

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**

**Financial Statements and Supplementary Information**

**For the year ended December 31, 2022  
(With Independent Auditor's Report Thereon)**

# FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK

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## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Fire District No. 1 of the Township of South Brunswick  
County of Middlesex  
Kendall Park, New Jersey

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fire District No. 1 of the Township of South Brunswick (hereafter referred to as the District), County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of obligation under finance purchase payable are presented for purposed of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of obligation under finance purchase payable 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 May 19, 2023 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

May 19, 2023  
Lakewood, New Jersey

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

Board of Fire Commissioners  
Fire District No. 1 of the Township of South Brunswick  
County of Middlesex  
Kendall Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fire District No. 1 of the Township of South Brunswick (hereafter referred to as the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 19, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## **Purpose of this Report**

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

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

May 19, 2023  
Lakewood, New Jersey

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

As management of the Fire District No. 1 of the Township of South Brunswick (hereafter referred to as the "District") we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 19.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at December 31, 2022 by approximately \$3,266,900. During 2021 the excess of assets over liabilities was approximately \$3,138,800. This is an increase of approximately \$128,100.
- During 2022 the District operated at a surplus of approximately \$128,100. During 2021 the District operated at a surplus of approximately \$117,800. This is an increase of approximately \$10,300.
- The District's liabilities decreased approximately \$330,200 and assets decreased by approximately \$202,100 in 2022.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: district wide financial statements; fund financial statements; and notes to the basic financial statements.

**Reporting on the District as a Whole**

Our analysis of the District as a whole begins on page 8. District wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The district wide statement of net position presents information on all the assets and liabilities of the District. The difference between the assets and liabilities is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District. The district wide statement of activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.



The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Kendall Park, New Jersey.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to document compliance with finance-related legal matters. The District has one type of fund, which is the governmental fund.

### **Governmental Funds**

The District's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

The District maintains three separate governmental funds; the General Fund, Capital Projects Fund and the Debt Service Fund. Information is presented 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 Capital Projects Fund and Debt Service Fund.

The relationship (or differences) between governmental activities (reported in the district wide statement of net position and the district wide statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by *N.J.S.A. 40A:14:78-3*, the District adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

### **Notes to Financial Statements**

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

## DISTRICT WIDE FINANCIAL ANALYSIS

The District's net position is a useful indicator of the District's financial condition. At the end of 2022, the District's assets exceeded its liabilities by approximately \$3,266,900. The largest portion of the District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2022 AND 2021

	2022	2021	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and other assets	\$ 2,872,116	\$ 2,860,278	\$ 11,838	0.41%
Capital assets	2,002,707	2,216,649	(213,942)	(9.65%)
Total assets	4,874,823	5,076,927	(202,104)	(3.98%)
Total liabilities	(1,607,919)	(1,938,134)	(330,215)	(17.04%)
Net position	<u>\$ 3,266,904</u>	<u>\$ 3,138,793</u>	<u>\$ 128,111</u>	4.08%

#### Analysis of net position

Invested in capital assets, net of related debt	\$ 1,570,281	\$ 1,683,457	\$ (113,176)	(6.72%)
Restricted for:				
Capital projects	967,038	687,038	280,000	40.75%
Unrestricted	729,585	768,298	(38,713)	(5.04%)
Total net position	<u>\$ 3,266,904</u>	<u>\$ 3,138,793</u>	<u>\$ 128,111</u>	4.08%

2021 Net Position



- Invested in Capital Assets, Net of Related Debt
- Restricted for Capital
- Unrestricted

2020 Net Position



- Invested in Capital Assets, Net of Related Debt
- Restricted for Capital
- Unrestricted

The net position of the District increased approximately \$128,100 as a result of the current year surplus. In 2022 the capital assets decreased by approximately \$213,900 after depreciation expense.

## DISTRICT WIDE FINANCIAL ANALYSIS (continued)

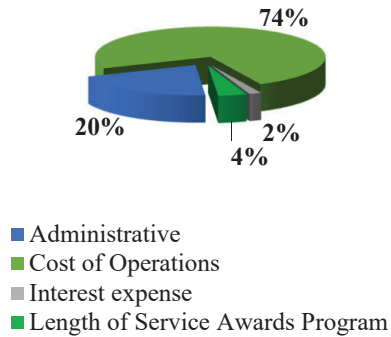
### Governmental Activities

The district wide statement of activities shows the cost of the governmental activities program services. A summary of these activities follows:

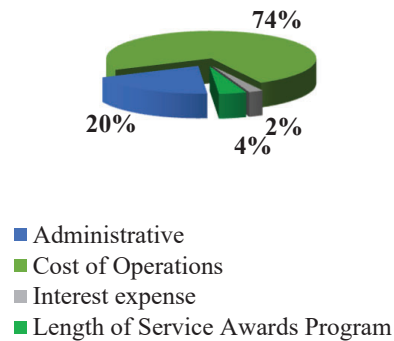
#### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK DISTRICT WIDE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 162,991	\$ 148,545	\$ 14,446	9.72%
Cost of operations and maintenace	597,973	560,605	37,368	6.67%
Interest expense	13,978	16,736	(2,758)	(16.48%)
Length of service awards program contribution	32,472	32,166	306	0.95%
Total program expenses	<u>807,414</u>	<u>758,052</u>	<u>49,362</u>	<u>6.51%</u>

**2022 Program Expenses**



**2021 Program Expenses**

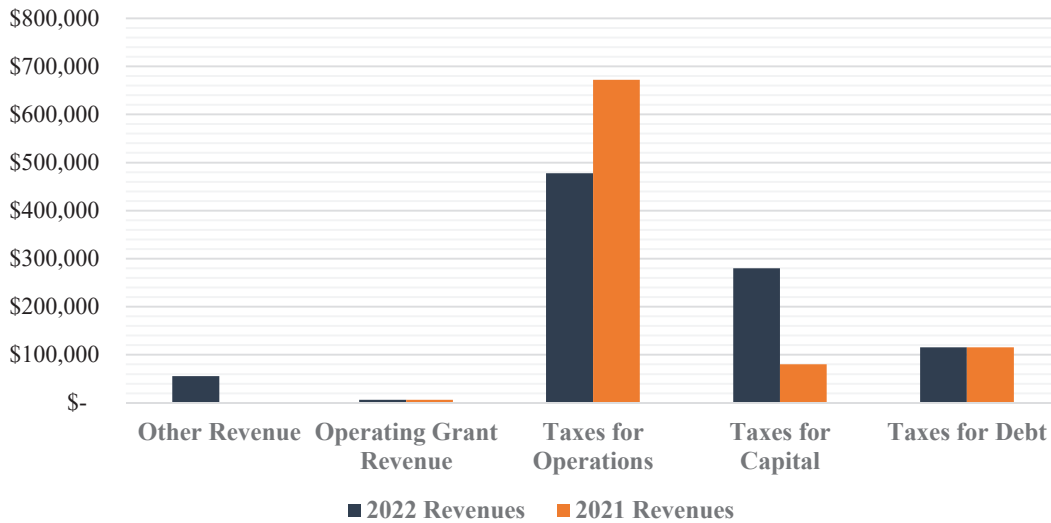


**DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK  
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)  
YEAR ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General revenues:				
Property taxes levied for:				
General purposes	477,880	671,880	(194,000)	(28.87%)
Capital purchases	280,000	80,000	200,000	250.00%
Debt service	115,870	115,870	-	0.00%
Total property taxes levied	873,750	867,750	6,000	0.69%
Other revenue	55,475	1,836	53,639	2921.51%
Operating grant revenue	6,300	6,298	2	0.03%
Total general revenues	935,525	875,884	59,641	6.81%
 Increase in net position	128,111	117,832	10,279	8.72%
Net position, January 1	3,138,793	3,020,961	117,832	3.90%
Net position, December 31	<u>\$ 3,266,904</u>	<u>\$ 3,138,793</u>	<u>\$ 128,111</u>	4.08%

**Revenues**



Property tax revenue constituted 93% of the total governmental activities revenues received by the District in 2022 and 99% in 2021, respectively.

The Cost of Operations & Maintenance comprised 74% of the District's total expenses in 2022 and 2021, respectively. Administration expenses comprised 20% of the total expenses in 2022 and 2021, respectively.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

The District uses fund accounting to document compliance with finance-related legal requirements.

### **Governmental Fund**

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

As of December 31, 2022, the combined balance of the governmental cash funds of the District was approximately \$1,470,300. This balance is approximately \$249,700 higher than last year's combined governmental funds cash balance.

The combined fund balance of the governmental fund of the District was approximately \$2,770,300. Of that total, funds of approximately \$774,400 have been restricted for capital, \$1,122,900 have been restricted for investment in length of service awards program, \$192,700 have been assigned for other purposes and \$680,300 is unassigned.

The general fund is the main operating fund of the District. At the end of 2022, the total fund balance of the general fund was approximately \$1,803,200. Of this balance, approximately \$680,300 of it was unassigned, and \$1,122,900 was restricted for LOSAP.

During 2022 the general fund balance of the District decreased by approximately (\$270,900). The primary reason for this decrease is as follows:

- The Board had expenses in excess of revenues of approximately (\$270,900).

At the end of 2022, the District had a capital projects fund balance of approximately \$967,000. This is an increase of \$280,000. The primary reason for this increase are as follows:

- The Board revenues in excess of expenses of approximately \$280,000.

### **General Fund Budgetary Highlights**

The 2022 Budget did require the utilization of unrestricted surplus accumulated from prior years, approximately \$208,000 was utilized. Any unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

- Overall, the District had an excess of revenues over expenditures of approximately \$247,800 which is more than originally anticipated in the operating budget for 2022.

## CAPITAL ASSETS

As of December 31, 2022 the District had invested in capital assets for government activities of approximately \$2,002,700 (net of accumulated depreciation). Capital assets consist of buildings and improvements, equipment, and vehicles and apparatus.

### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Depreciable:			
Buildings and improvements	\$ 1,583,315	\$ 1,583,315	\$ -
Equipment	610,105	651,588	(41,483)
Vehicles and apparatus	3,528,389	3,528,389	-
Total depreciable assets	<u>5,721,809</u>	<u>5,763,292</u>	<u>(41,483)</u>
Accumulated depreciation	<u>(3,719,102)</u>	<u>(3,546,643)</u>	<u>(172,459)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 2,002,707</u>	<u>\$ 2,216,649</u>	<u>\$ (213,942)</u>

Additional information on the District's capital assets can be found in Note 7 in the notes to the financial statements.

## DEBT ADMINISTRATION

As of December 31, 2022 the District had obligations under finance purchases for governmental activities of approximately \$432,400 of which \$103,600 is due within one year.

Additional information on the District's debt obligations can be found in Note 8 in the notes to the financial statements

## ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2022, the District was able to fund its appropriations through the fire tax levy and other revenues. In 2022 the property tax revenue also constituted 93% of total revenues. The 2022 budget did not anticipate a surplus of but finished the year with a surplus of approximately \$247,500.

The District adopted their 2023 budget on January 9, 2023. The 2023 adopted budget reflected an increase in the tax levy of \$15,550 in which the Board anticipates no significant change to the fire tax rate.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Board of Fire Commissioners, Fire District No. 1 of the Township South Brunswick, P.O. Box 68, Kendall Park, New Jersey, 08824.

**EXHIBIT A-1**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK  
District Wide Statement of Net Position  
December 31, 2022**

	<b>Governmental Activities</b>
<hr/>	
<b>ASSETS</b>	
Current assets:	
Cash (Note 3)	\$ 1,470,349
Accounts receivable (Note 4)	224,738
Prepaid expenses	54,108
Total current assets	<hr/> 1,749,195 <hr/>
Non-current assets:	
Investment in length of service awards program:	
at fair value (Note 5)	958,972
at contract value (Note 6)	163,949
Total investment in length of service awards program	<hr/> 1,122,921 <hr/>
Capital assets, net:	
Depreciable (Note 7)	<hr/> 2,002,707
Total capital assets, net	<hr/> 2,002,707 <hr/>
Total non-current assets	<hr/> 3,125,628 <hr/>
Total assets	<hr/> <b>\$ 4,874,823</b> <hr/>
 <b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable	\$ 7,332
Accrued expenses	40,407
Accrued interest payable	4,833
Current finance purchase payable (Note 8)	103,620
Total current liabilities	<hr/> 156,192 <hr/>
Non-current liabilities:	
Finance purchase payable , net of current portions (Note 8)	328,806
Length of service awards program payable (Note 8)	1,122,921
Total non-current liabilities	<hr/> 1,451,727 <hr/>
Total liabilities	<hr/> 1,607,919 <hr/>
Net position:	
Net investment in capital assets	1,570,281
Restricted for:	
Capital Projects	967,038
Unrestricted	729,585
Total net position	<hr/> 3,266,904 <hr/>
Total liabilities and net position	<hr/> <b>\$ 4,874,823</b> <hr/>

**EXHIBIT A-2**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**District Wide Statement of Activities**  
**For the year ended December 31, 2022**

	<u>Expenses</u>	<u>Governmental Activities</u>
Governmental activities:		
Operating appropriations:		
Administration	\$ 162,991	\$ 162,991
Costs of operations and maintenance	597,973	597,973
Interest expense	13,978	13,978
Length of service awards program contribution	32,472	32,472
Total operating appropriations	<u>\$ 807,414</u>	807,414
General revenues:		
Miscellaneous revenue		55,475
Operating grant revenues		6,300
Amount raised by taxation		<u>873,750</u>
Total general revenues		<u>935,525</u>
Change in net position		128,111
Net position, January 1		<u>3,138,793</u>
Net position, December 31		<u><u>\$ 3,266,904</u></u>



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals Governmental Funds</u>
Assets:				
Current assets:				
Cash	\$ 1,080,537	\$ 389,812	\$ -	\$ 1,470,349
Accounts receivable	224,738	-	-	224,738
Other receivables	-	577,226	-	577,226
Total current assets	<u>1,305,275</u>	<u>967,038</u>	<u>-</u>	<u>2,272,313</u>
Non-current assets:				
Investment in length of service awards program:				
at fair value	958,972	-	-	958,972
at contract value	163,949	-	-	163,949
Total investment in length of service awards program	<u>1,122,921</u>	<u>-</u>	<u>-</u>	<u>1,122,921</u>
Total assets	<u>\$ 2,428,196</u>	<u>\$ 967,038</u>	<u>\$ -</u>	<u>\$ 3,395,234</u>
Liabilities, equity and other credits:				
Accounts payable	\$ 7,332	\$ -	\$ -	\$ 7,332
Accrued expenses	40,407	-	-	40,407
Other payables	577,226	-	-	577,226
Total liabilities, equity and other credits	<u>624,965</u>	<u>-</u>	<u>-</u>	<u>624,965</u>
Fund balances				
Restricted for:				
Capital projects	-	774,369	-	774,369
Length of service awards program	1,122,921	-	-	1,122,921
Assigned for:				
Other purposes	-	192,669	-	192,669
Unassigned	680,310	-	-	680,310
Total fund balance	<u>1,803,231</u>	<u>967,038</u>	<u>-</u>	<u>2,770,269</u>
Total liabilities and fund balance	<u>\$ 2,428,196</u>	<u>\$ 967,038</u>	<u>\$ -</u>	

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

Prepaid expenses are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets is expensed.	54,108
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,721,809 and the accumulated depreciation is \$3,719,102.	2,002,707
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(4,833)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(1,555,347)
Net position of governmental activities	<u>\$ 3,266,904</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Miscellaneous revenues:				
Investment income - unrestricted cash and investments	\$ 7,716	\$ -	\$ -	\$ 7,716
Other revenue	47,759	-	-	47,759
Total miscellaneous revenues	55,475	-	-	55,475
Operating grant revenues:				
Supplemental fire service act	6,300	-	-	6,300
Total operating grant revenue	6,300	-	-	6,300
Total revenues	61,775	-	-	61,775
Amount raised by taxation to support district budget	477,880	280,000	115,870	873,750
Total anticipated revenues	539,655	280,000	115,870	935,525
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	138,644	-	-	138,644
Fringe benefits	960	-	-	960
Other expenditures:				
Professional fees	12,624	-	-	12,624
Elections	4,683	-	-	4,683
Medical services	2,222	-	-	2,222
Dues and subscriptions	2,235	-	-	2,235
Office supplies	1,468	-	-	1,468
Advertising	155	-	-	155
Total administration	162,991	-	-	162,991

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**For the year ended December 31, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Operating appropriations:				
Cost of operations and maintenance:				
Fire protection services	131,500	-	-	131,500
Fire marshal services	30,000	-	-	30,000
Insurance	63,694	-	-	63,694
Incentive program	10,316	-	-	10,316
Sub station	22,519	-	-	22,519
Communication costs	9,759	-	-	9,759
Fire prevention program	4,034	-	-	4,034
Travel	6,082	-	-	6,082
Training and education	2,700	-	-	2,700
Equipment maintenance and repairs	71,276	-	-	71,276
Firefighting supplies	3,899	-	-	3,899
Support services - EMS	5,000	-	-	5,000
Ladder/hose testing	3,463	-	-	3,463
Public relations	240	-	-	240
Uniforms	670	-	-	670
Maintenance agreements	4,181	-	-	4,181
Other non-bondable assets	7,395	-	-	7,395
Total cost of operations and maintenance	<u>376,728</u>	<u>-</u>	<u>-</u>	<u>376,728</u>
Length of service awards program				
Administrative fees	850	-	-	850
Participant withdrawals	38,985	-	-	38,985
Depreciation in the value of investments	231,011	-	-	231,011
Total length of service awards program	<u>270,846</u>	<u>-</u>	<u>-</u>	<u>270,846</u>
Debt service for capital appropriation:				
Principal on finance purchases	-	-	100,766	100,766
Interest on finance purchases	-	-	15,104	15,104
Total debt service for capital appropriations	<u>-</u>	<u>-</u>	<u>115,870</u>	<u>115,870</u>
Total operating appropriations	<u>810,565</u>	<u>-</u>	<u>115,870</u>	<u>926,435</u>
Excess (efficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(270,910)</u>	<u>280,000</u>	<u>-</u>	<u>9,090</u>
Fund balance, January 1	<u>2,074,141</u>	<u>687,038</u>	<u>-</u>	<u>2,761,179</u>
Fund balance, December 31	<u>\$ 1,803,231</u>	<u>\$ 967,038</u>	<u>\$ -</u>	<u>\$ 2,770,269</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Reconciliation of Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balance**  
**to the District Wide Statement of Activities**  
**December 31, 2022**

Total net changes in Fund Balance-Governmental Funds (B-2)	\$	9,090
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Prepaid expenses are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets are expensed.

	Prior year	(61,411)	
	Current year	<u>54,108</u>	
			(7,303)

Certain activity related to length of service awards program (LOSAP) is not reported in governmental funds, whereas such activity is a component of the investment in length of service awards program payable reported on the district wide statement of net position.

	Length of service awards program contribution	(32,472)	
	Administrative fees	850	
	Participant withdrawals	38,985	
	Depreciation in the value of investments	<u>231,011</u>	
			238,374

Capital Outlays are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Capital Outlays - General Fund	2,740	
	Depreciation expense	<u>(216,682)</u>	
			<u>(213,942)</u>

Interest on finance purchase agreement in the district wide statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

	Prior year	5,959	
	Current year	<u>(4,833)</u>	
			1,126

Repayment of finance purchase agreements are 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.

	<u>100,766</u>
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Changes in net position of governmental activities	\$	<u><u>128,111</u></u>
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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements**

**NOTE 1: GENERAL INFORMATION**

**Description of Reporting Entity**

Fire District No. 1 of the Township of South Brunswick (hereafter referred to as the “District”) is a political subdivision of the Township of South Brunswick, County of Middlesex, State of New Jersey. A board of five commissioners (the Board) oversees all of the operations of the District. The length of each commissioner’s term is three years with the annual election held the third Saturday of every February.

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

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

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

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

**District Officials**

The District is governed by a board of five commissioners. The following were in office at December 31, 2022:

<b><u>Officials:</u></b>	<b><u>Term Expires</u></b> <b><u>March</u></b>
Sarah Berezansky	2024
John Hohmeier	2025
Richard Josephson	2025
Kris Olson	2024
William Orchard	2023

**Accounting Records**

The official accounting records of the District are maintained in the office of the District.

**Minutes**

Minutes were recorded for meetings and contained approvals for disbursements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 1: GENERAL INFORMATION (continued)**

**Component Units**

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units*. The District did not have a component unit as of and for the year ended December 31, 2022.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

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

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

**Fund Accounting**

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Accounting (continued)**

**Governmental Funds:**

*General Fund*

The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. 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.

*Capital Projects Fund*

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

*Debt Service Fund*

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

**District Wide and Fund Financial Statements**

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

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

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**District Wide and Fund Financial Statements (continued)**

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

*Fund Financial Statements*

The fund financial statements provide detail of the governmental.

**Basis of Accounting**

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

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

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

**Budgets and Budgetary Accounting**

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

The Board 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 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 District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the District budget must appear on the ballot for the annual election for approval of the legal voters.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgets and Budgetary Accounting (continued)**

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 Districts general-purpose financial statements.

**Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. The District had encumbrances of \$192,669 as of December 31, 2022.

**Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds and cash in banks. Fire Districts are required by *N.J.S.A. 40A: 5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5-15.1* provides a list of investments that may be purchased by fire districts. *N.J.S.A. 17:9-42* requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which they are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If 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.

**Accounts Receivable**

Accounts receivables represent amounts due from intergovernmental grant awards and amounts to be raised by taxation. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. All receivables are current and therefore due within one year, thus no allowance is recorded by the District.

**Prepaid Expenses**

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments**

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance company. See Note 5 and Note 6 for discussion of fair value and contract value measurements, respectively.

**Capital Assets**

Capital assets, which include, buildings and improvements, equipment and vehicles and apparatus are reported in the district wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000.

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

Buildings and improvements	10 to 40 years
Equipment	5 to 13 years
Vehicles and apparatus	5 to 20 years

**Inventory, Materials and Supplies**

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

**Debt Limitation**

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

**Other Receivables/Payables**

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenues and Expenditures – Governmental Funds**

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

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

**Unrealized Gains and Losses**

GASB has established GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2022, the unrealized gains for the District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

**Fire District Taxes**

Upon proper certification to the assessor of the municipality in which the District is located, the assessor shall assess the amount of taxes to be realized in support of the 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 District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

**Fund Equity**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

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

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position**

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

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

**Use of Estimates**

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

**Impact of Recently Issued Accounting Pronouncements**

*Adopted Accounting Pronouncements*

GASB has issued the following statements which will become effective as of December 31, 2022 as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting period beginning after June 15, 2021. The District adopted this statement in the current year. The implementation of this statement did not have a material impact on the District's financial statements and related disclosures.

**Subsequent Events**

The District has evaluated subsequent events occurring after December 31, 2022 through the date of May 19, 2023, which is the date the financial statements were available to be issued.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 3: CASH**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2022, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand deposits	\$ 1,470,349
Total deposits	<u>\$ 1,470,349</u>
<b>Reconciliation to the Governmental Funds:</b>	
Governmental Funds	\$ 1,470,349
Total	<u>\$ 1,470,349</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, the District's bank balance of \$1,477,910 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized not in the District's name (New Jersey Cash Management Fund)	389,831
Collateralized in the District's name under GUDPA	<u>838,080</u>
Total	<u>\$ 1,477,910</u>

**NOTE 4: ACCOUNTS RECEIVABLE**

As of December 31, 2022, accounts receivables consisted of the following:

Amount to be raised by taxation	\$ 218,438
Supplemental Fire Service Grant	<u>6,300</u>
Total	<u>\$ 224,738</u>

**NOTE 5: INVESTMENTS HELD AT FAIR VALUE**

**Custodial Credit Risk**

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 5: INVESTMENTS HELD AT FAIR VALUE (continued)**

**Investment Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Investment Credit Risk**

The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

**Fair Value Measurement**

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

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 5: INVESTMENTS HELD AT FAIR VALUE (continued)**

**Fair Value Measurement (continued)**

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

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

*Registered Investment Companies* – Investments in registered investment companies consist of shares of mutual funds that are valued at quoted market prices which represent the NAV of shares held by the LOSAP Plan at year-end.

*Money Market Fund* - Valued at the quoted NAV of shares held by the Plan at year-end.

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

The following table sets forth by level, within the value hierarchy, the District's investments at fair value at December 31, 2022.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Registered investment companies</i>	\$ 956,467	\$ -	\$ -	\$ 956,467
<i>Money market funds</i>	<u>2,505</u>	<u>-</u>	<u>-</u>	<u>2,505</u>
Total investments held at fair value	<u>\$ 958,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 958,972</u>

**NOTE 6: INVESTMENTS HELD AT CONTRACT VALUE**

The District held a fully benefit-responsive investment contract with the Lincoln Financial (Lincoln) totaling \$163,949 as of December 31, 2022. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the District is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The District's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 6: INVESTMENTS HELD AT CONTRACT VALUE (continued)**

The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan. For this reason, such contracts are referred to as "evergreen" contracts and do not define a maturity date. No events are probable of occurring might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value (See Note 2: *Investments*).

**NOTE 7: CAPITAL ASSETS**

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

Capital assets consisted of the following at December 31, 2022:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Retirements/ Transfers</u></b>	<b><u>Ending Balance</u></b>
Capital assets:				
Buildings and improvements	\$ 1,583,315	\$ -	\$ -	\$ 1,583,315
Equipment	651,588	2,740	(44,223)	610,105
Vehicles and apparatus	<u>3,528,389</u>	<u>-</u>	<u>-</u>	<u>3,528,389</u>
Total	<u>5,763,292</u>	<u>2,740</u>	<u>(44,223)</u>	<u>5,721,809</u>
Less: accumulated depreciation:				
Buildings and improvements	(812,783)	(39,958)	-	(852,741)
Equipment	(627,887)	(5,380)	44,223	(589,044)
Vehicles and apparatus	<u>(2,105,973)</u>	<u>(171,344)</u>	<u>-</u>	<u>(2,277,317)</u>
Total accumulated depreciation	<u>(3,546,643)</u>	<u>(216,682)</u>	<u>44,223</u>	<u>(3,719,102)</u>
Total capital asset net of accumulated depreciation	<u>\$ 2,216,649</u>	<u>\$ (213,942)</u>	<u>\$ -</u>	<u>\$ 2,002,707</u>

**NOTE 8: LONG-TERM OBLIGATIONS**

During the fiscal year ended December 31, 2022 the following changes occurred in liabilities reported in long-term debt:

	<b><u>Beginning Balance</u></b>	<b><u>Accrued/ increases</u></b>	<b><u>(Retired)/ (decreases)</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due within One Year</u></b>
Finance purchase payable	\$ 533,192	\$ -	\$ (100,766)	\$ 432,426	\$ 103,620
Length of service awards program payable	<u>1,361,295</u>	<u>32,472</u>	<u>(270,846)</u>	<u>1,122,921</u>	<u>-</u>
Total	<u>\$ 1,894,487</u>	<u>\$ 32,472</u>	<u>\$ (371,612)</u>	<u>\$ 1,555,347</u>	<u>\$ 103,620</u>



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 8: LONG-TERM OBLIGATIONS (continued)**

**Finance Purchases Payable**

In 2020, the District entered into a lease purchase agreement in the amount of \$726,473 for a fire truck. The lease obligation was issued at an interest rate of 2.83% and matures on August 8, 2026. The following is a schedule of the remaining future minimum lease payments under finance purchases and the present value of minimum lease payments as of December 31, 2022:

For the year ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 103,620	\$ 12,249	\$ 115,869
2024	106,555	9,314	115,869
2025	109,574	6,296	115,869
2026	<u>112,677</u>	<u>3,192</u>	<u>115,870</u>
Total	<u>\$ 432,426</u>	<u>\$ 31,051</u>	<u>\$ 463,477</u>

**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM**

The District's length of service awards program (LOSAP), which is reported in the District's general fund, was created by a resolution pursuant to Section 457 (e)(11)(B) of the Internal Service 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 LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel. The tax deferred income benefits for the active volunteer firefighters serving the residents the Township of South Brunswick come from contributions made solely by the governing body of the District, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the LOSAP Plan agreement for a more complete description of the LOSAP Plan's provisions.

**Contributions**

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 in the initial 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 District elected to contribute up to \$1,804 for the year ended December 31, 2022, per eligible volunteer, into the LOSAP Plan. During the year ended December 31, 2022, the District contributed a total of \$32,472 to the LOSAP Plan. Participants direct the investment of the contributions into various investment options offered by the LOSAP Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the LOSAP Plan. The types of investment options, and the administering of such investments, rests solely with the LOSAP Plan Administrator.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

**Participant Accounts**

Each participant's account is credited with the District's contribution and LOSAP 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. The District has placed the amounts deferred, including earnings, in a trust maintained by Lincoln Financial (Lincoln) ("Plan Administrator"), as an approved LOSAP provide a third-party administrator for the exclusive benefit of the LOSAP Plan participants and their beneficiaries. Such funds, although subject to the claims of the District's creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the LOSAP Plan Administrator. The District's practical involvement in administering the LOSAP Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the LOSAP Plan Administrator.

**Vesting**

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

**Payment of Benefits**

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. 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. In the event of an unforeseeable emergency, as outlined in the LOSAP Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local LOSAP Plan administrator to payout a portion of vested accumulated deferrals entitled to vested accumulated deferrals may request the local LOSAP Plan administrator to payout a portion of vested accumulated deferrals. There were \$38,985 payouts of benefits during the year ended December 31, 2022.

**Forfeited Accounts**

There were no forfeitures during the year ended December 31, 2022.

**Investments**

The investments of LOSAP reported on the governmental funds balance sheet are recorded at fair value and contract value.

**LOSAP Plan Information**

Additional information about the District's length of service awards program can be obtained by contacting the LOSAP Plan Administrator.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to Financial Statements (continued)**

**NOTE 12: FUNDING**

The activities of the Board of Commissioners are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2022, the fire tax rate on the District was approximately \$.085 per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a Supplemental Fire Services Grant of \$6,300.

**NOTE 13: OTHER RECEIVABLES/PAYABLES**

Other receivable/payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2022, the following interfund balances remained on the balance sheet:

<u><b>Fund</b></u>	<u><b>Interfund receivable</b></u>	<u><b>Interfund payable</b></u>
General	\$ -	\$ 577,226
Capital projects	577,226	-
Total	<u>\$ 577,226</u>	<u>\$ 577,226</u>

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. As previously mentioned, these amounts are eliminated in the district wide of the statement of net position, except for the net residual amounts due between governmental and district wide financial statements, which are presented as internal balances in the district wide statement of net position.

**NOTE 14: FUND BALANCE**

**General Fund** – Of the \$1,803,231 General Fund balance at December 31, 2022, \$1,122,921 has been restricted for length of service award program, and \$680,310 is unassigned.

**Capital Projects Fund** – Of the \$967,038 Capital Projects Fund balance at December 31, 2022, \$774,369 has been restricted for Capital, and \$192,669 has been assigned for other purposes.

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2022**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous revenues:				
Investment income	\$ -	\$ -	\$ 7,716	\$ 7,716
Other revenue	-	-	47,759	47,759
Total miscellaneous revenues	-	-	55,475	55,475
Operating grant revenues:				
Supplemental fire service act	6,300	6,300	6,300	-
Total operating grant revenue	6,300	6,300	6,300	-
Total revenues	6,300	6,300	61,775	55,475
Amount raised by taxation to support district budget	873,750	873,750	873,750	-
Total anticipated revenues	880,050	880,050	935,525	55,475
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	159,000	159,000	138,644	20,356
Fringe benefits	2,200	2,200	960	1,240
Other expenditures:				
Professional fees	16,500	16,500	12,624	3,876
Elections	12,000	12,000	4,683	7,317
Medical services	5,500	5,500	2,222	3,278
Dues and subscriptions	1,000	2,500	2,235	265
Office supplies	2,000	2,000	1,468	532
Regulation compliance	500	500	-	500
Advertising	2,000	2,000	155	1,845
Total administration	200,700	202,200	162,991	39,209
Cost of operations and maintenance:				
Other expenditures:				
Fire protection services	131,500	131,500	131,500	-
Fire marshal services	30,000	30,000	30,000	-
Insurance	77,000	77,000	63,694	13,306
Incentive program	19,200	19,200	10,316	8,884
Sub station	29,500	29,500	22,519	6,981
Communication costs	11,000	11,000	9,759	1,241
Fire prevention program	5,000	5,000	4,034	966
Travel	10,000	8,500	6,082	2,418
Training and education	8,000	8,000	2,700	5,300

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Budgetary Comparison Schedule (continued)**  
**For the year ended December 31, 2022**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance</b>
Cost of operations and maintenance (continued):				
Other expenditures (continued):				
Firefighter fitness	4,000	4,000	-	4,000
Equipment maintenance and repairs	47,130	69,130	71,276	(2,146)
Firefighting supplies	3,000	4,000	3,899	101
Support services - EMS	5,000	5,000	5,000	-
Bank service charges	2,000	950	-	950
Ladder/hose testing	5,500	3,800	3,463	337
Public relations	2,000	2,000	240	1,760
Uniforms	650	700	670	30
Maintenance agreements	2,500	4,200	4,181	19
Other non-bondable assets	50,500	28,500	7,395	21,105
Total cost of operations and maintenance	<u>443,480</u>	<u>441,980</u>	<u>376,728</u>	<u>65,252</u>
Length of service awards program	<u>48,000</u>	<u>48,000</u>	<u>32,472</u>	<u>15,528</u>
Capital appropriations	<u>280,000</u>	<u>280,000</u>	<u>-</u>	<u>280,000</u>
Debt service for capital appropriation:				
Principal on capital leases	100,766	100,766	100,766	-
Interest on capital leases	15,104	15,104	15,104	-
Total debt service for capital appropriations	<u>115,870</u>	<u>115,870</u>	<u>115,870</u>	<u>-</u>
Total operating appropriations	<u>1,088,050</u>	<u>1,088,050</u>	<u>688,061</u>	<u>399,989</u>
Excess (efficiency) of revenues over (under) expenditures	(208,000)	(208,000)	247,464	455,464
Fund balance, January 1	<u>1,399,884</u>	<u>1,399,884</u>	<u>1,399,884</u>	<u>-</u>
Fund balance, December 31	<u>\$ 1,191,884</u>	<u>\$ 1,191,884</u>	<u>\$ 1,647,348</u>	<u>\$ 455,464</u>
<b>RECAPITULATION OF FUND BALANCE:</b>				
Fund balances:				
Restricted fund balance:				
Capital			774,369	
Assigned fund balance:				
Other purposes - capital			192,669	
Unassigned fund balance			<u>680,310</u>	
Total fund balances - budgetary basis			<u>1,647,348</u>	
Reconciliation to Governmental Activities (GAAP) fund balance:				
Length of service awards program investment balance not recognized on the budgetary basis			<u>1,122,921</u>	
Total fund balance per Governmental Activities (GAAP)			<u>\$ 2,770,269</u>	

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Notes to the Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the year ended December 31, 2022**

	<u><b>Total Governmental Funds</b></u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 935,525
Difference - Budget to GAAP:	
Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:	
Appreciation in the value of investments	<u>-</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 935,525</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 688,061
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards 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 awards program contribution	(32,472)
Administrative fees	850
Participant withdrawals	38,985
Depreciation in the value of investments	<u>231,011</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 926,435</u></u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK**  
**Long-Term Debt**  
**Schedule of Obligations Under Finance Purchase Payable**  
**For the year ended December 31, 2022**

Description	Date of Lease	Term of Lease	Amount of Original Issue		Annual Maturities Date	Interest Rate Payable	Amount Outstanding December 31, 2021		Issued	Retired	Amount Outstanding December 31, 2022	
			Principal	Interest			Amount	Amount			Amount	Amount
Fire Apparatus	August 8, 2020	7 years	\$ 726,473	\$ 84,613	August 8, 2023	2.8327%	\$ 533,192	\$ -	\$ 100,766	\$ 432,426		
					August 8, 2024	2.8327%						
					August 8, 2025	2.8327%						
					August 8, 2026	2.8327%						
					Total						\$ 533,192	\$ -

Board of Fire Commissioners  
Fire District No. 1 of the Township of South Brunswick  
County of Middlesex  
Kendall Park, New Jersey

We have audited the basic financial statements of the Fire District No. 1 of the Township of South Brunswick (hereafter referred to as the "District"), County of Middlesex, State of New Jersey, for the year ended December 31, 2022. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

### **GENERAL COMMENTS AND RECOMMENDATIONS**

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

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

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

Review of the minutes and financial transactions did not identify any bids requested by public advertising.

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

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



## **Contracts and Agreements Requiring Solicitation of Quotations**

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

## **Examination of Cash Receipts**

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

## **Examination of Bills**

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

## **Examination of Payroll**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the District employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

## **Capital Assets**

The Capital Asset subledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

## **Budget Adoption**

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on December 13, 2021 and adopted its operating budget on January10, 2022.

## ***Current Year Finding***

There were no current year findings

## **Follow-up on Prior Year's Findings**

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

## **Acknowledgment**

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please call us.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

May 19, 2023  
Lakewood, New Jersey