016, the balance is \$5,000.00.

Note 9: FUND BALANCES (CONT'D)**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Fire District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2017, \$88,868.00 of general fund balance at December 31, 2016.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Fire District's unassigned fund balance is summarized as follows:

General Fund - As of December 31, 2016, \$345,680.71 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2016

REVENUES:	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Miscellaneous Anticipated Revenues:					
Interest on Investments and Deposits	\$ 500.00		500.00	\$ 688.74	\$ 188.74
Total Miscellaneous Anticipated Revenues	500.00		500.00	688.74	188.74
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	2,584.00		2,584.00	2,584.03	0.03
Miscellaneous Revenues Offset with Appropriations					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):	7,900.00		7,900.00	12,760.45	4,860.45
Other Revenues	7,900.00		7,900.00	12,760.45	4,860.45
Total Miscellaneous Revenues Offset with Appropriations	229,900.00		229,900.00	231,417.82	1,517.82
Amount to be Raised by Taxation to Support the District Budget	240,884.00		240,884.00	247,451.04	6,567.04
Total Anticipated Revenues	240,884.00		240,884.00	253,948.96	13,064.96
Non-Budgetary Revenues:					
Miscellaneous				6,497.92	6,497.92
Total Revenues	240,884.00		240,884.00	253,948.96	13,064.96

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2016

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary & Wages	\$ 20,900.00		20,900.00	\$ 20,900.00	
Commissioners	2,717.00		2,717.00	1,585.00	\$ 1,132.00
Fringe Benefits					
Other Expenses					
Election	1,600.00		1,600.00	1,179.57	420.43
Insurance	300.00		300.00		300.00
Dues and Fees	650.00		650.00	418.00	232.00
Office Expenses	3,000.00		3,000.00	1,155.23	1,844.77
Professional Services	29,000.00		29,000.00	19,403.25	9,596.75
Website Coordinator	1,000.00		1,000.00	1,000.00	
Total Administration	59,167.00		59,167.00	45,641.05	13,525.95
Cost of Operations and Maintenance:					
Personnel					
Salary & Wages	13,900.00		13,900.00	13,900.00	
Fringe Benefits	28,283.00	\$ 1,917.32	30,200.32	30,200.32	
Other Expenses:					
Insurance	26,550.00		26,550.00	21,819.46	4,730.54
Maintenance and Repairs	29,250.00		29,250.00	24,575.14	4,674.86
Supplies	600.00		600.00		600.00
Training	5,600.00		5,600.00	2,051.00	3,549.00
Conventions / Travel	500.00		500.00	5,000.00	500.00
Uniforms	5,000.00		5,000.00	5,000.00	
Utilities	1,800.00	73.46	1,873.46	1,873.46	
Medical	6,000.00		6,000.00	2,640.00	
Fire Hydrant	40,000.00		40,000.00	38,966.40	
Other Outside Services	8,420.00		8,420.00	2,170.52	
Other Rentals or Leases	48,000.00		48,000.00	48,000.00	

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2016

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Other Expenses (Cont'd):					
Supplemental Fire Services Grant	\$ 2,584.00		2,584.00	\$ 2,584.00	
Special Operations Group (S.O.G. Other Expenses)	1,500.00		1,500.00	369.93	\$ 1,130.07
U.F.S.A. Office Supplies	1,568.00		1,568.00	702.92	865.08
U.F.S.A. Dues	500.00		500.00		500.00
U.F.S.A. Uniform	250.00		250.00	167.00	83.00
U.F.S.S. Equipment	100.00		100.00		100.00
Contingent Expenses	3,000.00	\$ (1,990.78)	1,009.22		1,009.22
Other Assets Non-Bondable					
New Equipment	28,600.00		28,600.00	24,163.26	4,436.74
Community Involvement	500.00		500.00		500.00
Total Cost of Operations and Maintenance	252,505.00		252,505.00	219,183.41	33,321.59
Operating Appropriations Offset with Revenues:					
Fire Prevention Activities	7,700.00		7,700.00	6,391.36	1,308.64
U.F.S.A Equipment	200.00		200.00		200.00
Total Operating Appropriations Offset with Revenues	7,900.00		7,900.00	6,391.36	1,508.64
Total Expenditures	319,572.00		319,572.00	271,215.82	48,356.18
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (78,688.00)	\$ -	\$ (78,688.00)	\$ (17,266.86)	\$ 61,421.14
Fund Balance, Beginning				472,429.91	
Fund Balance, Ending				<u>\$ 455,163.05</u>	

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Recapitulation:					
Nonspendable:					
For Prepaid Expenses				\$ 15,614.34	
Restricted:					
Capital Projects Reserve for Future Capital Outlay				5,000.00	
Assigned				88,868.00	
Unassigned				345,680.71	
General Fund				<u>455,163.05</u>	

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Year Ended December 31, 2016

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 253,948.96	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 253,948.96</u>	<u>\$ -</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 271,215.82	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 271,215.82</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

LONG-TERM DEBT

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
 Schedule of Obligations Under Capital Leases
 For the Year Ended December 31, 2016

Description	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest	Interest Rate Payable	Amount Outstanding Jan. 1, 2016 (a)	Issued Current Year	Retired Current Year	Amount Outstanding Dec. 31, 2016 (a)
Ferrara Class A Rescue Pumper	05/15/11	10 years	\$ 338,858.00	\$ 83,552.90	4.15%	\$ 220,356.33	\$ -	\$ 75,337.39	\$ 145,018.94

(a) Future Interest Payments Removed from Carrying Value of Leases.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Schedule of Findings and Recommendations
For the Year Ended December 31, 2016

Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 1
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

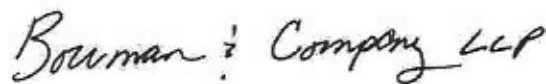
This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

LOCAL AUTHORITIES GROUP AFFIDAVIT FORM

PRESCRIBED BY THE NEW JERSEY LOCAL FINANCE BOARD

AUDIT REVIEW CERTIFICATE

We, the members of the Board of Commissioners of Fire District No. 1 of the Township of Gloucester, County of Camden, being of full age and being duly sworn according to law, upon our oath, depose and say:

1. We are duly elected members of the Board of Commissioners of Fire District No. 1 of the Township of Gloucester, County of Camden.

2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual report of audit for the year ended December 31, 2016, and specifically the section of the report of audit entitled "Schedule of Findings and Recommendations."

Name

Signature

Woodrow Minner

Woodrow Minner

Howard F Brooks

Howard F Brooks

Philip A. Knast

Philip A. Knast


JOHN R. ATKINSON JR

John R. Atkinson Jr

GARY A. EMMETT

Gary A. Emmett

Sworn to and subscribed before me
this 9th day of May, 2017


Notary Public of New Jersey
DAVID F. CARCAMORA
Attorney At Law - d 5

LEGAL NOTICE

RESOLUTION TO SET SCHEDULE OF MEETINGS FOR 2017

WHEREAS THE BOARD OF FIRE COMMISSIONERS FIRE DISTRICT # 1 GLOUCESTER TWP. HAS DETERMINED TO SET REGULAR SCHEDULED MEETINGS FOR THE YEAR 2017.

NOW THEREFORE IT IS HEREIN RESOLVED AND APPROVED THAT THE FOLLOWING IS THE SCHEDULE OF MEETINGS FOR THE YEAR 2017.

MEETING TO BE HELD AT THE COMMISSION OFFICE AT 21 7TH. AVENUE GLENDORA, NJ., MEETINGS WILL START AT 8:00PM. TUESDAY EVENINGS.

LIST OF REGULAR SCHEDULED MEETINGS:

MARCH 14, 2017

APRIL 11, 2017

MAY 9, 2017

JUNE 13, 2017

JULY 11, 2017

AUGUST 8, 2017

SEPTEMBER 12, 2017

OCTOBER 9, 2017 (MONDAY)

NOVEMBER 14, 2017

DECEMBER 12, 2017

JANUARY 9, 2018

FEBRUARY 13, 2018

WOODY MINNER, BOARD SECRETARY/COMMISSIONER

LEGAL NOTICE

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NOVEMBER 14, 2017

DECEMBER 12, 2017

JANUARY 9, 2018

FEBRUARY 13, 2018

WOODY MINNER, BOARD SECRETARY/COMMISSIONER