

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

**Board of Fire Commissioners  
Township of Wall, District No. 1**

**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 Board of Fire Commissioners, Township of Wall, District No.1, as of and for the years ended December 31, 2017 and 2016, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with auditing standards prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

**MOHEL ELLIOTT BAUER & GASS**  
A P R O F E S S I O N A L A S S O C I A T I O N  
C E R T I F I E D P U B L I C A C C O U N T A N T S

**Board of Fire Commissioners  
Township of Wall, District No. 1**

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Fire Commissioners, Township of Wall, District No. 1, as of December 31, 2017 and 2016, and the respective changes in financial position, and cash flows, thereof for the years 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 Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Board of Fire Commissioners, Township of Wall, District No. 1's basic financial statements. The accompanying financial information listed as other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not required part of the basic financial statements.

The statistical information and roster of officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**MOHEL ELLIOTT BAUER & GASS**  
A PROFESSIONAL ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

**Board of Fire Commissioners  
Township of Wall, District No. 1**

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2018, on our consideration of the Board of Fire Commissioners, Township of Wall, 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 Board of Fire Commissioners, Township of Wall, District No. 1's internal control over financial reporting and compliance.

*MoHEL Elliott Bauer & Gass*

Toms River, New Jersey  
September 6, 2018

**CERTIFIED PUBLIC ACCOUNTANTS**

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**Board of Fire Commissioners  
Township of Wall, District No. 1**

**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**

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, the financial statements of the Board of Fire Commissioners, Township of Wall, District No. 1, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Board of Fire Commissioners, Township of Wall, District No. 1's basic financial statements, and have issued our report thereon dated September 6, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board of Fire Commissioners, Township of Wall, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Fire Commissioners, Township of Wall, District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Fire Commissioners, Township of Wall, 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. 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.

**MOHEL ELLIOTT BAUER & GASS**  
A PROFESSIONAL ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

**Board of Fire Commissioners  
Township of Wall, District No. 1**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board of Fire Commissioners, Township of Wall, 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.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*MoHEL Elliott Bauer & Gass*

Toms River, New Jersey  
September 6, 2018

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Our discussion and analysis of District No. 1 Township of Wall financial performance provides an overview of the District's financial activities for the year ended December 31, 2017. Please review it in conjunction with the Districts' basic financial statements which begin on Page 9.

**Financial Highlights**

- Total net position increased \$9,773 which represents a 1.81 percent increase from 2016. Unrestricted net position increased \$14,278, net position restricted for capital projects increased \$62,473 and invested in capital assets, net of related debt decreased \$66,978.
- The amount raised by taxation was \$526,000 or 55.47 percent of all revenues. Program revenues were \$379,231 or 39.99 percent of all revenues and interest and other income amounted to \$43,084 or 4.54 percent of all revenues.
- Total program expenses have increased \$65,029 or 7.44 percent. The most significant increases were personnel services, \$40,178 and depreciation, \$11,662. There were no significant decreases in expenses.
- As described in the notes to the financial statements the District has adopted the provisions of GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Activities (on page 9 and 10) provide information about the activities of the District as a whole. Fund financial statements are on pages 12 - 15. These statements tell how these services were financed. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

**Reporting the District as a Whole**

**The Statements of Net Position and the Statements of Activities**

Our analysis of the District as a whole begins on page 9. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position—the difference between assets and liabilities as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its financial health is improving or deteriorating.



**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Our analysis of the District's major funds begins on page 12. The fund financial statements provide detailed information about the most significant funds - not the District as a whole.

General Fund - Most of the District's basic services are reported in the general fund, which focuses on how money flows into and out of the funds and the balances left at year-end that are available for spending. The general fund statements provide a detailed *short-term view* of the District's general operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

**The District as a Whole**

The District's total net position increased \$9,773 to \$550,221 or 1.81 percent. Details of the changes are reflected on page 10.

**Original Versus Final Budget**

Page 29 reflects the variances between the original and final budgeted amounts.

**Final Budget Versus Actual Results**

As reflected on page 29, the District operated within budgetary constraints. Actual expenses were under the final budget by \$19,691.

**Capital Assets**

At year end, the District had \$2,406,912 in total capital assets, an increase of \$14,977. Additions for 2017 were: a 2016 Chevrolet Tahoe, \$39,698 and an air conditioning unit for the 2nd floor of the Route 71 firehouse, \$6,000. A 2002 Chevrolet Tahoe Command vehicle was disposed of during 2017, original cost of \$30,721.

**Debt Administration**

The Board has entered into a lease with option to purchase agreement dated as of January 2, 2015 for a Seagrave Marauder II Pumper with U.S. Bancorp Government Leasing and Finance, Inc. The lease is payable over ten years in the amount of \$79,236 per annum. The final payment on the lease is due on January 2, 2025. The interest rate on the lease is 2.295%. For additional information please refer to page 22, capital lease obligations payable.

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Economic Factors and Next Year's Budget and Rates**

The District's governing body considered many factors when setting the 2018 budget and tax rates including the economy, the rate of inflation, debt service and planned future capital projects. The tax rate will increase .001 for 2018. The new rate will be .068 per \$100 of assessed valuation. The amount to be raised by taxation will increase \$34,000 to \$560,000.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board Clerk at P.O. Box 53, Belmar, NJ 07719.

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL**

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 393,461	\$ 315,373
Accounts receivable	43,600	27,174
Prepaid expenses	1,824	2,615
Capital assets, net	822,379	955,315
Contribution receivable - length of service award program	14,500	15,950
Cash and investments - length of service award program	<u>207,925</u>	<u>177,989</u>
<b>Total assets</b>	<u>1,483,689</u>	<u>1,494,416</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	106,704	123,573
Advanced payments	-	8,000
Due to Wall No. 3 from bureau	97,760	55,919
Capital lease obligation payable	506,579	572,537
Net assets available for program benefits - length of service award program	<u>222,425</u>	<u>193,939</u>
<b>Total liabilities</b>	<u>933,468</u>	<u>953,968</u>
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt	315,800	382,778
Restricted for capital projects	62,918	445
Unrestricted	<u>171,503</u>	<u>157,225</u>
<b>Total net position</b>	<u>\$ 550,221</u>	<u>\$ 540,448</u>

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

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>Expenses:</b>		
Personnel services	\$ 515,824	\$ 475,646
Materials and services	209,767	201,061
Debt service - interest	13,279	16,926
Capital outlays	21,039	12,909
Depreciation	178,633	166,971
<b>Total program expenses</b>	<b>938,542</b>	<b>873,513</b>
 <b>Program revenues:</b>		
Charges for services	379,231	347,058
<b>Net program expenses</b>	<b>559,311</b>	<b>526,455</b>
 <b>General revenues:</b>		
Amount raised by taxation	526,000	424,000
Interest income	172	316
Other income	42,912	22,514
Grant revenue	-	161,082
<b>Total general revenues</b>	<b>569,084</b>	<b>607,912</b>
<b>Increase in net position</b>	<b>9,773</b>	<b>81,457</b>
<b>Net position - beginning of year</b>	<b>540,448</b>	<b>400,473</b>
<b>Transfer from Wall Township Fire District No. 3</b>	<b>-</b>	<b>58,518</b>
<b>Net position - end of year</b>	<b>\$ 550,221</b>	<b>\$ 540,448</b>

The accompanying notes are an integral  
part of these financial statements

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Cash received from operations	\$ 509,574	\$ 424,696
Cash paid to suppliers and employees	(728,867)	(620,238)
Interest income received	172	316
Unifrom fire safety act	379,231	347,058
Other income	42,912	22,514
Grant revenue	-	161,082
Interest expense	(13,279)	(16,926)
<b>Net cash provided by operating activities</b>	<b>189,743</b>	<b>318,502</b>
<b>Cash flow from investing activities:</b>		
Capital expenditures	(45,698)	(248,554)
Transfer from Wall Fire District No. 3		91,913
<b>Net cash (used) by investing activities</b>	<b>(45,698)</b>	<b>(156,641)</b>
<b>Cash flow from financing activities:</b>		
Principal payments - capital lease	(65,957)	(112,392)
<b>Net cash (used) in financing activities</b>	<b>(65,957)</b>	<b>(112,392)</b>
<b>Net increase in cash and cash equivalents</b>	<b>78,088</b>	<b>49,469</b>
Cash and cash equivalents at beginning of year	315,373	265,904
<b>Cash and cash equivalents at end of year</b>	<b>\$ 393,461</b>	<b>\$ 315,373</b>
<b>Reconciliation of change in net position to net cash provided by operating activities:</b>		
Change in net position	\$ 9,773	\$ 81,457
Adjustments to reconcile change in net position to cash provided by operating activities		
Depreciation	178,633	166,971
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(16,426)	696
Due from Fire Prevention Bureau		6,915
Prepaid expenses	791	381
Contribution receivable - length of service award program	1,450	(4,350)
Cash and investments - length of service award program	(29,936)	30,713
Increase (decrease) in:		
Accounts payable and accrued expenses	(16,869)	28,666
Advanced payments	(8,000)	(8,000)
Due to Wall No. 3 from bureau	41,841	41,416
Net assets available for program benefits - length of service award program	28,486	(26,363)
<b>Total adjustments</b>	<b>179,970</b>	<b>237,045</b>
<b>Net cash provided by operating activities</b>	<b>\$ 189,743</b>	<b>\$ 318,502</b>

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

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2017

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET POSITION</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 330,543	\$ 62,918	\$ 393,461		\$ 393,461
Accounts receivable	43,600		43,600		43,600
Prepaid expenses	1,824		1,824		1,824
Capital assets, net			-	822,379	822,379
Contribution receivable - length of service award program	14,500		14,500		14,500
Cash and investments - length of service award program	207,925		207,925		207,925
<b>Total assets</b>	<u>598,392</u>	<u>62,918</u>	<u>661,310</u>	<u>822,379</u>	<u>1,483,689</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	106,704		106,704		106,704
Due to Wall No. 3 from bureau	97,760		97,760		97,760
Capital lease obligation payable			-	506,579	506,579
Net assets available for program benefits - length of service award program			-	222,425	222,425
<b>Total liabilities</b>	<u>204,464</u>	<u>-</u>	<u>204,464</u>	<u>729,004</u>	<u>933,468</u>
<b>FUND BALANCES</b>					
Restricted for Capital Projects		62,918	62,918	(62,918)	-
Restricted for length of service award program	222,425		222,425	(222,425)	-
Assigned - Designated for subsequent year's expenditures			-		-
Unassigned	171,503		171,503	(171,503)	-
<b>Total fund balances</b>	<u>393,928</u>	<u>62,918</u>	<u>456,846</u>	<u>(456,846)</u>	<u>-</u>
<b>NET POSITION</b>					
<b>Total liabilities and fund balances</b>	<u>\$ 598,392</u>	<u>\$ 62,918</u>	<u>\$ 661,310</u>		
Invested in capital assets, net of related debt					315,800
Restricted for capital projects					62,918
Unrestricted					171,503
<b>Total net position</b>					<u>\$ 560,221</u>

The accompanying notes are an integral part of these financial statements

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2016

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET POSITION</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 314,928	\$ 445	\$ 315,373		\$ 315,373
Accounts receivable	27,174		27,174		27,174
Prepaid expenses	2,615		2,615		2,615
Capital assets, net			-	955,315	955,315
Contribution receivable - length of service award program	15,950		15,950		15,950
Cash and investments - length of service award program	177,989		177,989		177,989
<b>Total assets</b>	<u>538,656</u>	<u>445</u>	<u>539,101</u>	<u>955,315</u>	<u>1,494,416</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	123,573		123,573		123,573
Advanced payments	8,000		8,000		8,000
Due to Wall No. 3 from bureau	55,919		55,919		55,919
Capital lease obligation payable			-	572,537	572,537
Net assets available for program benefits - length of service award program			-	193,939	193,939
<b>Total liabilities</b>	<u>187,492</u>	<u>-</u>	<u>187,492</u>	<u>766,476</u>	<u>953,968</u>
<b>FUND BALANCES</b>					
Restricted for Capital Projects		445	445	(445)	-
Restricted for length of service award program	193,939		193,939	(193,939)	-
Assigned - Designated for subsequent year's expenditures					
Unassigned	33,500		33,500	(33,500)	-
<b>Total fund balances</b>	<u>123,725</u>		<u>123,725</u>	<u>(123,725)</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>351,164</u>	<u>445</u>	<u>351,609</u>	<u>(351,609)</u>	<u>-</u>
<b>NET POSITION</b>	<u>\$ 538,656</u>	<u>\$ 445</u>	<u>\$ 539,101</u>		
Invested in capital assets, net of related debt					382,778
Restricted for capital projects					445
Unrestricted					157,225
<b>Total net position</b>					<u>\$ 540,448</u>

The accompanying notes are an integral part of these financial statements  
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BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT  
OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017

	General Fund	Restricted for Capital Projects	Total	Adjustments	Statement of Activities
<b>Revenues:</b>					
Amount raised by taxation	\$ 406,000	\$ 120,000	\$ 526,000	\$ -	\$ 526,000
Interest income	172		172		172
Investment income - length of service award program	16,406		16,406	(16,406)	-
Uniform fire safety act	379,231		379,231		379,231
Other income	42,912		42,912		42,912
Grant revenue	-		-		-
<b>Total revenues</b>	<u>844,721</u>	<u>120,000</u>	<u>964,721</u>	<u>(16,406)</u>	<u>948,315</u>
<b>Expenditures:</b>					
Personnel services	501,324		501,324	14,500	515,824
Materials and services	209,767		209,767		209,767
Debt service	79,236		79,236	(65,957)	13,279
Capital Outlays	9,210	57,527	66,737	(45,698)	21,039
Depreciation			-	178,633	178,633
Participant distributions, forfeitures and charges length of service award program	2,420		2,420	(2,420)	-
<b>Total expenditures</b>	<u>801,957</u>	<u>57,527</u>	<u>859,484</u>	<u>79,058</u>	<u>938,542</u>
Excess (deficiency) of revenues over expenditures	42,764	62,473	105,237	(105,237)	-
Change in net position				9,773	9,773
<b>Fund balance/net position</b>					
Beginning of year - 2017	351,164	445	351,609		540,448
End of year - 2017	<u>\$ 393,928</u>	<u>\$ 62,918</u>	<u>\$ 456,846</u>		<u>\$ 550,221</u>

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



BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT  
OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016

	<u>General Fund</u>	<u>Restricted for Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>					
Amount raised by taxation	\$ 289,000	\$ 135,000	\$ 424,000	\$	\$ 424,000
Interest income	316		316		316
Investment income - length of service award program	6,731		6,731	(6,731)	-
Uniform fire safety act	347,058		347,058		347,058
Other income	22,514		22,514		22,514
Grant revenue	161,082		161,082		161,082
<b>Total revenues</b>	<u>826,701</u>	<u>135,000</u>	<u>961,701</u>	<u>(6,731)</u>	<u>954,970</u>
<b>Expenditures:</b>					
Personnel services	459,696		459,696	15,950	475,646
Materials and services	201,061		201,061		201,061
Debt service	129,318		129,318	(112,392)	16,926
Capital Outlays	182,194	69,579	251,773	(238,864)	12,909
Depreciation			-	166,971	166,971
Participant distributions and forfeitures length of service award program	49,044		49,044	(49,044)	-
<b>Total expenditures</b>	<u>1,021,313</u>	<u>69,579</u>	<u>1,090,892</u>	<u>(217,379)</u>	<u>873,513</u>
Excess (deficiency) of revenues over expenditures	(194,612)	65,421	(129,191)	129,191	-
Change in net position				81,457	81,457
<b>Fund balance/net position</b>					
Beginning of year - 2016, restated	352,017	94,210	446,227		400,473
Transfer from Wall Township Fire District No. 3	34,261		34,261		58,518
Interfund transfer	159,498	(159,186)	312		
End of year - 2016	<u>\$ 351,164</u>	<u>\$ 445</u>	<u>\$ 351,609</u>		<u>\$ 540,448</u>

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

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Board of Fire Commissioners District No. 1 (the "District") is a corporate body created for the purpose of prevention and extinguishment of fires within the District. The District is governed by Commissioners ("Board") that acts as the governing body. The Board is comprised of five elected Commissioners.

The Board of Commissioners annually appoints the Chair(person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the District, its officers and employees to the extent set forth in their bylaws.

The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the District.

**Fund Accounting** - The 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. The District only uses governmental funds.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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 District reports the following major governmental funds:

**General Fund** - The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws and the bylaws of the District.

**Restricted for Capital Projects** - Restricted for Capital Projects is used to account for funds restricted for capital projects.

**Invested in Capital Assets, Net of Related Debt** - Invested in capital assets, net of related debt represents the District's capital assets less accumulated depreciation, net of related debt.

**Basis of Accounting** - The financial statements of the Board of Fire Commissioners District No. 1 Township of Wall have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**(Continued)**

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Inventories of Supplies** - Purchases of materials and supplies are recognized and recorded as expenditures when they are acquired, regardless of when used.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** - For purposes of reporting cash flows, cash and cash equivalents include cash on hand and investments with an initial maturity of three months or less.

**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 or services.

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 adopted budget by the outstanding encumbrance amount as of the current year end. The encumbrances at December 31, 2017 and 2016 totaled \$0, respectively.

**Related Party Transactions** - The Board leases facilities from Wall Fire Company No. 1. The lease is for the term of one year and is automatically renewable from year to year unless either party notifies the other by written notice at least 60 days prior to the expiration of the term that the lease will not be renewed. Rental is paid monthly in the amount of \$2,675.00. There is an ongoing working relationship with the Board of Fire Commissioners of Fire District No. 2, Township of Wall and Fire District No. 3, Township of Wall.

**Reservations of Fund Balance** - The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the general fund balance sheet. Unrestricted net position indicates that portion of fund equity, which is available for appropriations, in future periods. Net position reserves have been established for capital projects.

**Net Position** - Net position presents the difference between assets and liabilities in the statements of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

(Continued)

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Capital Assets** - Capital assets generally result from expenditures in the reserve for capital projects. These assets are reported on the government-wide statement of net assets 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. The District maintains a capitalization threshold of \$5,000. The 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.

**Reclassifications** - Certain reclassifications have been made to the 2016 financial statements to conform with the 2017 presentation.

**Fund Balances** - In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District classifies governmental fund balances as follows:

**Nonspendable Fund Balance** - Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted Fund Balance** - Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law through constitution provisions or enabling legislation.

**Committed Fund Balance** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority are reported as committed fund balance. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (e.g., legislation) it employed to previously commit these amounts.

**Assigned Fund Balance** - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

(Continued)

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 meeting 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.

**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 previously paid over.

**Subsequent Events** - The District has evaluated subsequent events through September 6, 2018, the date the financial statements were available to be issued.

**Transfer From Wall Fire District No. 3**

Effective January 1, 2016, Wall Township Fire District No. 1 assumed control, supervision and designation of Local Enforcement Agency within the Township of Wall. Previously, Wall Township Fire Prevention Board was reflected on the financial statements of Wall Township Fire District No. 3. This resulted in a transfer of net position in the amount of \$58,518 from Wall Township Fire District No. 3 to Wall Township Fire District No. 1 as follows:

<b>Net position</b>	
Invested in capital assets, net of related debt	\$ 24,257
Unrestricted	<u>34,261</u>
Total net position	<u>\$ 58,518</u>

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**

	<b>2017</b>	<b>2016</b>
Fund balances - pages 12 and 13	\$ 456,846	\$ 351,609
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	822,379	955,315
Capital lease obligation payable not reported in the funds	(506,579)	(572,537)
Net assets available for program benefits - length of service award program reported as fund balance in general fund and liability in statement of net position	(222,425)	(193,939)
Total adjustments	93,375	188,839
Total net position	\$ 550,221	\$ 540,448

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances  
in the Government Fund to the Statement of Activities**

	<b>2017</b>	<b>2016</b>
Excess of revenues over expenditures - pages 14 and 15	\$ 105,237	\$ (129,191)
Investment income and participant distributions and forfeitures - length of service award program are not revenue or expense in the government wide financial statements as they are payable to the volunteers in accordance with the plan benefits	(16,406)	(6,731)
District contributions to length of service award program is not reported in the government funds as expenditures. However in the statement of activities the expense is equal to the amount of contributors to the volunteers accounts	(14,500)	(15,950)
Capital outlays	45,698	238,864
Depreciation expense	(178,633)	(166,971)
Participant distributions and forfeitures - length of service award program	2,420	49,044
Principal payments on capital lease obligation payable	65,957	112,392
Total adjustments	(95,464)	210,648
Change in net position	\$ 9,773	\$ 81,457

(Continued)

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**CAPITAL ASSETS**

Capital assets together with accumulated depreciation and estimated useful lives consists of the following:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Life (Years)</u>
<b>Assets</b>			
Vehicles	224,195	215,218	5 - 7
Vehicles - Bureau	26,952	26,952	
Apparatus	1,812,655	1,812,655	10
Leasehold improvements	97,283	91,283	15
Equipment	<u>245,827</u>	<u>245,827</u>	5 - 7
	2,406,912	2,391,935	
Less: accumulated depreciation	<u>(1,584,533)</u>	<u>(1,436,620)</u>	
	<u>\$ 822,379</u>	<u>\$ 955,315</u>	

**ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 18,128	\$ 56,327
Accrued LOSAP	14,500	15,950
Accrued pension	53,565	34,486
Accrued sick pay	20,282	16,581
Due to employees	<u>229</u>	<u>229</u>
	<u>\$ 106,704</u>	<u>\$ 123,573</u>

**PRIOR PERIOD ADJUSTMENT**

As of January 1, 2016 the General Fund balance has been restated as follows for the implementation of GASB Statement No. 73. Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and amendment of GASB Statements 67 and 68.

Governmental Fund - General Fund as previously reported at January 1, 2016	\$ 131,715
Restatement to reflect Length of Service Award Program balance as of January 1, 2016	<u>220,302</u>
Governmental Fund - General Fund as restated as of January 1, 2016	<u>\$ 352,017</u>

(Continued)

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**CAPITAL LEASE OBLIGATIONS PAYABLE**

The Board has entered into a lease with options to purchase agreement for a Seagrave Marauder II Pumper. The lease is dated as of January 2, 2015 in the amount of \$700,000 payable in annual installments of \$79,236. The note bears interest at the rate of 2.295%.

The following is a schedule of future lease payments under the lease together with the present value of the lease payments as of December 31, 2017:

Due Date	2017
2018	\$ 79,236
2019	79,236
2020	79,236
2021	79,236
2022	79,236
Thereafter	158,472
<b>Total lease payments</b>	554,652
Less: amount representing interest	(48,073)
<b>Present value of lease payments</b>	\$ 506,579

**GRANT AWARD**

The District was awarded a 2014 Assistance to Fire Fighters Grant in the amount of \$161,082. The award dated July 24, 2015 was for personal protective equipment. The grant was from the U.S. Department of Homeland Security, Federal Emergency Management Agency. The total budget for the award was:

Equipment	\$ 167,636
Grant writing fee	1,500
Total Budget	\$ 169,136
Federal share	\$ 161,082
Applicants share	8,054
	\$ 169,136

The grant was utilized towards the purchase of self contained breathing apparatus (SCBA) purchased in the amount of \$180,652.

(Continued)



**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**LENGTH OF SERVICE AWARDS PROGRAM**

**LENGTH OF SERVICE AWARD PROGRAM**

The Length of Service Award Program (LOSAP) for the Board of Fire Commissioners of Fire District No. 1, of the Township of Wall, was created by a Fire District Resolution pursuant to Section 457 (e)(11)(13) of the Internal Revenue Code of 1986 as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Wall, Fire District No. 1, approved the establishment of the Program on February 16, 2002. The program was created by Fire District resolution dated November 20, 2002.

The first year of eligibility for entrance into the program was calendar year 2003. The tax deferred income benefits for active volunteer Fire Fighters that serve Fire District No. 1, Township of Wall come from contributions made solely by the Board of Fire Commissioners, on behalf of those volunteers who meet the criteria of the Program created by the Board of Fire Commissioners.

**Contributions**

If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Fire District elected to contribute \$1,450 for the period ended December 31, 2016, per eligible volunteer, into the Plan. Participants direct the investment of the contributions into various investment options offered by the Plan.

**Participant Accounts**

Each participant's account is credited with the Fire District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. In accordance with the amendments to Section 457 of the Internal Revenue Code, and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group ("Plan Contractor"), an approved Length of Service Awards Contractor provides investment and other services regarding the length of services award program. The Fire District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Contractor. Since the Fire District is not considered to be holding the assets, the Length of Service Awards Program is not presented in the Fire District's financial statements.

(Continued)

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Vesting**

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of active emergency service. "Year of active emergency service" means a twelve (12) month period during which an active volunteer member participates in the Fire Service and satisfies the minimum requirements of participation established by the sponsoring agency on a consistent uniform basis.

**Payment of Benefits**

Upon separation from service or disability as defined under the program, vested participants may select various options of payments offered by the Plan Contractor. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

The Board did adopt an amended plan in 2010 wherein "In-Service Distribution" after vesting is permitted. Such distribution requires the total vested amount is withdrawn by the participant. No partial distribution is permitted. If a participant elects in-service distribution the participant must thereafter complete at least five (5) years of emergency service again to vest in the program. Participants do not have to separate himself/herself from service.

**Forfeited Accounts**

During the years ended December 31, 2017 and 2016 forfeitures were \$1,771 and \$2,826, respectively.

**LENGTH OF SERVICE AWARD PROGRAM - INVESTMENTS**

An investment agreement was entered into at the inception of the Plan between the Fire District and the Plan Contractor, whereby the Plan Contractor would have custody of the securities of the Plan and also advises the Fire District as to investment alternatives.

The investments consist of pooled separate accounts by Fund. Each participant may choose his/her allocation from among these investments. The investments are made by the Plan Contractor for benefit of plan participants. The investments are valued at fair value at the end of each year and the increase/decrease benefit of plan is posted to the participant's account.

	<b>2017</b>	<b>2016</b>
Pooled Separate Accounts	\$ <u>207,925</u>	\$ <u>177,989</u>

(Continued)

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**PLAN TERMINATION**

Although the Fire District has not expressed any intent to do so, a length of service awards program, pursuant to N.J.S.A. 40A:14-187 and N.J.A.C. 5:30-11.08, may be abolished or amended in the same way by which it was created, except in the case of minor amendments. Upon such termination, vested, accumulated deferrals will be paid.

**CONTRIBUTION RECEIVABLES - LENGTH OF SERVICE AWARD PROGRAM**

Receivables as of December 31, 2017 and 2016 are as follows:

	2017	2016
The Board of Fire Commissioners District No. 1	\$ <u>14,500</u>	\$ <u>15,950</u>

**TAX STATUS - LENGTH OF SERVICE AWARD PROGRAM**

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. The Plan administrator and the management of the Fire District believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Service Code.

The Plan is generally subject to routine audits by the Internal Revenue Service, for three years. There are currently no audits in progress.

**RISK AND UNCERTAINTIES - LENGTH OF SERVICE AWARD PROGRAM**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**FAIR VALUE MEASUREMENTS**

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

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

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

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

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

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

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

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

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

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

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

**(Continued)**

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**LENGTH OF SERVICE AWARD PROGRAM - CASH AND INVESTMENTS**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017

<u>Assets at Fair Value as of December 31, 2017</u>				
Pooled Separate Accounts:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
American Funds Growth	\$ 1,310	\$	\$	\$ 1,310
American Funds International	1,827			1,827
Delaware VIP REIT	3,311			3,311
Fidelity VIP Contrafund	4,318			4,318
Fidelity VIP Growth	3,309			3,309
Fixed	31,014			31,014
LVIP Baron Growth Opportunities	10,248			10,248
LVIP Blended Large Cap Growth Managed Volatility	1,883			1,883
LVIP Delaware Special Opportunities Fund	16,684			16,684
LVIP Government Money Market	69,960			69,960
LVIP JP Morgan Retirement Income Fund	5,527			5,527
LVIP SSGA Global Tactical Allocation	5,395			5,395
LVIP SSGA S&P 500 Index Fund	2,072			2,072
LVIP T. Rowe Price 2050 Fund	13,079			13,079
LVIP T. Rowe Price Structured Mid-Cap Growth Fund	19,681			19,681
MFS VIT Utilities Series	18,307			18,307
Total Pooled Separate Accounts	\$ <u>207,925</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>207,925</u>
Total Assets at Fair Value	\$ <u><u>207,925</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>207,925</u></u>

(Continued)

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**LENGTH OF SERVICE AWARD PROGRAM - CASH AND INVESTMENTS**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016

<u>Assets at Fair Value as of December 31, 2016</u>				
Pooled Separate Accounts:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
American Funds Growth Fund	\$ 1,034	\$	\$	\$ 1,034
American Funds International Fund	1,400			1,400
LVIP Blended Large Cap Growth Managed Volatility Fund	1,518			1,518
Fixed	26,168			26,168
LVIP Baron Growth Opportunities Fund	6,828			6,828
LVIP Delaware Foundation Conservative Allocation Fund	4,351			4,351
LVIP Delaware Special Opportunities Fund	13,992			13,992
LVIP Government Money Market Fund	65,808			65,808
LVIP SSGA S&P 500 Index Fund	1,728			1,728
LVIP SSGA Emerging Markets 100 Fund	1,678			1,678
LVIP T. Rowe Price Structured Mid-Cap Growth Fund	15,620			15,620
LVIP Managed Risk Profile 2050	8,618			8,618
Delaware VIP REIT Series	3,312			3,312
LVIP SSGA Global Tactical Allocation Managed Volatility Fund	4,073			4,073
MSF VIT Utilities Series	15,789			15,789
Fidelity VIP Growth Portfolio	2,481			2,481
Fidelity VIP Contrafund Portfolio	3,591			3,591
	<hr/>	<hr/>	<hr/>	<hr/>
Total Pooled Separate Accounts	\$ 177,989	\$ -	\$ -	\$ 177,989
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets at Fair Value	\$ 177,989	\$ -	\$ -	\$ 177,989

**REQUIRED SUPPLEMENTARY INFORMATION**

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive(Negative)</u>
<b>Revenues</b>				
Amount raised by taxation	\$ 526,000	\$ 526,000	\$ 526,000	\$ -
Interest income	586	586	172	(414)
Uniform fire safety act	344,000	344,000	379,231	35,231
Other income	46,000	46,000	42,912	(3,088)
Grant revenue				-
Bureau unrestricted net position utilized	3,642	3,642	3,642	-
Unrestricted net position utilized	33,500	33,500	33,500	-
<b>Total revenues</b>	<u>953,728</u>	<u>953,728</u>	<u>985,457</u>	<u>31,729</u>
<b>Expenditures</b>				
Employee benefits	49,300	23,800	23,491	309
Purchase of assets not included as capital outlays	16,000	9,500	9,210	290
Rent	35,000	32,500	32,100	400
Insurance	25,500	55,000	54,693	307
Professional services	37,750	44,750	44,631	119
Advertising	1,100	1,100	664	436
Truck fuel	8,500	3,000	2,750	250
Elections	1,300	1,300	1,282	18
Certification and testing	4,400	3,400	3,046	354
Training and education	4,000	3,000	2,331	669
Subscriptions	5,500	5,500	5,392	108
Operating materials and supplies	1,100	2,600	2,150	450
Utilities	17,500	19,500	19,048	452
Radio repair	1,100	1,100	896	204
Building repair	18,500	10,000	10,000	-
Maintenance and repairs	25,500	20,000	19,549	451
Medical services	300	300		300
Commissioners salaries	8,000	8,000	7,000	1,000
Salaries	103,000	105,500	105,202	298
Director of fire service expenses	1,750	1,750	1,509	241
Web site development	750	750	200	550
Grant expenditures		-		-
Uniform fire safety act	347,642	357,142	356,694	448
Bureau of fire prevention	9,950	9,950	9,950	-
Miscellaneous	550	2,050	1,907	143
Uniforms and turnout gear	4,500	7,000	6,606	394
Recruitment materials	1,000	1,000		1,000
Capital appropriations	120,000	120,000	120,000	-
Debt service appropriations	79,236	79,236	79,236	-
LOSAP	25,000	25,000	14,500	10,500
<b>Total expenditures</b>	<u>953,728</u>	<u>953,728</u>	<u>934,037</u>	<u>19,691</u>
<b>Excess of revenues over expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,420</u>	<u>\$ 51,420</u>



**BOARD OF FIRE COMMISSIONERS**  
**DISTRICT NO. 1**  
**TOWNSHIP OF WALL**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**RECONCILIATION OF BUDGET TO STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2017**

Sources/Inflows of Resources:

Actual amount (budgetary basis) total revenues from budgetary comparison schedule (page 29)	\$ 985,457
Fund balance utilized not reflected as revenues on the statement of revenues, expenditures and changes in fund balance bureau unrestricted net position utilized	(3,642)
unrestricted net position utilized	(33,500)
Budgetary basis differs from GAAP in that the District does not budget for length of service award program investment income	<u>16,406</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance (page 14)	\$ <u><u>964,721</u></u>

Use/Outflows of Resources:

Actual amount (budgetary basis) total expenditures from budgetary comparison schedule (page 29)	934,037
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service award program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the plan	
Length of service award program district contribution	(14,500)
Participant distributions and forfeitures	2,420
Difference between capital appropriations and capital outlays - restricted for capital projects	<u>(62,473)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance (page 14)	\$ <u><u>859,484</u></u>

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017

Length of Service Awards Program (LOSAP)

*Changes in Benefit Terms*

None.

*Changes of Assumptions*

None.

**OTHER SUPPLEMENTARY INFORMATION**

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL**

**STATISTICAL INFORMATION**

**PROPERTY TAX LEVIES:**

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

<u>Calendar Year</u>	<u>Valuations (Unaudited)</u>	<u>Assessed Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2017	\$ 790,733,392	\$ 526,000	0.067
12/31/2016	\$ 793,437,678	\$ 424,000	0.054
12/31/2015	\$ 468,108,714	\$ 416,000	0.089
12/31/2014	\$ 465,272,704	\$ 384,000	0.083

**UNRESTRICTED NET POSITION:**

Following is a tabulation of unrestricted net position and subsequent budget action thereon for the current and preceding three years:

<u>Calendar Year Ended</u>	<u>End of Calendar Year</u>	<u>(Assigned) Utilization in Subsequent Budget</u>	<u>Unassigned</u>
12/31/2017	\$ 171,503	\$ -	\$ 171,503
12/31/2016	\$ 157,225	\$ 33,500	\$ 123,725
12/31/2015	\$ 131,715	\$ 25,000	\$ 106,715
12/31/2014	\$ 138,742	\$ 40,000	\$ 127,573

**BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 1  
TOWNSHIP OF WALL  
  
ROSTER OF OFFICIALS**

<u>Name</u>	<u>Amount of Dishonesty Bond</u>
<u>Board of Commissioners</u>	
William R. Davenport, Sr., President	\$ 50,000
Robert D. Hendrickson, Sr., Vice President	\$ 50,000
Norman R. Stelling, Clerk	\$ 50,000
Edward H. Miles, Sr., Treasurer	\$ 50,000
Roy H. Curtis, Commissioner	\$ 50,000

Surety Name  
American Alternative Insurance Company