

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
WITH
INDEPENDENT AUDITOR'S REPORT**

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

**Board of Fire Commissioners
Fire District No. 1, Mount Holly Township
County of Burlington
Mount Holly, New Jersey**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 auditing standards 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 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.

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

Opinion

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 Fire District No.1, Mount Holly Township in the County of Burlington, State of New Jersey, as of December 31, 2017, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 5, 2018, on our consideration of Fire District No.1, Mount Holly Township'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 Fire District No.1, Mount Holly Township's internal control over financial reporting and compliance.

MoHEL Elliott Bauer & Gass

Toms River, New Jersey
September 5, 2018

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**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, Mount Holly Township
County of Burlington
Mount Holly, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the government activities and each major fund of Fire District No.1, Mount Holly Township in the County of Burlington, State of New Jersey as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Fire District No.1, Mount Holly Township's basic financial statements, and have issued our report thereon dated September 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District No.1, Mount Holly Township'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District No.1, Mount Holly Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District No.1, Mount Holly Township'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District No.1, Mount Holly Township'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mohe Elliott Bauer & Gass

Toms River, New Jersey
September 5, 2018

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

As management of Fire District No.1, Mount Holly Township (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2017. 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 net position of the fire district which represents the difference between assets and liabilities was \$1,115,868. This represents an increase of \$204,239 from 2016.
- The amount raised by taxation was \$617,845 or 93.30 percent of all revenues. Interest, Uniform Fire Safety Act and other income amounted to \$44,375 or 6.70 percent of all revenues.
- Total expenditures were \$457,981 as compared to \$457,271 in 2016; a increase of \$710 or .002 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Fire District No.1, Mount Holly Township's basic financial statements is comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 12. 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 Fire District No. 1, Mount Holly Township. The difference between the two 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.

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Reporting on the District as a Whole (Continued)

The district-wide financial statements report on the financial data by function. Fire District No. 1, Mount Holly Township provides firefighting services to the citizens of Mount Holly Township.

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, Fire District No. 1, Mount Holly Township uses fund accounting to document compliance with finance-related legal matters. Fire District No. 1, Mount Holly Township has two types of fund groups, and that is the general fund and capital projects fund.

Governmental Funds

Fire District No. 1, Mount Holly Township's activities are all 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. 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 District's services.

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, Fire District No. 1, Mount Holly Township 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.

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.

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

DISTRICT-WIDE FINANCIAL ANALYSIS

Fire District No. 1, Mount Holly Township's Net Position is a useful indicator of the District's financial condition. At the end of 2017 the District's assets exceeded the liabilities by \$1,116 thousand. A significant portion of Fire District No. 1, Mount Holly Township's Net Position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending.

Statement of Net Position:

**FIRE DISTRICT NO. 1, MOUNT HOLLY TOWNSHIP
NET POSITION
DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Total assets	\$ 1,150,013	\$ 918,727	\$ 231,286	25.2%
Total liabilities	34,145	20,145	14,000	69.5%
Net position	<u>\$ 1,115,868</u>	<u>\$ 898,582</u>	<u>\$ 217,286</u>	24.2%

Analysis of net position

Invested in capital assets, net	\$ 522,024	\$ 215,412	\$ 306,612	142.3%
Restricted for:				
Capital projects	68,895	56,469	12,426	22.0%
Unrestricted	524,949	626,701	(101,752)	(16.2%)
Total net position	<u>\$ 1,115,868</u>	<u>\$ 898,582</u>	<u>\$ 217,286</u>	24.2%

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Governmental Activities

The Statement of Activities shows the cost of the governmental activities and general revenues. A summary of these activities follows:

	<u>2017</u>	<u>2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Expenses				
Administrative expenses	\$ 114,788	\$ 117,741	\$ (2,953)	(2.51%)
Cost of operations and maintenance	277,591	300,118	(22,527)	(7.51%)
Operating expenses offset with revenue	38,194	33,256	4,938	14.85%
Interest expense	-	1,584	(1,584)	(100.00%)
Depreciation	27,408	4,572	22,836	499.5%
Total program expenses	<u>457,981</u>	<u>457,271</u>	<u>710</u>	0.16%
Program Revenues				
Miscellaneous revenues offset with appropriations	38,194	41,798	38,194	91.38%
Operating grant revenue	4,246	4,246	4,246	100.00%
Total program revenues	<u>42,440</u>	<u>46,044</u>	<u>42,440</u>	92.17%
Net program expenses	<u>415,541</u>	<u>411,227</u>	<u>(41,730)</u>	(10.15%)
General revenues				
Property taxes levied for:				
General purposes	407,845	500,030	(92,185)	(18.44%)
Capital projects	210,000	117,815	92,185	78.25%
Total property taxes levied	617,845	617,845	-	0.00%
Other revenue	1,935	135,926	(133,991)	(98.58%)
Total general revenues	<u>619,780</u>	<u>753,771</u>	<u>(133,991)</u>	(17.78%)
Increase in net position	204,239	342,544	(138,305)	(40.38%)
Net position, January 1, restated	911,629	556,038	355,591	63.95%
Net position, December 31	<u>\$ 1,115,868</u>	<u>\$ 898,582</u>	<u>\$ 217,286</u>	24.18%

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Fire District No. 1, Mount Holly Township uses fund accounting to document compliance with finance-related legal requirements.

Government Fund

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

As of December 31, 2017, the combined balance of the governmental cash and investment funds of Fire District No. 1, Mount Holly Township was approximately \$609 thousand. This balance is approximately \$9,000 less than last year's combined governmental funds balance.

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (Continued)

The combined fund balance of the governmental funds of Fire District No. 1, Mount Holly Township was a surplus of approximately \$594,000 thousand. Amounts of approximately \$69,000 is restricted for capital, \$219,000 is assigned for subsequent years expenditures and \$306,000 is unassigned.

The general fund is the main operating fund of Fire District No. 1, Mount Holly Township. At the end of 2017, the total fund balance of the general fund was approximately \$525,000.

During 2017 the general fund balance surplus of Fire District No. 1, Mount Holly Township decreased by approximately \$102,000. The primary reason for this decrease is primarily due to the prior period adjustment.

At the end of 2017, the District has a capital projects fund balance of approximately \$69,000. This was an increase of approximately \$12,000 from the previous year.

General Fund Budgetary Highlights

The original budget had an approximate projected deficit of \$(221,000). The District had total revenues (deficiency) in excess of expenditures of approximately \$(102,000) in 2017.

Administrative expenses were approximately \$99,000 less than projected in 2017. Operating expenses were approximately \$134,000 less than projected in 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017 Fire District No. 1, Mount Holly Township had invested in capital assets for government activities of approximately \$522,000 (net of accumulated depreciation). Capital assets consist of land, buildings and improvements, fire apparatus, fire equipment and construction in progress.

	CAPITAL ASSETS DECEMBER 31, 2017		
	<u>2017</u>	<u>2016</u>	<u>\$ Increase (Decrease)</u>
Capital assets			
Land	\$ 74,600	\$ 74,600	\$ -
Building and improvements	123,400	123,400	-
Apparatus	1,213,479	1,213,479	-
Equipment	273,257	67,817	205,440
Construction in progress	172,111	43,531	128,580
Total capital assets	<u>1,856,847</u>	<u>1,522,827</u>	334,020
Accumulated depreciation	<u>(1,334,823)</u>	<u>(1,307,415)</u>	(27,408)
Total capital assets, net	<u>\$ 522,024</u>	<u>\$ 215,412</u>	\$ 306,612

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

As of December 31, 2017 there is no debt.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2017, Fire District No. 1, Mount Holly Township was able to fund its appropriations through the fire tax levy and other revenues. The 2017 budget anticipated a deficit of \$220,889 but finished the year with a deficit of \$102,373.

Fire District No. 1, Mount Holly Township adopted the 2018 budget on January 18, 2018. The 2018 budget reflects a 0.0% increase in the tax levy compared to 2017. The proposed budget reflects no change in the tax rate for 2018. The proposed tax rate per \$100 of assessed value will be \$.096.

REQUESTS FOR INFORMATION

The District financial report is designed to provide users of the financial statements with a general overview of the District's finances and to show the District's accountability for the money it receives. The financial statements of the District are a matter of public record.

If you have any questions about this report or need additional information please contact The Board Clerk at 100 Garden Street, Mount Holly, New Jersey 08060.

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>2017</u>
ASSETS	
Cash and cash equivalents	\$ 609,082
Accounts receivable - UFSA	5,711
Prepaid expenses	1,196
Escrow deposit	12,000
Capital assets, net	<u>522,024</u>
Total assets	<u>1,150,013</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>34,145</u>
Total liabilities	<u>34,145</u>
NET POSITION	
Net invested in capital assets	522,024
Restricted for capital projects	68,895
Unrestricted	<u>524,949</u>
Total net position	<u>\$ 1,115,868</u>

The accompanying notes are an integral part of these financial statements.

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
Expenses:	
Operating appropriations:	
Administration	\$ 114,788
Cost of operations and maintenance	277,591
Operating appropriations offset with revenue	38,194
Depreciation	<u>27,408</u>
Total program expenses	457,981
Program revenues:	
Uniform fire safety act	38,194
Supplemental fire safety grant	<u>4,246</u>
Total program revenues	<u>42,440</u>
Net program expenses	<u>415,541</u>
General revenues:	
Amount raised by taxation	617,845
Investment income	1,835
Other income	<u>100</u>
Total general revenues	<u>619,780</u>
Increase in net position	204,239
Net position - beginning of year	898,582
Prior period adjustment	<u>13,047</u>
Net position - beginning of year restated	<u>911,629</u>
Net position - end of year	<u><u>\$ 1,115,868</u></u>

The accompanying notes are an integral part of these financial statements

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 523,726	\$ 85,356	\$ 609,082
Accounts receivable	5,711		5,711
Prepaid expenses	1,196		1,196
Escrow deposit		12,000	12,000
Total assets	<u>530,633</u>	<u>97,356</u>	<u>627,989</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>5,684</u>	<u>28,461</u>	<u>34,145</u>
Total liabilities	<u>5,684</u>	<u>28,461</u>	<u>34,145</u>
FUND BALANCES			
Restricted for Capital Projects		68,895	68,895
Assigned - Designated for subsequent year's expenditures	218,554		218,554
Unassigned	<u>306,395</u>		<u>306,395</u>
Total fund balances	<u>524,949</u>	<u>68,895</u>	<u>593,844</u>
Total liabilities and fund balances	\$ <u>530,633</u>	\$ <u>97,356</u>	\$ <u>627,989</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the
funds. The cost of the assets is \$1,856,847 and the accumulated depreciation is \$1,334,823. 522,024
\$ 1,115,868

The accompanying notes are an integral part of these financial statements

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Capital Projects Fund	Total
Revenues:			
Amount raised by taxation	\$ 407,845	\$ 210,000	\$ 617,845
Uniform fire safety act	38,194		38,194
Supplemental fire safety grant	4,246		4,246
Investment income	1,835		1,835
Other income	100		100
Total revenues	<u>452,220</u>	<u>210,000</u>	<u>662,220</u>
Expenditures:			
Administration	114,788		114,788
Cost of operations and maintenance	277,591		277,591
Operating appropriations offset with revenue	38,194		38,194
Capital expenditures:			
Purchase self-contained breathing apparatus		205,440	205,440
Building improvements professional services		128,580	128,580
Total expenditures	<u>430,573</u>	<u>334,020</u>	<u>764,593</u>
Excess of revenues over expenditures	21,647	(124,020)	(102,373)
Fund balance, January 1	626,701	56,469	683,170
Prior period adjustment	<u>(123,399)</u>	<u>136,446</u>	<u>13,047</u>
Fund balance, January 1, restated	503,302	192,915	696,217
Fund balance, December 31	<u>\$ 524,949</u>	<u>\$ 68,895</u>	<u>\$ 593,844</u>

The accompanying notes are an integral part of these financial statements.

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Total net changes in fund balance - governmental funds (B - 2)	\$	(102,373)
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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
useful lives as depreciation expense

Capital outlays - capital projects fund	334,020		
Depreciation expense	<u>(27,408)</u>		
			<u>306,612</u>

Changes in net position of governmental activities (A - 2)	\$	<u><u>204,239</u></u>
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The accompanying notes are an integral part of these financial statements.

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1, Mount Holly Township is a political subdivision of the Township of Mount Holly, County of Burlington, 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 fire fighting services to the residents within its territorial location.

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

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

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

B. District Officials

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

<u>Officials</u>	<u>Term Expires March</u>
Donald Pike, Chairman	2020
Richard McIlwee, Vice Chairman	2020
Stefanie Haines, Secretary	2021
Joshua Brown, Treasurer	2019
Jason Fajgier, Commissioner	2021

C. Accounting Records

The official accounting records of the Fire District No. 1, Mount Holly Township are maintained in the office of the district.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fire District No. 1, Mount Holly Township (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.

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 government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function of 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.

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.

(Continued)

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, 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.

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.

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.

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.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes.

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. Fiduciary funds are reported by fund type.

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.

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.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued)

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

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, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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. The encumbrances at December 31, 2017 totaled \$0 for the general fund and \$0 for the capital projects fund.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, 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. 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.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued)

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 of 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 recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory for the year ended December 31, 2017.

Prepaid Expenses

Prepaid expenses recorded on the government-side financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2017.

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 acquisition value at the time received.

The Fire District's capitalization threshold is \$5,000. 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>
Building and improvements	30 years
Apparatus	5 -10 years
Equipment	5-15 years

Pension Plans

None of the District's employees participate in the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP).

(Continued)

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between the summation of assets and the summation of liabilities. 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 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 of 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 actions 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.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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 or by the Fire Chief, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Fire Chief is established by way of a formal job description for the position, approved by 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.

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 appropriated in the following order: committed, assigned, and then unassigned.

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.

Subsequent Events

The District has evaluated subsequent events through September 5, 2018, the date the financial statements were available to be issued.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 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.

PROPERTY TAX LEVIES:

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Calendar Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2017	\$ 644,816,746	\$ 617,845	0.096
12/31/2016	\$ 644,819,746	\$ 617,845	0.096
12/31/2015	\$ 646,720,773	\$ 617,845	0.096
12/31/2014	\$ 650,202,657	\$ 589,208	0.091
12/31/2013	\$ 654,512,934	\$ 589,208	0.091

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

CAPITAL ASSETS

Capital assets together with accumulated depreciation and estimated useful lives consists of the following at December 31, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Estimated Useful Life (Years)
Assets					
Land	\$ 74,600	\$ -	\$ -	\$ 74,600	-
Building and improvements	123,400	-	-	123,400	30
Fire apparatus	1,213,479	-	-	1,213,479	5 - 10
Fire equipment	67,817	205,440	-	273,257	5 - 15
Construction in progress	43,531	128,580	-	172,111	-
	1,522,827	334,020	-	1,856,847	
Less: accumulated depreciation	(1,307,415)	(27,408)	-	(1,334,823)	
	<u>\$ 215,412</u>	<u>\$ 306,612</u>	<u>\$ -</u>	<u>\$ 522,024</u>	

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2017
Accrued payroll taxes	\$ 5,684
Accrued capital expense	28,461
	<u>\$ 34,145</u>

PRIOR PERIOD ADJUSTMENT

As of January 1, 2017 the General Fund balance and Restricted for Capital Projects has been restated as follows:

	General Fund	Restricted for Capital Projects
Funds as previously reported at January 1, 2017	\$ 626,701	\$ 56,469
Restatement to reflect 2016 Capital Appropriations	(136,446)	136,446
Restatement to reflect recording 2016 accounts receivable - UFSA	3,047	-
Restatement to reflect removal of 1999 accrual due to fire company	10,000	-
Funds as restated as of January 1, 2017	<u>\$ 503,302</u>	<u>\$ 192,915</u>

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

Pooled Separate Accounts: Valued at the net asset value (NAV) of the participation units held by the plan at year end. The NAV, as reported by the insurance company, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying mutual fund held in the subaccounts.

(Continued)

**FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

SPECIAL ELECTION

On December 12, 2015 a special election was held and the legal voters of the Township of Mount Holly approved a \$7,900,000 bond proposal. This proposal includes the construction of additions and renovations to the Relief Fire House, the necessary equipment and furniture for the improvements to the firehouse, and to make the necessary onsite and offsite improvements. It is anticipated that bonds will be issued to finance these improvements and the debt will be funded in future budgets.

REQUIRED SUPPLEMENTARY INFORMATION

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Modified		
Revenues				
Miscellaneous anticipated revenues:				
Interest investments and deposits	\$ -	\$ -	\$ 1,835	\$ 1,835
Other revenue	-	-	100	100
Total miscellaneous anticipated revenues	-	-	1,935	1,935
Operating grant revenue:				
Supplemental fire safety grant	4,246	4,246	4,246	-
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act	36,800	36,800	38,194	1,394
Amount to be raised by taxation to support the district budget	617,845	617,845	617,845	-
Total anticipated revenues	658,891	658,891	662,220	3,329
Non-budgetary revenues:				
Miscellaneous	-	-	-	-
Total revenues	658,891	658,891	662,220	3,329
Expenditures				
Operating appropriations:				
Administration:				
Salary and wages	59,250	59,250	54,952	4,298
Commissioners	7,500	7,500	7,500	-
Fringe benefits	6,500	6,500	6,291	209
Professional services	100,000	100,000	30,125	69,875
Office expenses	29,505	27,005	12,351	14,654
Elections	1,300	1,300	400	900
Advertising	2,500	2,500	1,471	1,029
Public relations	2,125	2,125	1,671	454
Training and education	7,500	7,500	27	7,473
Total administration	216,180	213,680	114,788	98,892

(Continued)

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Modified	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Expenditures (Continued)				
Cost of operations and maintenance:				
Fire hydrant rental	120,000	120,000	109,287	10,713
Maintenance and repairs	59,000	59,000	37,608	21,392
Apparatus officer	2,000	2,000	2,000	-
Communications maintenance	1,500	1,500	-	1,500
County Association	500	500	-	500
Dues and subscriptions	600	1,600	1,417	183
Exempt Association	1,000	1,000	746	254
Health and fitness	3,500	3,500	1,703	1,797
Member recognition	10,000	10,000	385	9,615
Motor fuels	4,500	4,500	2,029	2,471
Office supplies	1,000	2,500	2,022	478
Supplies and materials	2,000	2,000	-	2,000
Training and education	10,000	10,000	1,242	8,758
Uniforms	7,500	7,500	1,119	6,381
Volunteer incentive	15,000	15,000	12,131	2,869
Insurance	75,000	75,000	53,124	21,876
Rental charges	3,500	3,500	2,619	881
Uniform Fire Safety	15,200	7,700	799	6,901
Utilities	50,000	50,000	42,855	7,145
Non-Bondable equipment	35,000	35,000	6,505	28,495
Total cost of operations and maintenance	416,800	411,800	277,591	134,209
Operating appropriations offset with revenue:				
Salary and wages	32,000	32,000	26,352	5,648
Fringe benefits	2,500	2,500	2,098	402
Other expenses	2,300	9,800	9,744	56
Total operating appropriations offset with revenue	36,800	44,300	38,194	6,106
Capital appropriations:				
Capital appropriations	210,000	210,000	334,020	(124,020)
Total expenditures	879,780	879,780	764,593	115,187
Excess (deficiency) of revenues over (under) expenditures	(220,889)	(220,889)	(102,373)	118,516
Fund balance, January 1			696,217	
Fund balance, December 31			\$ 593,844	
RECAPITULATION OF FUND BALANCE				
Restricted fund balance				
Capital projects			\$ 68,895	
Assigned fund balance				
Designated for subsequent year's expenditures			218,554	
Unassigned fund balance			306,395	
Total fund balance per governmental funds			\$ 593,844	

FIRE DISTRICT NO. 1
MOUNT HOLLY TOWNSHIP
RECONCILIATION OF BUDGET TO STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017

Sources/Inflows of Resources:

Actual amount (budgetary basis) total revenues from budgetary comparison schedule (C - 1)	\$ <u>662,220</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u><u>662,220</u></u>
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Use/Outflows of Resources:

Actual amount (budgetary basis) total expenditures from budgetary comparison schedule (C - 1)	<u>764,593</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u><u>764,593</u></u>
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SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FIRE DISTRICT NO.1
MOUNT HOLLY TOWNSHIP
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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.

**FIRE DISTRICT NO.1
MOUNT HOLLY TOWNSHIP
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.