

DELRAN TOWNSHIP FIRE DISTRICT No. 1

Financial Statements

For the year ended December 31, 2019

(With Independent Auditor's Report thereon)



DELRAN TOWNSHIP FIRE DISTRICT No. 1
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
For the year ended December 31, 2019
(With Independent Auditor's Report thereon)

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Independent Auditor's Report on Internal Control over Financial Reporting an on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5-6
Management's Discussion and Analysis	7-9
Government-Wide Statement of Net Position	11
Government-Wide Statement of Activities	12
Governmental Funds Balance Sheet	13
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	14
Governmental Funds Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance in The Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	17-37
Required Supplementary Information:	
General Fund Budgetary Comparison Schedule	39-40
Debt Service Fund Budgetary Comparison Schedule	41
Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	43
Schedule of District Contributions – PERS	44
Notes to the Required Supplementary Information	45
Supplementary Information:	
Schedule of Serial Bonds Payable	47
Schedule of Obligations Under Capital Leases	48
General Comments and Recommendations	49-50

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Delran Township Fire District No. 1
Delran, New Jersey 08075

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Delran Township Fire District No. 1, County of Burlington, State of New Jersey, as of and for the fiscal year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delran Township Fire District No. 1, County of Burlington, State of New Jersey, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delran Township Fire District No. 1's basic financial statements. The accompanying other supplementary information as listed in the table of contents, is presented for purposes of additional analysis as required by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements.

The accompanying long-term debt schedules of serial bonds payable and obligations under capital leases is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 long-term debt schedules or serial bonds payable and obligations under capital leases is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020 on our consideration of the Delran Township 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 Delran Township Fire District No. 1's internal control over financial reporting and compliance.

Holt McNally & Associates, Inc.

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

June 24, 2020
Medford, New Jersey

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners
Delran Township Fire District No. 1
Delran, New Jersey 08075

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Delran Township Fire District No. 1, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Delran Township Fire District No. 1's basic financial statements, and have issued our report thereon dated June 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delran Township 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 Delran Township Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delran Township 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delran Township 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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Holt McNally & Associates, Inc.

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

June 24, 2020
Medford, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

The District provides fire protection services to a 7.5 square mile area of Delran Township. The population of the District is approximately 18,000. The District is a separate government body known as a Special District and is governed by an elected board of Commissioners. Fire districts are governed by *N.J.S.A. 40A:14-70* et al. and organized as a taxing authority charged with the responsibility of providing resources necessary to provide fire-fighting services to the residents within its territorial location. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended.

Description of the Basic Financial Statements

The financial statements consist of the following parts: Management's discussion and analysis; the basic financial statements consisting of government-wide financial statements, and fund financial statements (governmental); notes to the financial statements; and required supplementary information.

The basic government-wide and fund financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position (Exhibit A-1) and Statement of Activities (Exhibit A-2). The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term of the District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash is received or paid. This form of reporting is new this fiscal year and will continue in the future.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This the traditional form for our financial statements. The required financial statements are: Balance Sheet (Exhibit B-1) and Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit B-2). The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during or soon after the end of the year.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities, traces the change in fund balances to the change in net position report in Exhibit B-3.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities as the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term in-flows and out-flows of spendable resources, as well as on balances of spendable resources available at the end of the year.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund and debt service fund all of which are considered major funds.

Condensed Government-wide Financial Data

	2019	2018
Unrestricted Current Assets	\$ 1,994,817	\$ 1,708,500
Capital Assets, Net of Accumulated Depreciation	7,210,036	7,330,129
Deferred Outflow of Resources	<u>58,639</u>	<u>100,612</u>
 Total Assets and Deferred Outflow of Resources	 <u>9,263,492</u>	 <u>9,139,241</u>
 Current Liabilities	 508,450	 504,350
Noncurrent Liabilities	1,802,671	2,247,562
Deferred Inflow of Resources	<u>178,068</u>	<u>198,973</u>
 Total Liabilities and Deferred Inflow of Resources	 <u>2,489,189</u>	 <u>2,950,885</u>
 Net Position:		
Invested in Capital Assets, Net of Accumulated Depreciation & Related Debt	5,425,594	5,141,062
Unrestricted Net Position	<u>1,348,709</u>	<u>1,047,294</u>
 Total Net Position	 <u>6,774,303</u>	 <u>6,188,356</u>
 Total Liabilities and Net Position	 <u>\$9,263,492</u>	 <u>\$9,139,241</u>
 Expenditures Governmental Activities, Net of Program Revenues	 \$(1,723,024)	 \$(1,657,629)
General Revenues:		
District Taxes	2,265,471	2,224,562
Permit Fees & Penalties	23,311	19,738
Interest Income	1,619	1,725
Supplemental Fire Services	5,162	5,162
Miscellaneous Revenue	<u>13,408</u>	<u>11,875</u>
 Total General Revenues	 <u>2,308,971</u>	 <u>2,295,813</u>
 Change in Net Position	 <u>\$ 585,947</u>	 <u>\$ 605,433</u>

Financial Analysis of the District as a Whole

The District's net position increased by \$585,947 for the fiscal year ended December 31, 2019, or approximately 9.47%, to a total of \$6,774,303. Of the \$6,774,303 in net position, \$5,425,594 is invested in capital assets (net of accumulated depreciation and related debt).

Budgetary Highlights

Total General Fund expenditures were \$382,081 less than the amount budgeted. Total Capital Projects Fund expenditures were \$29,054 less than the amount budgeted.

Capital Assets

As of December 31, 2019, the District has invested \$11,633,322 in a broad range of capital assets including a new building, fire fighting vehicles, and equipment.

Capital Leases and Bonds Payable

During the year ended December 31, 2019, the District made payments on Capital Leases of \$107,875 and also paid off \$264,000 in principal towards the balance of the 2014 Refunding Bonds.

Economic Factors and Next Year's Budget

The District's main source of revenue is property taxes. The District expects property tax revenues to decrease by 0.03% to \$2,264,811 for the fiscal year ending December 31, 2020.

Budgeted expenditures are expected to decrease by 6.69% to \$2,464,621 for the fiscal year ending December 31, 2020.

Contacting the District's Financial Management

This financial statement is designed to provide a general overview of the District's finances. If you have questions about this financial statement or need additional financial information, contact the District's office at 900 Chester Avenue, P.O. Box 1007, Delran, New Jersey 08075.

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DELRAN TOWNSHIP FIRE DISTRICT No. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2019

EXHIBIT A-1

	GOVERNMENTAL ACTIVITIES DECEMBER 31, 2019
ASSETS	
Cash and Cash Equivalents	\$ 1,994,817
Capital Assets, net (Note 4)	7,210,036
Total Assets	<u>9,204,853</u>
DEFERRED OUTFLOW OF RESOURCES	
Related to Pensions (Note 6)	<u>58,639</u>
Total Deferred Outflow of Resources	<u>58,639</u>
Total Assets and Deferred Outflow of Resources	<u>9,263,492</u>
LIABILITIES	
Accounts Payable:	
Related to Pensions	22,609
Other	47,594
Unearned Revenue	10,120
Accrued Interest	27,545
Noncurrent Liabilities (Note 5):	
Due Within One Year	400,582
Due Beyond One Year	1,802,671
Total Liabilities	<u>2,311,121</u>
DEFERRED INFLOW OF RESOURCES	
Related to Pensions (Note 6)	<u>178,068</u>
Total Deferred Outflow of Resources	<u>178,068</u>
NET POSITION	
Net Investment in Capital Assets	5,425,594
Restricted Net Position:	
Capital	430,714
Unrestricted (Deficit)	917,995
Total Net Position	<u>\$ 6,774,303</u>

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

			<u>GOVERNMENTAL ACTIVITIES</u>
	EXPENSES	CHARGES FOR SERVICES	DECEMBER 31, 2019
Governmental Activities:			
Fire Protection:			
Administration	\$ 337,293	\$ -	\$ (337,293)
Cost of Operations	1,078,093	41,108	(1,036,985)
Interest on Long-Term Liabilities	82,707	-	(82,707)
Depreciation	266,039	-	(266,039)
Total Governmental Activities	1,764,132	41,108	(1,723,024)
General Revenues:			
District Tax			2,265,471
Permit Fees & Penalties			23,311
Interest Income			1,619
Supplemental Fire Services			5,162
Miscellaneous			13,408
Total General Revenues			2,308,971
Changes in Net Position			585,947
Net Position Beginning of the Year			6,188,356
Net Position, End of the Year			<u>\$ 6,774,303</u>

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	GENERAL FUND	CAPITAL PROJECTS	TOTAL DECEMBER 31, 2019
Assets:			
Cash	\$ 1,564,103	\$ 430,714	\$ 1,994,817
Total Assets	<u>\$ 1,564,103</u>	<u>\$ 430,714</u>	<u>\$ 1,994,817</u>
Liabilities & Fund Balances:			
Liabilities:			
Accounts payable	\$ 47,594	\$ -	\$ 47,594
Unearned revenue	10,120	-	10,120
Total Liabilities	<u>57,714</u>	<u>-</u>	<u>57,714</u>
Fund Balances:			
Restricted for:			
Capital Projects	-	430,714	430,714
Designated for Subsequent Year's Expenditures	135,000	-	135,000
Unassigned	1,371,389	-	1,371,389
Total Fund Balances	<u>1,506,389</u>	<u>430,714</u>	<u>1,937,103</u>
Total Liabilities & Fund Balances	<u>\$ 1,564,103</u>	<u>\$ 430,714</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 \$11,633,322 and the accumulated depreciation is \$4,423,286.	7,210,036
Accrued interest not recorded in current financial statements	(27,545)
Deferred outflows and inflows of resources and accounts payable related to pension are applicable to future reporting periods and, therefore, are not reported in the funds	(142,038)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<u>(2,203,253)</u>
	<u>\$ 6,774,303</u>

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	GOVERNMENTAL FUND TYPES			TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	DECEMBER 31, 2019
Miscellaneous Revenues:				
Permit Fees & Penalties	\$ 23,311	\$ -	\$ -	\$ 23,311
Registration Fees	41,108	-	-	41,108
Interest on Investments	1,619	-	-	1,619
Other	13,408	-	-	13,408
Supplemental Fire Services	5,162	-	-	5,162
Total Miscellaneous Revenues	84,608	-	-	84,608
Total Revenues	84,608	-	-	84,608
Amount to be Raised by Taxation to Support the District Budget	1,630,944	175,000	459,527	2,265,471
Total Revenues	1,715,552	175,000	459,527	2,350,079
Expenditures:				
Administration	337,293	-	-	337,293
Cost of Operations	1,134,872	-	-	1,134,872
Capital Outlay	-	145,946	-	145,946
Debt Service	-	-	459,527	459,527
Total Expenditures	1,472,165	145,946	459,527	2,077,638
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	243,387	29,054	-	272,441
Fund Balance, January 1	1,263,002	401,660	-	1,664,662
Fund Balance, December 31	\$ 1,506,389	\$ 430,714	\$ -	\$ 1,937,103

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES IN THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 272,441
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different as follows:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.	
Capital Outlay	\$ 145,946
Depreciation Expense	<u>(266,039)</u>
	(120,093)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)	4,945
Repayment of 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.	371,875
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.	24,029
Amortization of premiums from refunded debt issuances are recorded when incurred in the governmental funds but are accrued and recaptured over time in the statement of activities.	<u>32,750</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 585,947</u>

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

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**DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

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

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

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

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

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

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2019:

<u>Officials</u>	<u>Term Expires</u> <u>March</u>
Charles S. Kendra, Sr. - President	2021
Joseph Parento III - Vice President	2019
James C. Bauer - Secretary	2020
James T. Turcich - Treasurer	2021
Anthony Quiciari – Assistant Treasurer	2019

C. Accounting Records

The official accounting records of Delran Township Fire District No. 1 are maintained in the office of the District.

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1: GENERAL INFORMATION (continued)

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units. . The District had no component units as of for the year ended December 31, 2019.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

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

B. Fund Accounting

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

Governmental Funds:

General Fund

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

Capital Projects Fund

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

Debt Service Fund

The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

C. District Wide Financial Statements

District Wide Financial Statements

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. District Wide Financial Statements (continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Basis of Accounting

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

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

In its accounting and financial reporting, Delran Township Fire District No. 1 follows the pronouncements of the Governmental Accounting Standards Board (GASB).

E. Budgets and Budgetary Accounting

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

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

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

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

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

F. Encumbrances

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. There were no encumbrances as of December 31, 2019.

G. Cash and Cash Equivalents

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash and Cash Equivalents (continued)

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

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

H. Prepaid Expenses

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

I. Debt Limitation

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

J. Capital Assets

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

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and Improvements	5 to 40 Years
Equipment	5 to 15 Years

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Inventory, Materials and Supplies

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

L. Interfund Receivable/Payable

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

M. Revenues and Expenditures

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

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

N. Fire District Taxes

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

O. Deferred Outflows and Deferred Inflows of Resources

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

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

P. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Pension (continued)

plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Fund Equity

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

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

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

R. Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Use of Estimates

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

T. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2019:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following effective dates have been updated to reflect the implementation of Statement No. 95.

Recently Issued Accounting Pronouncements

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

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Impact of Recently Issued Accounting Principles (continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This statement had no material impact on the District's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the District's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

U. Fair Value Measurement

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Fair Value Measurement (continued)

the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values. Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

Fixed Account Investment Contract: Valued at the contract's market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District does not currently hold any investments.

V. Subsequent Events

Delran Township Fire District No.1 has evaluated subsequent events occurring after December 31, 2019 through the date of June 24, 2020, which is the date the financial statements were available to be issued. Other than the following, no items have come to the attention of the District that would require disclosure.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Subsequent Events (continued)

States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy by way of executive orders, has ordered, among other things: all State residents to remain home or at their place of residence unless they meet one or more enumerated exceptions; all State residents to practice social distancing; gatherings of individuals, such as parties, celebrations and social events, are cancelled; non-essential businesses to cease operations from 8:00 p.m. to 5:00 a.m.; all restaurants and bars to close except for delivery or takeout services; casinos, racetracks, gyms and fitness centers and entertainment centers to close; all county and municipal libraries to close; all business and non-profits to accommodate telework or work-from-home arrangements; the cessation of all non-essential construction projects; an extension of insurance premium grace periods; all Pre-K through 12 schools to close; all universities and colleges in the State to cease in-person instruction; The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread of and impacts of COVID-19.

The District cannot reasonably predict how long and in what manner the outbreak may impact its financial condition or operations.

NOTE 3. CASH

The Fire District is governed by the deposit limitations of New Jersey state law. The deposits held at December 31, 2019, and reported at fair value are as follows:

	Carrying Value
Deposits:	
Demand Deposits	<u>\$ 1,994,817</u>
Total Deposits	<u>\$ 1,994,817</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, the District's bank balance of \$2,010,110 was insured or collateralized as follows:

Insured	\$ 404,352
Collateralized in the District's Name	
Under GUDPA	<u>1,605,758</u>
Total	<u>\$ 2,010,110</u>

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4. CAPITAL ASSETS

Fixed assets as of December 31, 2019 consisted of the following:

	Beginning Balance <u>December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>December 31, 2019</u>
Land	\$ 343,900	\$ -	\$ -	\$ 343,900
Vehicles	4,140,539	-	-	4,140,539
Building	6,023,196	116,181	-	6,139,377
Equipment	979,741	29,765	-	1,009,506
Totals at Historical Cost	<u>11,487,376</u>	<u>145,946</u>	<u>-</u>	<u>11,633,322</u>
Less: accumulated depreciation	<u>4,157,247</u>	<u>266,039</u>	<u>-</u>	<u>4,423,286</u>
Total	<u>\$ 7,330,129</u>	<u>\$ (120,093)</u>	<u>\$ -</u>	<u>\$ 7,210,036</u>

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

NOTE 5. NONCURRENT LIABILITIES

During the fiscal year ended December 31, 2019 the following changes occurred in noncurrent liabilities:

	Beginning Balance <u>December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>December 31, 2019</u>	Due Within <u>One Year</u>
Capital Leases Payable	\$ 332,573	\$ -	\$ 107,875	\$ 224,698	\$ 110,831
Premium on Bonds	181,494	-	32,750	148,744	32,751
Bonds Payable	1,675,000	-	264,000	1,411,000	257,000
Net Pension Liability	463,121	-	44,310	418,811	-
Totals	<u>\$ 2,652,188</u>	<u>\$ -</u>	<u>\$ 448,935</u>	<u>\$ 2,203,253</u>	<u>\$ 400,582</u>

A. Bonds Payable:

During 2014, voters of the District approved a Bond Refunding Ordinance amounting to \$2,638,000 for the refunding of the 2004 General Obligation Bonds used for the construction of firehouses and purchase of additional fire apparatus. Principal and interest due on outstanding Bonds is as follows:

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5. NONCURRENT LIABILITIES (continued)

Fiscal Year Ended	Principal	Interest	Total
2020	\$ 257,000	\$ 67,980	\$ 324,980
2021	268,000	57,700	325,700
2022	281,000	44,300	325,300
2023	295,000	24,250	319,250
2024	310,000	15,500	325,500
Total	<u>\$ 1,411,000</u>	<u>\$ 209,730</u>	<u>\$ 1,620,730</u>

B. Capital Leases Payable:

The following is a summary of property held under capital leases:

2015 Pierce Pumper

The following is a schedule of future minimum lease payments under the capital lease for the above items at December 31, 2019:

Fiscal Year Ended	Principal	Interest	Total
2020	\$ 110,831	\$ 6,157	\$ 116,988
2021	113,867	3,120	116,987
Total	<u>\$ 224,698</u>	<u>\$ 9,277</u>	<u>\$ 233,975</u>

NOTE 6. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6. PENSION OBLIGATIONS (continued)

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the District's contractually required contribution to PERS plan was \$22,609.

Components of Net Pension Liability - At December 31, 2019, the District's proportionate share of the PERS net pension liability was \$418,811. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The District's proportion measured as of June 30, 2019, was 0.0023243419% which was a decrease of 0.0000277781% from its proportion measured as of June 30, 2018.

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6. PENSION OBLIGATIONS (continued)

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

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 58,639	\$ 100,612
Deferred Inflows of Resources	178,068	198,973
Net Pension Liability	418,811	463,121
District's portion of the Plan's total Net Pension Liability	0.00232%	0.00235%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$103,326.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 7,517	\$ 1,850
Changes of Assumptions	41,820	145,368
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	6,611
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	9,302	24,239
	<u>\$ 58,639</u>	<u>\$ 178,068</u>

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

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6. PENSION OBLIGATIONS (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6. PENSION OBLIGATIONS (continued)

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

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

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2020	\$ (32,533)
2021	(29,357)
2022	(38,441)
2023	(17,153)
2024	<u>(1,945)</u>
	<u>\$ (119,429)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6. PENSION OBLIGATIONS (continued)

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

Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6. PENSION OBLIGATIONS (continued)

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

Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ 532,707	\$ 418,811	\$ 328,207

NOTE 7: FUNDING

The activities of the Board of Commissioners are primarily funded by fire tax on the property owners within the Fire District, as provided for by state statute. For the year ended December 31, 2019, the Delran Township Fire District No. 1 tax rate was \$.161 per \$100 of assessed valuation.

NOTE 8: RISK MANAGEMENT

The 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 District maintains commercial insurance coverage for property, liability and surety bonds. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9: FUND BALANCE

General Fund – Of the \$1,506,389 General Fund balance at December 31, 2019, \$1,371,389 is unassigned and \$135,000 is designated for subsequent years expenditures.

Capital Projects Fund – Of the \$430,714 Capital Projects Fund balance at December 31, 2019, \$430,714 is restricted for capital projects.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

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EXHIBIT C-1

DELRAN TOWNSHIP FIRE DISTRICT No. 1
BUDGETARY COMPARISON SCHEDULE -
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL BUDGETARY BASIS	POSITIVE / (NEGATIVE) VARIANCE
Miscellaneous Revenues:				
Permit Fees & Penalties	\$ 1,000	\$ 1,000	\$ 23,311	\$ 22,311
Registration Fees	41,075	41,075	41,108	33
Interest on Investments	1,000	1,000	1,619	619
Other	12,000	12,000	13,408	1,408
Supplemental Fire Services	5,162	5,162	5,162	-
Total Miscellaneous Revenues Anticipated	60,237	60,237	84,608	24,371
Amount to be Raised by Taxation to Support the District Budget	1,803,067	1,803,067	1,805,944	2,877
Total Revenues	1,863,304	1,863,304	1,890,552	27,248
Operating Appropriations:				
Administration:				
Salaries & Wages	105,500	105,500	106,247	(747)
Employee Benefits	21,847	21,847	24,075	(2,228)
Election	1,500	1,500	975	525
Insurance Premiums	55,004	55,004	63,195	(8,191)
Membership Dues & Subscriptions	2,500	2,500	2,989	(489)
Office Supplies & Postage	10,000	10,000	-	10,000
Office Operations	7,500	7,500	8,275	(775)
Advertising	3,000	3,000	955	2,045
Utilities	20,000	20,000	2,218	17,782
Professional Services	75,000	75,000	103,938	(28,938)
Office Rent	14,500	14,500	10,800	3,700
Promotion	5,000	5,000	7,111	(2,111)
Contingent Expenses	10,000	10,000	6,515	3,485
Total Administration	331,351	331,351	337,293	(5,942)
Cost of Operations:				
Salaries & Wages	264,650	264,650	132,175	132,475
Employee Benefits	270,728	270,728	151,910	118,818
Maintenance & Repair	120,000	120,000	133,766	(13,766)
Membership Dues & Subscriptions	3,000	3,000	1,265	1,735
Rental Charges	30,000	30,000	30,000	-
Utilities	90,000	90,000	85,662	4,338
Professional Services	50,000	50,000	30,802	19,198
Other Operating Materials & Supplies	130,000	130,000	105,479	24,521
Personal Protective Equipment	100,000	100,000	21,971	78,029
Fire Hydrant Rentals or Services	164,000	164,000	203,204	(39,204)
Training & Education	40,000	40,000	36,351	3,649
Pagers	10,000	10,000	5,042	4,958
Uniform & Personal Equipment	15,000	15,000	10,503	4,497
Aid to Emergency Squad	35,500	35,500	28,000	7,500
Reimbursement for Expenses	130,000	130,000	116,801	13,199

DELRAN TOWNSHIP FIRE DISTRICT No. 1
BUDGETARY COMPARISON SCHEDULE -
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL BUDGETARY BASIS	POSITIVE / (NEGATIVE) VARIANCE
Cost of Operations (continued):				
Contingent Expenses	10,000	10,000	-	10,000
Uniform Fire Safety Act:				
Other Expenses	54,075	54,075	41,941	12,134
Total Cost of Operations	1,516,953	1,516,953	1,134,872	382,081
Capital Outlay				
Capital Improvements	175,000	175,000	145,946	29,054
Total Capital Outlay	175,000	175,000	145,946	29,054
Total Expenditures	2,023,304	2,023,304	1,618,111	405,193
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(160,000)	(160,000)	272,441	432,441
Fund Balances, January 1	1,664,662	1,664,662	1,664,662	-
Fund Balances, December 31	\$ 1,504,662	\$ 1,504,662	\$ 1,937,103	\$ 432,441

**DELRAN TOWNSHIP FIRE DISTRICT No. 1
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE -
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

REVENUES	ORIGINAL BUDGET	ADJUSTED FINAL BUDGET	ACTUAL	POSITIVE / (NEGATIVE) VARIANCE
Amount to be Raised by Taxation to Support the District Budget	\$ 462,404	\$ 462,404	\$ 459,527	\$ (2,877)
Total Revenues	462,404	462,404	459,527	(2,877)
EXPENDITURES				
Principal Payments:				
Serial Bonds	264,000	264,000	264,000	-
Capital Leases	107,875	107,875	107,875	-
Interest Payments:				
Serial Bonds	78,540	78,540	78,540	-
Capital Leases	11,989	11,989	9,112	2,877
Total Expenditures	462,404	462,404	459,527	2,877
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	-	-	-	-
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	\$ -	\$ -	\$ -	\$ -

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DELRAN TOWNSHIP FIRE DISTRICT No. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00232%	0.00235%	0.00232%	0.00234%	0.00227%	0.00299%	0.00291%
District's proportionate share of the net pension liability (asset)	\$ 418,811	\$ 463,121	\$ 541,081	\$ 693,300	\$ 508,501	\$ 559,580	\$ 556,051
District's covered-employee payroll	\$ 165,172	\$ 165,172	\$ 165,172	\$ 163,778	\$ 161,028	\$ 156,256	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	253.56%	280.39%	327.59%	423.32%	315.78%	358.12%	N/A
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

EXHIBIT L-2

DELRAN TOWNSHIP FIRE DISTRICT No. 1
SCHEDULE OF AUTHORITY CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 22,609	\$ 23,396	\$ 21,533	\$ 20,796	\$ 19,475	\$ 24,639	\$ 21,922
Contributions in relation to the contractually required contribution	22,609	23,396	21,533	20,796	19,475	24,639	21,922
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 165,172	\$ 165,172	\$ 165,172	\$ 163,778	\$ 161,028	N/A	N/A
Contributions as a percentage of covered-employee payroll	13.69%	14.16%	13.04%	12.70%	12.09%	N/A	N/A

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DELRAN TOWNSHIP FIRE DISTRICT No. 1
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Public Employees' Retirement System (PERS)

Changes of Benefit Terms – None

Changes of Assumptions – The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

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EXHIBIT I-1

DELTRAN TOWNSHIP FIRE DISTRICT No. 1
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2018	RETIRED	BALANCE DECEMBER 31, 2019
			DATE	AMOUNT				
General Refunding Bonds, 2014	7/16/14	\$ 2,638,000				\$ 1,675,000	\$ 264,000	\$ 1,411,000
			8/15/20	\$ 257,000	4.000%			
			8/15/21	268,000	5.000%			
			8/15/22	281,000	5.000%			
			8/15/23	295,000	5.000%			
			8/15/24	310,000	5.000%			
Total						\$ 1,675,000	\$ 264,000	\$ 1,411,000

EXHIBIT I-2

DELTRAN TOWNSHIP FIRE DISTRICT No. 1
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED DECEMBER 31, 2019

DESCRIPTION	DATE OF LEASE	TERM OF LEASE	AMOUNT OF		INTEREST RATE PAYABLE	PRINCIPAL OUTSTANDING JANUARY 1, 2018	RETIRED	PRINCIPAL OUTSTANDING DECEMBER 31, 2019	DUE IN 1 YEAR
			ORIGINAL	INTEREST					
			PRINCIPAL						
Fire Truck - Lease 2015	8/26/14	7 years	\$ 736,061	\$ 82,852	2.75%	\$ 332,573	\$ 107,875	\$ 224,698	\$ 110,831
Total			\$	\$		\$ 332,573	\$ 107,875	\$ 224,698	\$ 110,831



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

Board of Fire Commissioners
Delran Township Fire District No. 1
Delran, New Jersey 08075

We have audited the basic financial statements of the Delran Township Fire District No. 1, County of Burlington, State of New Jersey for the year ended December 31, 2019. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement.

It is pointed out that the Members of the District have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Review of the minutes and financial transactions identified bids requested by public advertising for the roof replacement project. The results of our examination did not disclose any discrepancies.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

Contracts and Agreements Requiring Solicitation of Quotations

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

The minutes indicate that quotes were requested for all items that required them.

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Examination of Cash Receipts

A test check of cash receipts was performed.

Follow-up of Prior Year Findings

There were no findings in the previous year.

Acknowledgment

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

Should you have any questions, please contact us.

Holt McNally & Associates, Inc.

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

June 24, 2020
Medford, New Jersey