

**HADDON TOWNSHIP FIRE DISTRICT NO. 4  
HADDON TOWNSHIP, NEW JERSEY**

**REPORT OF AUDIT**

*For the Year Ended December 31, 2020*

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## **Introductory Section**

**HADDON TOWNSHIP FIRE DISTRICT NO. 4  
OFFICIALS IN OFFICE AND SURETY BONDS  
December 31, 2020**

Amount Of  
Surety Bond

**Board of Commissioners**

August Fischer - Chairman	
John Campbell - Treasurer	\$ 100,000.00
Robert DeWalt, Jr. - Secretary (To February 2020)	
Thomas Cunane - Secretary (From February 2020)	
Robert Perry - Commissioner	
Mark Cavallo - Commissioner (From February 2020)	

**Other Officials**

Thomas H. Ward, Esquire - Solicitor  
Mark Kozak - Fire Chief

**Surety Company**

The Treasurer's bond and blanket bond are part of the First Responders Joint Insurance Fund.

The Fire District is also covered by a blanket bond in the amount of \$100,000.00.

## **Financial Section**



CERTIFIED PUBLIC ACCOUNTANTS



**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED  
BY REQUIRED SUPPLEMENTARY INFORMATION - GOVERNMENTAL ENTITY**

**Independent Auditor's Report**

Honorable Chairman and Members  
of the Board of Fire Commissioners  
Haddon Township Fire District No. 4  
Haddon Township, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Haddon Township Fire District No. 4, County of Camden, State of New Jersey, as of and for the year ended December 31, 2020, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. Except as described in the following paragraph, 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 with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, 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 of material misstatement.

General fixed assets are presented in these financial statements at estimated cost, with the exception of additions acquired in 2005 and subsequent years which are presented at actual cost, which is not in accordance with generally accepted accounting principles. The cost of land is not presented in these general purpose financial statements.

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

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

## **Opinions**

In our opinion, except for the presentation of the general fixed assets, as described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District as of December 31, 2020, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Fire District's proportionate share of net pension liability, and schedule of the Fire District's contributions, 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 Fire District's basic financial statements. The accompanying major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

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



## Other Reporting Required by Government Auditing Standards

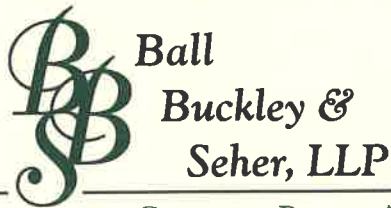
In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2021 on our consideration of the Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control over financial reporting and compliance.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Woodbury, New Jersey

December 30, 2021



CERTIFIED PUBLIC ACCOUNTANTS



**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**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified,  
Reportable Instances of Noncompliance or Other Matters Identified)**

**Independent Auditor's Report**

Honorable Chairman and Members  
of the Board of Fire Commissioners  
Haddon Township Fire District No. 4  
Haddon Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of Haddon Township Fire District No. 4, County of Camden, State of New Jersey as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated December 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify deficiencies in internal control that we consider to be material weaknesses. Reportable conditions are described in the accompanying schedule of findings and recommendations as item 15-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, which are described in the schedule of findings and recommendations as item 15-1.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Woodbury, New Jersey

December 30, 2021

*Required Supplementary Information - Part I*



**HADDON TOWNSHIP FIRE DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR DECEMBER 31, 2020  
(UNAUDITED)**

As management of the Haddon Township Fire District No. 4 (Fire District), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ending December 31, 2020. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should read it in conjunction with the notes to the financial statements and the financial statements to enhance their understanding of the Fire District's financial performance.

**Financial Highlights**

- The assets of the Fire District exceeded its liabilities at the close of the most recent year by \$639,799.24 (net position).
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$403,385.04, a decrease of \$12,701.92 or (3.1%) in comparison with the prior year.
- At the end of the current year, the fund balance for the general fund was \$403,395.74, a decrease of \$12,701.78 or (3.1%) in comparison with the prior year.
- At the end of the current year, the fund balance for the capital projects fund was (\$12.00) which remained the same in comparison with the prior year.
- At the end of the current year, the fund balance for the debt service fund was \$1.30, a decrease of \$0.14 or (9.7%) in comparison with the prior year.
- The total debt of the Fire District decreased by \$23,547.00 as a result of the budgeted debt payments.

**Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the net position of the Fire District changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. reserve for future post-retirements benefits).

Both of the district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include fire-fighting and emergency medical services that are provided to the citizens of the Fire District.



**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

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

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

The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Also, the Fire District adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance with this budget.

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

**District-wide financial analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Fire District, assets exceeded liabilities by \$639,799.24 at the close of the most recent year.

A portion of the Fire District’s net position 36.98% reflects its investment in capital assets (i.e. buildings and equipment). The Fire District uses these assets to provide fire-fighting and emergency medical services to the citizens of the Fire District. Consequently, these assets are not available for future spending. Although the Fire District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position**

	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 404,685.04	\$ 425,329.46
Capital assets	<u>285,723.31</u>	<u>219,507.00</u>
Total assets	<u>690,408.35</u>	<u>644,836.46</u>
Liabilities:		
Long-term liabilities outstanding	24,921.89	49,146.58
Other liabilities	<u>25,687.22</u>	<u>33,030.24</u>
Total liabilities	<u>50,609.11</u>	<u>82,176.82</u>
Net position	<u>\$ 639,799.24</u>	<u>\$ 562,659.64</u>

	<u>2020</u>	<u>2019</u>
Analysis of net position:		
Investment in capital assets, net of depreciation and related debt	\$ 236,576.73	\$ 146,813.42
Restricted:		
Overexpenditure of appropriations	(5,300.15)	-
Capital projects	(12.00)	(12.00)
Subsequent year's expenditures	31,400.00	9,000.00
Unrestricted	<u>377,134.66</u>	<u>406,858.22</u>
Total net position	<u>\$ 639,799.24</u>	<u>\$ 562,659.64</u>

\$31,400.00 of the unrestricted fund balance has been dedicated for expenditures in the 2021 budget.

In total, assets of governmental activities increased by \$77,139.60 primarily due to reporting changes surrounding capital assets, the results of operations, and a prior period adjustment offset by the decrease in long-term debt. For the year 2020, capital assets are now reported net of accumulated depreciation that as of December 31, 2020 was \$285,723.31.

**Governmental activities.** The statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements of the decrease in governmental activities are as follows:

	<u>2020</u>	<u>2019</u>
Expenses:		
Operating expenses:		
Administration	\$ 49,115.53	\$ 37,203.70
Cost of operations and maintenance	64,476.70	38,178.94
Contribution to length of service award program	1,300.00	3,050.00
Interest on long-term debt	2,013.93	2,675.07
Unallocated depreciation	<u>40,879.01</u>	<u>29,576.72</u>
Total program expenses	157,785.17	110,684.43
Revenues:		
Operating grants and contributions	<u>-</u>	<u>-</u>
Net program expenses	<u>157,785.17</u>	<u>110,684.43</u>
General revenues:		
Taxes:		
Property taxes, levied for general purposes	128,387.00	128,387.00
Property taxes, levied for debt service	25,639.00	25,639.00
Unrestricted interest earned	<u>1,598.37</u>	<u>700.86</u>
Total general revenues	<u>155,624.37</u>	<u>154,726.86</u>
Increase (decrease) in net position prior to other adjustment	(2,160.80)	44,042.43
Other adjustments to net position:		
Prior period adjustment - fixed assets, net of depreciation	79,300.40	-
Prior year's accounts payable cancelled	<u>-</u>	<u>2,125.55</u>
Total other adjustment to net position	<u>79,300.40</u>	<u>2,125.55</u>
Increase (decrease) in net position after other adjustment	77,139.60	46,167.98
Net position - January 1	<u>562,659.64</u>	<u>516,491.66</u>
Net position - December 31	<u>\$ 639,799.24</u>	<u>\$ 562,659.64</u>

Property taxes constituted 98.97% of revenues for governmental activities for the Fire District for the year 2020.

Cost of operations and maintenance comprises 40.86% of the Fire District's expenses, with administration comprising 31.13%.

### **Financial Analysis of the Governmental Funds**

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

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

As of the end of the current year, the Fire District's governmental funds reported combined ending fund balances of \$403,385.04, a decrease of \$12,701.92 in comparison with the prior year.

Of the combined ending fund balances of \$403,385.04, unreserved fund balance constituted \$408,697.19. Of the unreserved fund balance, \$31,400.00 has been utilized in the 2021 budget for the Fire District and \$1.30 is in the debt service fund. The remaining fund balance of (\$12.00) is a deficit in the reserve for capital outlay, which is the result of the under funding of a capital project and \$5,300.15 is an overexpenditure of appropriations in 2020.

The general fund is the main operating fund of the Fire District. At the end of the current year, unreserved fund balance of the general fund was \$408,695.89, while the total fund balance was \$403,395.74. The difference is the overexpenditure of appropriations, which was raised in the 2021 budget.

The fund balance of the Fire District's general fund decreased by \$12,701.78 during the current year. Key factors are as follows:

- The amount realized for miscellaneous revenues was \$1,598.37 more than the amount anticipated in the 2020 budget. This represents the amount realized for interest on investments.
- The amount expended under the administrative budget category was \$1,821.47 less than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1.
- The amount expended under the operating and maintenance budget category was \$14,821.62 more than budget appropriations. Variations in budget appropriation amounts are detailed on Exhibit C-1. This was the result of major repairs to front line fire apparatus in 2020.

### **General Fund Budgetary Highlights**

During the course of the year 2020, the Fire District did not modified its general fund budget in conformance with statute.

There were no items of variance from the original budget to the final budget.

The final budgetary basis revenue estimate was \$128,387.00. The original budgetary estimate was the same.

During the year 2020, the Fire District budgeted revenues as follows:

- Property taxes (local tax levy) was \$128,387.00.



## Capital Assets and Debt Administration

**Capital Assets.** The Fire District's investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$285,723.31 (net of accumulated depreciation). This investment in capital assets includes vehicles and firefighting equipment.

At the end of 2020, the Fire District had \$1,607,735.08 invested in vehicles and firefighting equipment. The accumulated depreciation on these items was \$1,322,011.77.

### Capital Assets At December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 224,994.85	\$ 179,980.80
Firefighting equipment	<u>60,728.46</u>	<u>39,526.20</u>
Total capital assets	<u>\$ 285,723.31</u>	<u>\$ 219,507.00</u>

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

**Long-Term Obligations.** The Fire District has no outstanding serial bonds at December 31, 2020.

As of December 31, 2020, the Fire District has an obligation under a capital lease agreement in the amount of \$49,146.58; this represents the principal on the cost of the acquisition of an emergency medical services vehicle. The principal, along with applicable interest, will be paid in a seven installments of \$25,639.14 between the years 2016 and 2022.

As of December 31, 2020, the Fire District had no obligations under operating leases.

The Fire District has no obligation for compensated absences pertaining to unused sick time.

### Economic Factors and Next Year's Budget

For the year 2020, the Fire District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 98.97% of total revenue is from the local tax levy, while the remaining 1.03% is from other sources.

The Board of Fire Commissioners adopted the 2021 budget on January 12, 2021 and the voters subsequently approved the budget at the annual Fire District election held on April 20, 2021.

### Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Thomas Cunane, Secretary, Haddon Township Fire District No. 4, 152 Nicholson Road, Haddon Township, New Jersey.

*Basic Financial Statements*



*District-Wide Financial Statements*

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Statement of Net Position**  
**December 31, 2020**

## ASSETS:

Cash and cash equivalents	\$	392,288.04
Prepaid expenses		12,397.00
Capital assets, net		285,723.31
Total assets		690,408.35

## LIABILITIES:

Accounts payable		1,300.00
Accrued interest payable		162.53
Noncurrent liabilities:		
Due within one year		24,224.69
Due beyond one year		24,921.89
Total liabilities		50,609.11

## NET POSITION:

Invested in capital assets, net of related debt		236,576.73
Restricted for:		
Overexpenditure of appropriations		(5,300.15)
Capital projects		(12.00)
Subsequent year's expenditures		31,400.00
Unrestricted		377,134.66
Total net position	\$	639,799.24

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

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

## PROGRAM EXPENSES:

## Operating appropriations:

Administration	\$ 49,115.53
Cost of operations and maintenance	64,476.70
Length of service awards program (L.O.S.A.P.)	1,300.00
Interest on long-term debt	2,013.93
Unallocated depreciation	40,879.01
Total program expenses	<u>157,785.17</u>

## PROGRAM REVENUES:

## Operating grants and contributions

	0.00
Total program revenues	<u>0.00</u>
Net program expenses	<u>157,785.17</u>

## GENERAL REVENUES:

## Taxes:

Property taxes, levied for general purposes	128,387.00
Property taxes, levied for debt service	25,639.00
Interest on investments	1,598.37
Total general revenues	<u>155,624.37</u>

## OTHER ADJUSTMENTS TO NET POSITION:

Prior period adjustment - fixed assets, net of depreciation	<u>79,300.40</u>
Total other adjustments to net position	<u>79,300.40</u>

Increase (decrease) in net position	77,139.60
Net position - January 1	<u>562,659.64</u>
Net position - December 31	<u>\$ 639,799.24</u>

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

*Fund Financial Statements*

HADDON TOWNSHIP FIRE DISTRICT NO. 4  
Balance Sheet  
Governmental Funds  
December 31, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 392,298.74	\$ 0.00	\$ 0.00	\$ 1.30	\$ 392,300.04
Prepaid expenses	12,397.00	0.00	0.00	0.00	12,397.00
<b>Total assets</b>	<b>\$ 404,695.74</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1.30</b>	<b>\$ 404,697.04</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Cash deficit	\$ 0.00	\$ 0.00	\$ 12.00	\$ 0.00	\$ 12.00
Accounts payable	1,300.00	0.00	0.00	0.00	1,300.00
<b>Total liabilities</b>	<b>1,300.00</b>	<b>0.00</b>	<b>12.00</b>	<b>0.00</b>	<b>1,312.00</b>
<b>Fund balances:</b>					
Deferred charges:					
Overexpenditure of appropriations	(5,300.15)	0.00	0.00	0.00	(5,300.15)
Reserved:					
Acquisition of EMS vehicle	0.00	0.00	(12.00)	0.00	(12.00)
Unreserved:					
Designated for:					
Subsequent year's expenditures	31,400.00	0.00	0.00	0.00	31,400.00
Undesignated, reported in:					
General fund	377,295.89	0.00	0.00	1.30	377,297.19
<b>Total fund balances</b>	<b>403,395.74</b>	<b>0.00</b>	<b>(12.00)</b>	<b>1.30</b>	<b>403,385.04</b>
<b>Total liabilities and fund balances</b>	<b>\$ 404,695.74</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1.30</b>	<b>\$ (162.53)</b>

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:  
Interest on long-term debt in the statement of activities is accrued regardless of when due

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,607,735.08 and the accumulated depreciation is \$1,322,011.77

Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

\$ 639,799.24



**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Amount to be raised by taxation to support the district budget	\$ 128,387.00	\$ 0.00	\$ 0.00	\$ 25,639.00	\$ 154,026.00
Non-budgetary revenues	1,598.37	0.00	0.00	0.00	1,598.37
Total revenues	<u>129,985.37</u>	<u>0.00</u>	<u>0.00</u>	<u>25,639.00</u>	<u>155,624.37</u>
<b>EXPENDITURES:</b>					
Operating appropriations:					
Administration	49,115.53	0.00	0.00	0.00	49,115.53
Cost of operations and maintenance	92,271.62	0.00	0.00	0.00	92,271.62
Contribution to length of service awards program (L.O.S.A.P.)	1,300.00	0.00	0.00	0.00	1,300.00
Debt service:					
Principal	0.00	0.00	0.00	23,547.00	23,547.00
Interest and other charges	0.00	0.00	0.00	2,092.14	2,092.14
Total expenditures	<u>142,687.15</u>	<u>0.00</u>	<u>0.00</u>	<u>25,639.14</u>	<u>168,326.29</u>
Net change in fund balances	(12,701.78)	0.00	0.00	(0.14)	(12,701.92)
Fund balance - January 1	416,097.52	0.00	(12.00)	1.44	416,086.96
Fund balance - December 31	<u>\$ 403,395.74</u>	<u>\$ 0.00</u>	<u>\$ (12.00)</u>	<u>\$ 1.30</u>	<u>\$ 403,385.04</u>

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2020**

Total net change in fund balances - governmental funds (from B-2)	\$	(12,701.92)
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(40,879.01)	
Acquisition of assets	27,794.92	
Prior period adjustment - fixed assets, net of depreciation	79,300.40	66,216.31

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	23,547.00
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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.	78.21
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Change in net position of governmental activities	\$ 77,139.90
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*Notes To The Financial Statements*

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

Haddon Township Fire District No. 4 is a political subdivision of the Township of Haddon, County of Camden, State of New Jersey. It was formed through the adoption of a Township ordinance. A board of 5 commissioners oversees all operations of the Fire District. The length of each commissioner's term is 3 years with the annual election held on the third Saturday of each February.

Fire districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting and emergency medical services to the residents within its territorial location. Haddon Township Fire District No. 4 has 1 fire company within its jurisdiction - the West Collingswood Heights Fire Company.

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

**Component Units**

The Governmental Accounting Standards (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* an amendment to GASB Statements No. 14 and No. 39, and GASB Statement No. 80, *Blending Requirements for Certain Component Units* an amendment to GASB Statement No. 14 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, GASB Statement No. 61 an amendment to GASB Statements No. 14 and 39, and GASB Statement No. 80 an amendment to GASB Statement No. 14. As of December 31, 2020, it has been determined by the Fire District that no component units exist.

**Basis of Presentation**

The financial statements of the Fire District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described in this Note.

The Fire District's financial statements consist of district-wide statements including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Concluded)**

**District-Wide Financial Statements** - The statement of net position and the statement of activities display information about the Fire District as a whole. These statements include the financial activities of the government. The statement of net position presents the financial condition of the governmental activities of the Fire District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the Fire District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Fire District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Fire District.

**Fund Financial Statements** - During the year, the Fire District segregates transactions related to certain Fire District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Fire District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Fire District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For fire districts, only one category of funds exists, that being governmental.

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Fire District's major governmental funds:

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

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

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

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



**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus**

**District-Wide Financial Statements** - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Fire District are included on the statement of net position.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and use (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds uses the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Fire District, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the Fire District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey state statute, a municipality is required to remit to its Fire District the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis.

Under the modified accrual basis, the following revenues sources are considered to be both measurable and available at year-end: grants, fees, and rentals.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Concluded)**

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets/Budgetary Control**

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

The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

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

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

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 district's financial statements.

Amounts reported under "final budget" on Exhibits C-1, C-2 and I-3, includes modifications to the adopted budget that were made during the last two months of the year as approved by the Board of Commissioners.

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

**Encumbrances**

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 in governmental funds 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. The Haddon Township Fire District No. 4 does not currently operate a full encumbrance accounting system.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances (Concluded)**

Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as deferred revenues at year end.

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

**Cash, Cash Equivalents, and Investments**

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

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

Additionally, the Fire District adopted a cash management plan which requires it to deposit fund in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act. The Act 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include state or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings and banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

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

Inventories recorded on the district-wide financial statement are recorded as expenditures when consumed rather than when purchased. As of December 31, 2020, no inventories exist.

Prepaid expenses recorded in the governmental fund types, which benefit future periods, are recorded as an expenditure during the year of purchase. Prepaid expenses recorded on the district-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2020. The Fire District has no prepaid expenses.



**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods and services rendered to/from a particular fund in the Fire District and that are due within one year. These amounts are eliminated in the governmental column of the Statement of Net Position.

**Capital Assets**

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District does not have a capitalization threshold. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Assets of the Fire District, acquired prior to 2004, were recorded on the books at estimated cost. Beyond 2004, assets are recorded at cost.

Depreciation is computed using the straight-line method over the following useful lives:

- Buildings and improvements - 40 years
- Vehicles - 20 years/10 years
- Firefighting equipment and fixtures - 10 years
- Computer equipment - 5 years

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for fire districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger.

**Unearned Revenue**

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

**Accrued Liabilities and Long-Term Obligations**

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

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**Fund Balance Reserves**

The Fire District reserves portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, excess surplus, and capital reserve account.

**Estimates**

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

**Impact of Recently Issued Accounting Principles**

*Recently Issued and Adopted Accounting Pronouncements*

The GASB has issued the following Statement that will become effective for the Fire District in future years as shown below:

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Fire District in the year ending December 31, 2022. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

All bank deposits as of December 31, 2020 are classified as to credit risk by the three categories described below:

**Category 1**

Insured or collateralized with securities held by the Fire District or by its agent in the Fire District's name.

**Category 2**

Collateralized with securities held by the pledging public depository's trust department or agent in the Fire District's name.

**Category 3**

Uncollateralized, including any deposits that are collateralized with securities by the pledging public depository, or by its trust department or agent but not in the Fire District's name.

The amounts on deposit of the Fire District's cash and investments at December 31, 2020 are categorized as follows: F.D.I.C. insured (category 1) and all others (category 3):

Category	Amount
Cash:	
F.D.I.C. insured	\$ 250,000.00
G.U.D.P.A. insured	143,901.96
	\$ 393,901.96

The carrying value of cash and cash equivalents on deposits is \$392,288.04.

**NOTE 3 - PROPERTY TAX LEVIES**

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

Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2020	\$ 93,516,000.00	\$ 154,026.00	\$ .165
2019	93,515,000.00	154,026.00	.165
2018	93,506,900.00	154,026.00	.165
2017	93,410,900.00	154,026.00	.165
2016	93,847,400.00	154,027.00	.165

**NOTE 4 - RECEIVABLES**

There were no receivables as of year-end for the Fire District's individual major funds.



**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Increases	Prior Period Adjustment	Balance December 31, 2020
Vehicles	\$ 646,476.00	\$ 0.00	\$ 198,251.00	\$ 844,727.00
Firefighting equipment	735,213.16	27,794.92	0.00	763,008.08
Total capital assets being depreciated	1,381,689.16	27,794.92	198,251.00	1,607,735.08
Depreciation	1,162,182.16	40,879.01	118,950.60	1,322,011.77
	<u>\$ 219,507.00</u>	<u>\$ (13,084.09)</u>	<u>\$ 79,300.40</u>	<u>\$ 285,723.31</u>

Depreciation expense was charged to governmental funds as unallocated depreciation in the amount of \$40,879.01.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2019**

**NOTE 6 - LONG-TERM OBLIGATIONS**

During the year ended December 31, 2020, the following changes occurred in long-term obligations:

	Principal Outstanding January 1, 2020	Increases	Decreases	Principal Outstanding December 31, 2020
Obligations under lease	\$ 72,693.58	\$ -.	\$ 23,547.00	\$ 49,146.58

**General Obligation Bonds**

The Fire District had no general obligation bonds at December 31, 2020.

**Bonds Authorized and Issued or Unissued**

The Fire District had no outstanding bond anticipation notes at December 31, 2020.

**Compensated Absences**

The Fire District has no paid employees therefore, has no compensated absence liability.

**Capital Lease Payable**

Purchase of a 2016 Horton Type III Ambulance through Tax Exempt Leasing Corporation, who assigned the lease to Santander Bank, NA, dated November 20, 2015, at an interest rate of 2.876%. Annual payments of \$25,639.14 for a period of seven years, final payment due November 20, 2022.

Year	Amount
2021	\$ 25,639.14
2022	25,639.14
	51,278.28
Less: amount representing interest	2,131.70
Present value of minimum lease payments	\$ 49,146.58

**Operating Leases Payable**

At December 31, 2020, the Fire District had no obligations under operating leases.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 7 - RISK MANAGEMENT**

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

**Property and Liability Insurance**

The Fire District maintains insurance coverage for property, liability, surety bonds, and workman's compensation insurance through the First Responders Joint Insurance Fund.

**NOTE 8 - LENGTH OF SERVICE AWARD PROGRAM**

At the annual election held on February 20, 2010, the voters approved the creation of a length of service awards program (LOSAP). The program is designed to make a contribution of the \$500.00 for each member who attains certain attendance and the participation goal into a individual retirement account. Members will be vested in the Fire District's contributions over a 5-year period. The Fire District has selected a plan administered by VFIS. This plan was previously reviewed and approved by the State of New Jersey. At December 31, 2020, the total value of the Fire District's plan was not available. The contribution, as determined in 2020, for the year 2020 will be \$1,300.00; this contribution will be made during the year 2021.

**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

The Fire District has no interfund receivables or payables at December 31, 2020.

**NOTE 10 - FUND BALANCES**

**Reserved**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance are summarized below:

**For Capital Outlay** - These funds are reserved to complete capital projects authorized by the voters but not expended at the end of 2020. As of December 31, 2020, the balance was (\$12.00). These funds will be raised in the 2022 budget.

**For Operating Purposes** - The Fire District had an overexpenditure of appropriations in the amount of \$5,300.15. These funds were raised in the 2021 budget.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 10 - FUND BALANCES (Concluded)**

**Unreserved**

The following is the status of the unreserved fund balance at December 31, 2020:

	Balance December 31, 2020	Designated For Subsequent Year's Expenditures
General fund	\$ 408,695.89	\$ 31,400.00
Debt service fund	\$ 1.30	\$ -

**NOTE 11 - LITIGATION**

The Fire District is not a defendant in any legal proceedings at December 31, 2020.

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 30, 2021, which is the date that the financial statements were available to be issued.

*Required Supplementary Information - Part II*



HADDON TOWNSHIP FIRE DISTRICT NO. 4  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Miscellaneous revenues not anticipated:					
Interest on investments and deposits	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,598.37	\$ 1,598.37
Total miscellaneous revenues not anticipated	0.00	0.00	0.00	1,598.37	1,598.37
Amount to be raised by taxation to support the district budget	128,387.00	0.00	128,387.00	128,387.00	0.00
Total anticipated revenues	128,387.00	0.00	128,387.00	129,985.37	1,598.37
<b>EXPENDITURES:</b>					
Operating appropriations:					
Administration:					
Election	600.00	47.00	647.00	646.37	0.63
Miscellaneous	300.00	(47.00)	253.00	47.96	205.04
Promotion	637.00	0.00	637.00	0.00	637.00
Insurance	41,000.00	400.00	41,400.00	41,399.00	1.00
Professional services	8,400.00	(400.00)	8,000.00	7,022.20	977.80
Total administration	50,937.00	0.00	50,937.00	49,115.53	1,821.47
Cost of operations and maintenance:					
Other expenses:					
Advertising	600.00	0.00	600.00	574.19	25.81
Maintenance and repairs	7,000.00	0.00	7,000.00	33,034.12	(26,034.12)

EXHIBIT C-1  
(Continued)

HADDON TOWNSHIP FIRE DISTRICT NO. 4  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Cost of operations and maintenance:					
Other expenses (concluded):					
Utilities	\$ 4,500.00	\$ 0.00	\$ 4,500.00	\$ 3,704.99	\$ 795.01
Supplies expense	1,100.00	0.00	1,100.00	0.00	1,100.00
Training and education	3,000.00	0.00	3,000.00	350.00	2,650.00
Rental charges	18,000.00	0.00	18,000.00	18,000.00	0.00
Contingent	3,120.00	0.00	3,120.00	870.60	2,249.40
Purchase of assets not considered capital:					
Fire fighting equipment	29,130.00	(22,690.00)	6,440.00	5,759.15	680.85
Personal protective equipment	5,000.00	22,690.00	27,690.00	27,687.82	2.18
Aid to first aid or emergency squad	6,000.00	0.00	6,000.00	2,290.75	3,709.25
Total cost of operations and maintenance	<u>77,450.00</u>	<u>0.00</u>	<u>77,450.00</u>	<u>92,271.62</u>	<u>(14,821.62)</u>
Contribution to length of service award program (L.O.S.A.P.)	<u>9,000.00</u>	<u>0.00</u>	<u>9,000.00</u>	<u>1,300.00</u>	<u>7,700.00</u>
Total appropriations	<u>137,387.00</u>	<u>0.00</u>	<u>137,387.00</u>	<u>142,687.15</u>	<u>(5,300.15)</u>

EXHIBIT C-1  
(Concluded)

HADDON TOWNSHIP FIRE DISTRICT NO. 4  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Excess or (deficit) of revenues over (under) expenditures	\$ (9,000.00)	\$ 0.00	\$ (9,000.00)	\$ (12,701.78)	\$ (3,701.78)
Fund balances - January 1	416,097.52	0.00	416,097.52	416,097.52	0.00
Fund balances - December 31	\$ 407,097.52	\$ 0.00	\$ 407,097.52	\$ 403,395.74	\$ (3,701.78)
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Fund balance appropriated	\$ (9,000.00)	\$ 0.00	\$ (9,000.00)	\$ (9,000.00)	\$ 0.00
Overexpenditure of appropriations	0.00	0.00	0.00	(5,300.15)	(5,300.15)
Fund balance unappropriated	0.00	0.00	0.00	1,598.37	1,598.37
	\$ (9,000.00)	\$ 0.00	\$ (9,000.00)	\$ (12,701.78)	\$ (3,701.78)

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
<b>REVENUES:</b>					
Grant funds:					
Supplemental fire service grant	\$ 627.00	\$ 0.00	\$ 627.00	\$ 0.00	\$ (627.00)
Total grant funds	627.00	0.00	627.00	0.00	(627.00)
Total revenues	627.00	0.00	627.00	0.00	(627.00)
<b>EXPENDITURES:</b>					
Supplemental fire service grant:					
Assistance to firefighters grant	627.00	0.00	627.00	0.00	627.00
Total expenditures	627.00	0.00	627.00	0.00	627.00
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	0.00	0.00
Fund balance - January 1	0.00	0.00	0.00	0.00	0.00
Fund balance - December 31	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

*Notes To The Required Supplementary Information*



**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note To RSI**  
**For the Year Ended December 31, 2020**

*Note A - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures*

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 129,985.37	\$ 0.00
Difference:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<u>0.00</u>	<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 129,985.37</u>	<u>\$ 0.00</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 142,687.15	\$ 0.00
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>0.00</u>	<u>0.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 142,687.15</u>	<u>\$ 0.00</u>

*Other Supplementary Information*

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Capital Projects Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended December 31, 2020**

REVENUES:

Investment earnings		\$ 0.00
	Total revenues	<u>0.00</u>

EXPENDITURES:

Capital lease		<u>0.00</u>
	Total expenditures	<u>0.00</u>

Excess (deficiency) of revenues over (under) expenditures		0.00
Fund balance - January 1		<u>(12.00)</u>
Fund balance - December 31		<u>\$ (12.00)</u>

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**As of December 31, 2020**

Project Title	Balance December 31, 2019	Revenues <u>Transfer From</u> Operating Budget Appropriations	Balance December 31, 2020
2016 Horton type III emergency medical services vehicle	\$ (12.00)	\$ 0.00	\$ (12.00)
	<u>\$ (12.00)</u>	<u>\$ 0.00</u>	<u>\$ (12.00)</u>

HADDON TOWNSHIP FIRE DISTRICT NO. 4  
 General Long-Term Debt Account Group  
 Schedule of Obligations Under Capital Leases  
 December 31, 2020

Description	Date of Lease	Term of Lease	Interest Rate Payable	Amount of Original Issue	Amount Outstanding December 31, 2019 (a)	Issued Current Year	Retired Current Year	Amount Outstanding December 31, 2020 (a)
2016 Horton type III emergency medical services vehicle	11/20/15	7 years	2.878%	\$ 160,476.00	\$ 72,693.58	0.00	23,547.00	\$ 49,146.58
				\$	<u>72,693.58</u>	<u>0.00</u>	<u>23,547.00</u>	<u>\$ 49,146.58</u>

(a) Future interest payments are removed from outstanding balances at December 31, 2019 and 2020.



HADDON TOWNSHIP FIRE DISTRICT NO. 4  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Year Ended December 31, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget Favorable (Unfavorable)
REVENUES:					
Amount to be raised by taxation to support the district budget	\$ 25,639.00	\$ 0.00	\$ 25,639.00	\$ 25,639.00	\$ 0.00
Total revenues	25,639.00	0.00	25,639.00	25,639.00	0.00
EXPENDITURES:					
Principal payments:					
Capital leases	23,547.00	0.00	23,547.00	23,547.00	0.00
Interest payments:					
Capital leases	2,092.00	0.00	2,092.00	2,092.14	(0.14)
Total expenditures	25,639.00	0.00	25,639.00	25,639.14	(0.14)
Excess (deficiency) of revenues over (under) expenditures	0.00	0.00	0.00	(0.14)	0.14
Fund balance - January 1	1.44	0.00	1.44	1.44	0.00
Fund balance - December 31	\$ 1.44	\$ 0.00	\$ 1.44	\$ 1.30	\$ 0.14

## **Schedule of Findings and Recommendations**

**HADDON TOWNSHIP FIRE DISTRICT NO. 4**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2020**

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

**Current Year Audit Findings**

None.

**HADDON TOWNSHIP FIRE DISTRICT NO. 4  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT  
For the Year Ended December 31, 2020**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Prior Year Audit Findings**

**Finding 2015-1**

**Condition**

The fixed assets records have not been updated for additions or deletions for a number of years.

**Recommendation**

The Fire District should complete an inventory of fixed assets prior to the completion of the 2019 audit.

**Status**

The Fire District updated the fixed asset records during the year under audit.

## **Appreciation**

We express our appreciation for the assistance rendered and courtesies extended to us during the course of the audit.

Respectfully submitted,

*Ball, Buckley and Seher*

BALL, BUCKLEY AND SEHER, LLP  
Woodbury, New Jersey

December 30, 2021