

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK

Financial Statements and Supplementary Information

For the year ended December 31, 2023

(With Independent Auditor's Report Thereon)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Required Supplementary Information, Part I:	
Management's Discussion and Analysis	6
Basic Financial Statements:	
District Wide Statement of Net Position	13
District Wide Statement of Activities	14
Governmental Funds Balance Sheet	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the District Wide Statement of Activities	18
Notes to Financial Statements	19
Required Supplementary Information, Part II:	
Budgetary Comparison Schedule	35
Notes to the required supplementary information Budget-to-Governmental Funds Reconciliation	37
Supplementary Information:	
Long-term Debt Schedule of Obligations Under Finance Purchases Payable	38
General Comments and Recommendations	39



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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, County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Township of South Brunswick'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 Fire District No. 1 of the Township of South Brunswick, as of December 31, 2023, 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 Fire District No. 1 of the Township of South Brunswick, 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 opinions.

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 Fire District No. 1 of the Township of South Brunswick'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 Fire District No. 1 of the Township of South Brunswick'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 Fire District No. 1 of the Township of South Brunswick'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 budgetary comparison information, 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 Fire District No. 1 of the Township of South Brunswick's basic financial statements. The long-term debt schedule of obligations under finance purchases 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 long-term debt schedule of obligations under finance purchase(s) 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 March 14, 2024 on our consideration of the Fire District No. 1 of the Township of South Brunswick'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 Fire District No. 1 of the Township of South Brunswick's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 14, 2024
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, County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Township of South Brunswick's basic financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District No. 1 of the Township of South Brunswick'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 Fire District No. 1 of the Township of South Brunswick's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District No. 1 of the Township of South Brunswick's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District No. 1 of the Township of South Brunswick'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District No. 1 of the Township of South Brunswick'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 Fire District No. 1 of the Township of South Brunswick's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 14, 2024
Lakewood, New Jersey

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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, 2023 by approximately \$3,316,100. During 2022 the excess of assets over liabilities was approximately \$3,266,900. This is an increase of approximately \$49,200.
- During 2023 the District operated at a surplus of approximately \$49,200. During 2022 the District operated at a surplus of approximately \$128,100. This is a decrease of approximately \$78,900.
- The District's liabilities increased approximately \$105,600 while assets increased by approximately \$154,800 in 2023.

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 within the jurisdiction of the District.

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 2023, the District’s assets exceeded its liabilities by approximately \$3,316,100. 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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and other assets	\$ 3,064,656	\$ 2,872,116	\$ 192,540	6.70%
Capital assets	1,964,963	2,002,707	(37,744)	(1.88%)
Total assets	5,029,619	4,874,823	154,796	3.18%
Total liabilities	(1,713,471)	(1,607,919)	105,552	6.56%
Net position	<u>\$ 3,316,148</u>	<u>\$ 3,266,904</u>	<u>\$ 49,244</u>	1.51%

Analysis of net position

Invested in capital assets, net of related debt	\$ 1,636,157	\$ 1,570,281	\$ 65,876	4.20%
Restricted for:				
Capital projects	854,369	967,038	(112,669)	(11.65%)
Unrestricted	825,622	729,585	96,037	13.16%
Total net position	<u>\$ 3,316,148</u>	<u>\$ 3,266,904</u>	<u>\$ 49,244</u>	1.51%

2023 Net Position



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

2022 Net Position



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

The net position of the District increased approximately \$49,200 as a result of the current year surplus. In 2023 the capital assets decreased by approximately \$37,700 after depreciation expense.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

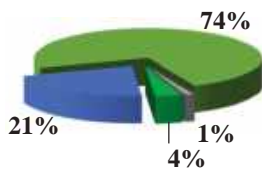
Governmental Activities

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
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

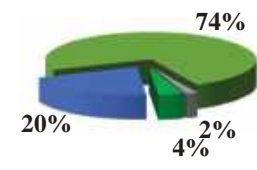
	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 184,228	\$ 162,991	\$ 21,237	13.03%
Cost of operations and maintainace	644,473	597,973	46,500	7.78%
Interest expense	11,142	13,978	(2,836)	(20.29%)
Length of service awards program contribution	34,848	32,472	2,376	7.32%
Total program expenses	<u>874,691</u>	<u>807,414</u>	<u>67,277</u>	8.33%

2023 Program Expenses



- Administrative
- Cost of Operations
- Interest expense
- Length of Service Awards Program

2022 Program Expenses



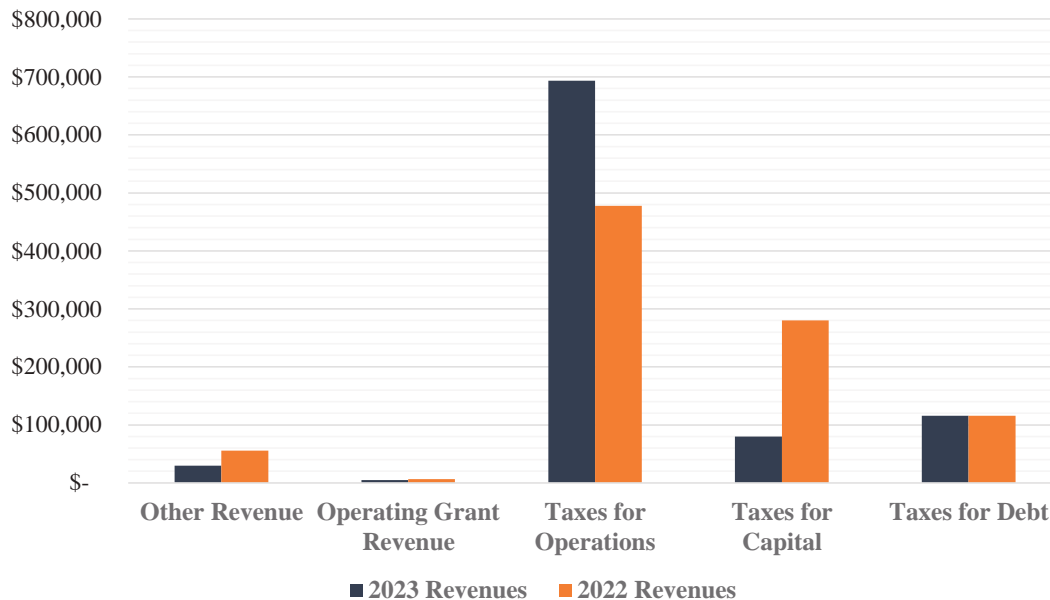
- Administrative
- Cost of Operations
- Interest expense
- Length of Service Awards Program

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General revenues:				
Property taxes levied for:				
General purposes	693,431	477,880	215,551	45.11%
Capital purchases	80,000	280,000	(200,000)	(71.43%)
Debt service	115,869	115,870	(1)	(0.00%)
Total property taxes levied	889,300	873,750	15,550	1.78%
Other revenue	29,578	55,475	(25,897)	(46.68%)
Operating grant revenue	5,057	6,300	(1,243)	(19.73%)
Total general revenues	923,935	935,525	(11,590)	(1.24%)
Increase in net position	49,244	128,111	(78,867)	(61.56%)
Net position, January 1	3,266,904	3,138,793	128,111	4.08%
Net position, December 31	\$ 3,316,148	\$ 3,266,904	\$ 49,244	1.51%

Revenues



Property tax revenue constituted 96% of the total governmental activities revenues received by the District in 2023 and 93% in 2022, respectively.

The Cost of Operations & Maintenance comprised 74% of the District's total expenses in 2023 and 2022, respectively. Administration expenses comprised 21% and 20% of the total expenses in 2023 and 2022, 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, 2023, the combined balance of the governmental cash funds of the District was approximately \$1,443,900. This balance is approximately \$26,400 lower than last year's combined governmental funds cash balance.

The combined fund balance of the governmental fund of the District was approximately \$2,950,300. Of that total, funds of approximately \$479,400 have been restricted for capital, \$1,330,000 have been restricted for investment in length of service awards program, \$558,100 have been assigned for subsequent year expenditures, and \$582,800 is unassigned.

The general fund is the main operating fund of the District. At the end of 2023, the total fund balance of the general fund was approximately \$2,095,900. Of this balance, approximately \$582,800 of it was unassigned, \$1,329,900 was restricted for length of service awards program, and approximately \$183,100 was assigned for subsequent years expenditures.

During 2023 the general fund balance of the District increased by approximately \$292,700. The primary reason for this increase is as follows:

- The Board had revenues in excess of expenses of approximately \$292,700.

At the end of 2023, the District had a capital projects fund balance of approximately \$854,400. This is a decrease of \$112,700. The primary reason for this decrease are as follows:

- The Board expenses in excess of revenues of approximately \$112,700.

General Fund Budgetary Highlights

The 2023 Budget did require the utilization of unrestricted surplus accumulated from prior years. 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 \$165,700 which is more than originally anticipated in the operating budget for 2023.

CAPITAL ASSETS

As of December 31, 2023 the District had invested in capital assets for government activities of approximately \$1,965,000 (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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Depreciable:			
Buildings and improvements	\$ 1,583,315	\$ 1,583,315	\$ -
Equipment	812,614	610,105	202,509
Vehicles and apparatus	3,528,389	3,528,389	-
Total depreciable assets	<u>5,924,318</u>	<u>5,721,809</u>	<u>202,509</u>
Accumulated depreciation	<u>(3,959,355)</u>	<u>(3,719,102)</u>	<u>(240,253)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,964,963</u>	<u>\$ 2,002,707</u>	<u>\$ (37,744)</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, 2023 the District had obligations under finance purchases for governmental activities of approximately \$328,800 of which \$106,555 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 2023, the District was able to fund its appropriations through the fire tax levy and other revenues. In 2023 the property tax revenue also constituted 93% of total revenues. The 2023 budget did not anticipate a surplus but finished the year with a favorable variance of approximately \$165,700.

The District adopted their 2024 budget on January 8, 2024. The 2024 adopted budget reflected an increase in the tax levy of \$42,824 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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
District Wide Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash (Note 3)	\$ 1,443,941
Accounts receivable (Note 4)	227,382
Prepaid assets	63,376
Total current assets	1,734,699
Non-current assets:	
Investment in length of service awards program:	
at fair value (Note 5)	1,153,780
at contract value (Note 6)	176,177
Total investment in length of service awards program	1,329,957
Capital assets, net:	
Depreciable (Note 7)	1,964,963
Total capital assets, net	1,964,963
Total non-current assets	3,294,920
Total assets	\$ 5,029,619
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 3,070
Accrued expenses	47,912
Accrued interest payable	3,726
Current portion of finance purchases payable (Note 8)	106,555
Total current liabilities	161,263
Noncurrent liabilities:	
Finance purchases payable, net of current portion (Note 8)	222,251
Investment in length of service awards program payable (Note 8)	1,329,957
Total noncurrent liabilities	1,552,208
Total liabilities	1,713,471
Net position:	
Net investment in capital assets	1,636,157
Restricted for:	
Capital Projects	854,369
Unrestricted	825,622
Total net position	3,316,148
Total liabilities and net position	\$ 5,029,619

EXHIBIT A-2

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
District Wide Statement of Activities
For the year ended December 31, 2023

	<u>Expenses</u>	<u>Governmental Activities</u>
Governmental activities:		
Operating appropriations:		
Administration	\$ 184,228	\$ 184,228
Costs of operations and maintenance	644,473	644,473
Interest expense	11,142	11,142
Length of service awards program contribution	34,848	34,848
	<u>874,691</u>	<u>874,691</u>
Total operating appropriations	<u>\$ 874,691</u>	874,691
General revenues:		
Miscellaneous revenues		29,578
Operating grant revenues		5,057
Amount raised by taxation		889,300
		<u>923,935</u>
Total general revenues		<u>923,935</u>
Change in net position		49,244
Net position, January 1		<u>3,266,904</u>
Net position, December 31		<u>\$ 3,316,148</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Governmental Funds
Balance Sheet
December 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals Governmental Funds</u>
Assets:				
Current assets:				
Cash	\$ 1,034,409	\$ 409,532	\$ -	\$ 1,443,941
Accounts receivable	227,382	-	-	227,382
Other receivables	-	444,837	-	444,837
Total current assets	<u>1,261,791</u>	<u>854,369</u>	<u>-</u>	<u>2,116,160</u>
Non-current assets:				
Investment in length of service awards program:				
at fair value	1,153,780	-	-	1,153,780
at contract value	176,177	-	-	176,177
Total investment in length of service awards program	<u>1,329,957</u>	<u>-</u>	<u>-</u>	<u>1,329,957</u>
Total noncurrent assets	<u>1,329,957</u>	<u>-</u>	<u>-</u>	<u>1,329,957</u>
Total assets	<u>\$ 2,591,748</u>	<u>\$ 854,369</u>	<u>\$ -</u>	<u>\$ 3,446,117</u>
Liabilities, equity and other credits:				
Accounts payable	\$ 3,070	\$ -	\$ -	\$ 3,070
Accrued expenses	47,912	-	-	47,912
Other payables	444,837	-	-	444,837
Total liabilities	<u>495,819</u>	<u>-</u>	<u>-</u>	<u>495,819</u>
Fund balances				
Restricted for:				
Capital projects	-	479,369	-	479,369
Length of service awards program	1,329,957	-	-	1,329,957
Assigned for:				
Subsequent year's expenditures	183,145	375,000	-	558,145
Unassigned	582,827	-	-	582,827
Total fund balance	<u>2,095,929</u>	<u>854,369</u>	<u>-</u>	<u>2,950,298</u>
Total liabilities and fund balance	<u>\$ 2,591,748</u>	<u>\$ 854,369</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.	63,376
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,964,963
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(3,726)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<u>(1,658,763)</u>
Net position of governmental activities	<u>\$ 3,316,148</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, 2023

	<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	\$ 28,294	\$ -	\$ -	\$ 28,294
Appreciation in the value of length of service awards program	189,565	-	-	189,565
Other revenue	1,284	-	-	1,284
Total miscellaneous revenues	219,143	-	-	219,143
Operating grant revenues:				
Supplemental fire service act	5,057	-	-	5,057
Total operating grant revenue	5,057	-	-	5,057
Total revenues	224,200	-	-	224,200
Amount raised by taxation to support district budget	693,431	80,000	115,869	889,300
Total anticipated revenues	917,631	80,000	115,869	1,113,500
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	152,396	-	-	152,396
Fringe benefits	1,596	-	-	1,596
Other expenditures:				
Professional fees	15,602	-	-	15,602
Elections	5,998	-	-	5,998
Medical services	1,043	-	-	1,043
Dues and subscriptions	2,245	-	-	2,245
Office supplies	4,302	-	-	4,302
Advertising	1,046	-	-	1,046
Total administration	184,228	-	-	184,228
Operating appropriations:				
Cost of operations and maintenance:				
Fire protection services	139,500	-	-	139,500
Fire marshal services	30,000	-	-	30,000
Insurance	73,961	-	-	73,961
Incentive program	10,792	-	-	10,792
Sub station	22,337	-	-	22,337
Communication costs	9,189	-	-	9,189
Fire prevention program	2,675	-	-	2,675
Travel	5,636	-	-	5,636
Training and education	5,432	-	-	5,432
Equipment maintenance and repairs	68,581	-	-	68,581
Firefighting supplies	702	-	-	702
Support services - EMS	5,000	-	-	5,000
Bank service charges	666	-	-	666
Ladder and hose testing	1,925	-	-	1,925
Maintenance agreements	1,910	-	-	1,910
Other non-bondable assets	45,022	-	-	45,022
Total cost of operations and maintenance	423,328	-	-	423,328

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, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Length of service awards program:				
Administrative fees	850	-	-	850
Participant withdrawals	16,527	-	-	16,527
Total length of service awards program	17,377	-	-	17,377
Capital appropriations	-	192,669	-	192,669
Debt service for capital appropriations:				
Principal on finance purchases	-	-	103,620	103,620
Interest on finance purchases	-	-	12,249	12,249
Total debt service for capital appropriations	-	-	115,869	115,869
Total operating appropriations	624,933	192,669	115,869	933,471
Excess (efficiency) of revenues over (under) expenditures	292,698	(112,669)	-	180,029
Fund balance, January 1	1,803,231	967,038	-	2,770,269
Fund balance, December 31	<u>\$ 2,095,929</u>	<u>\$ 854,369</u>	<u>\$ -</u>	<u>\$ 2,950,298</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Reconciliation of the Governmental Funds Statement of Statement of Revenues, Expenditures
and Changes in Fund Balance to the District Wide Statement of Activities
December 31, 2023

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 180,029

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	(54,108)		
	Current year	<u>63,376</u>		9,268

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	(34,848)		
	Appreciation in the value of investments	(189,565)		
	Administrative fees	850		
	Participant withdrawals	<u>16,527</u>		(207,036)

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	9,840		
	Capital Outlays - Capital Projects Fund	192,669		
	Depreciation expense	<u>(240,253)</u>		(37,744)

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	4,833		
	Current year	<u>(3,726)</u>		1,107

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.

103,620

Change in net position \$ 49,244

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 (the “State”). 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, 2023:

Officials:	Term Expires:
<hr/>	<hr/>
Sarah Berezansky	2024
John Hohmeier	2025
Richard Josephson	2025
Kris Olson	2024
William Orchard	2026

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, 2023.

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 basic 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 firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

Capital Projects Fund

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

Debt Service Fund

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

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)

Fund Financial Statements

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.

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.

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 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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 did not have encumbrances as of December 31, 2023.

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.

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: *Investments Held at Fair Value* and Note 6: *Investments Held at Contract Value*, respectively.

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 (see Note 4: *Accounts Receivables*).

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expenses

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

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.

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:

<u>Description:</u>	<u>Useful Lives</u>
Buildings and improvements	10 – 40 Years
Equipment	5 – 13 Years
Vehicles and apparatus	5 – 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.

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.

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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 became effective as of December 31, 2023 are as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this statement did not have a material impact on the District’s financial statements and related disclosures.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet determine the potential impact of this pronouncement on the District’s financial statements.

Statement No. 100, *Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of these pronouncements on the District’s financial statements.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2023 through the date of March 14, 2024, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2023, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand deposits	\$ 1,443,941
Total deposits	\$ 1,443,941
Reconciliation to the Governmental Funds:	
Current assets:	
Cash	\$ 1,443,941
Total	\$ 1,443,941

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, 2023, the District's bank balance of \$1,509,013 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Collateralized not in the District's name (New Jersey Cash Management Fund)	409,532
Collateralized in the District's name under GUDPA	849,841
Total	\$ 1,509,013

NOTE 4: ACCOUNTS RECEIVABLE

As of December 31, 2023, accounts receivables consisted of the following:

Amount to be raised by taxation	\$ 222,325
Supplemental Fire Service act	5,057
Total	\$ 227,382

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

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.

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. 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.

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 (continue)

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

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

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

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

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

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

Registered Investment Companies – Investments in registered investment companies consist of shares of mutual funds that are valued at quoted market prices which represent the net asset value (NAV) of shares held by the 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, 2023:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Registered investment companies</i>	\$ 1,151,202	\$ -	\$ -	\$ 1,151,202
<i>Money market funds</i>	2,578	-	-	2,758
Total investments held at fair value	<u>\$ 1,153,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,780</u>

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

NOTE 6: INVESTMENTS HELD AT CONTRACT VALUE

The District held a fully benefit-responsive investment contract with the Lincoln Financial (Lincoln) totaling \$176,177 as of December 31, 2023. 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.

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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Depreciable assets:				
Building and improvements	\$ 1,583,315	\$ -	\$ -	\$ 1,583,315
Equipment	610,105	202,509	-	812,614
Vehicles and apparatus	3,528,389	-	-	3,528,389
Total depreciable assets	<u>5,721,809</u>	<u>202,509</u>	<u>-</u>	<u>5,924,318</u>
Less: accumulated depreciation:				
Building and improvements	(852,741)	(39,958)	-	(892,699)
Equipment	(589,044)	(32,313)	-	(621,357)
Vehicles and apparatus	(2,277,317)	(167,982)	-	(2,445,299)
Total accumulated depreciation	<u>(3,719,102)</u>	<u>(240,253)</u>	<u>-</u>	<u>(3,959,355)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 2,002,707</u>	<u>\$ (37,744)</u>	<u>\$ -</u>	<u>\$ 1,964,963</u>

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

NOTE 8: NONCURRENT LIABILITIES

During the fiscal year ended December 31, 2023 the following changes occurred in liabilities reported in long-term obligations:

	Beginning Balance	Accrued/ increases	(Retired)/ (decreases)	Ending Balance	Due within One Year
Finance purchases payable	\$ 432,426	\$ -	\$ (103,620)	\$ 328,806	\$ 106,555
Length of service awards program payable	1,122,921	224,413	(17,377)	1,329,957	-
Total	<u>\$ 1,555,347</u>	<u>\$ 224,413</u>	<u>\$ (120,997)</u>	<u>\$ 1,658,763</u>	<u>\$ 106,555</u>

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,:

	Principal	Interest	Total
2024	\$ 106,555	\$ 9,314	\$ 115,869
2025	109,574	6,296	115,870
2026	112,677	3,192	115,869
Total	<u>\$ 328,806</u>	<u>\$ 18,802</u>	<u>\$ 347,608</u>

Length of Service Awards Program

For details on the length of service awards program liability, refer to Note 9 *Length of Service Awards Program*. The District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description

The District's length of service awards program (the "Plan"), 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 accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions -an amendment of GASB Statement No. 27*.

The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Fire District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

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

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Plan Description

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 Plan agreement for a more complete description of the Plan's provisions.

Contributions

If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 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 \$1,936 for the year ended December 31, 2023, per eligible volunteer, into the Plan. During the year ended December 31, 2023, the District contributed a total of \$34,848 to the Plan. Participants direct the investment of the contributions into various investment options offered by the 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 Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

Participant Accounts

Each participant's account is credited with the District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The District has placed the amounts deferred, including earnings, in an account maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the District to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the District. These funds, however, are not available for funding the operations of the District.

Vesting

The District, in accordance with *N.J.S.A. 40A:14-188* and *N.J.A.C. 5:30-11.63* may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

Payment of Benefits

Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, 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 Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. There were \$16,527 payouts of benefits during the year ended December 31, 2023.

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

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Forfeited Accounts

For the year ended December 31, 2023, no accounts were forfeited.

Investments

The investments of the length of service awards program 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 Plan Administrator.

NOTE 10: 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, 2023, 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 \$5,057.

NOTE 11: OTHER RECEIVABLES AND PAYABLES

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2023, the following interfund balances remained on the balance sheet:

Fund	Interfund receivable	Interfund payable
General	\$ -	\$ 444,837
Capital Projects	444,837	-
Total	\$ 444,837	\$ 444,837

Other receivables and 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: 12: CONCENTRATIONS

A significant source of revenue for the District comes from its ability to levy property taxes (see Note 2 for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the District’s operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

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

NOTE 13: FUND BALANCE

Restricted

As stated in note 2, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the District's fund balance are summarized as follows:

General Fund

Length of Service Awards Program (LOSAP) - Pursuant to *N.J.S.A. 40A:14-187*, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2023 a restricted fund balance in the amount of \$1,329,957 for future benefit payments of volunteers.

Capital Projects (Future Capital Outlays) – These funds are restricted for future capital expenditures to be made in future years. When the District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2023, the balance is \$479,369.

Assigned

As stated in note 2, the assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures – The District has appropriated and included as anticipated revenue for the year ending December 31, 2024, \$183,145 of general fund balance at December 31, 2023.

Capital Projects

For Subsequent Year's Expenditures – The District has appropriated and included as anticipated revenue for the year ending December 31, 2024, \$375,000 of capital projects fund balance at December 31, 2023.

Unassigned

As stated in note 2, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The District's unassigned fund balance is summarized as follows:

General Fund - As of December 31, 2023, \$582,327 of general fund balance was unassigned.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Budgetary Comparison Schedule
For the year ended December 31, 2023

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous revenues:				
Investment income	\$ -	\$ -	\$ 28,294	\$ 28,294
Other revenue	-	-	1,284	1,284
Total miscellaneous revenues	-	-	29,578	29,578
Operating grant revenues:				
Supplemental fire service act	6,300	6,300	5,057	(1,243)
Total operating grant revenue	6,300	6,300	5,057	(1,243)
Total revenues	6,300	6,300	34,635	28,335
Amount raised by taxation to support district budget	889,300	889,300	889,300	-
Total anticipated revenues	895,600	895,600	923,935	28,335
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	166,000	166,000	152,396	13,604
Fringe benefits	2,200	2,200	1,596	604
Other expenditures:				
Professional fees	16,500	18,870	15,602	3,268
Elections	8,000	7,500	5,998	1,502
Medical services	4,000	4,000	1,043	2,957
Dues and subscriptions	2,200	2,245	2,245	-
Office supplies	2,000	4,302	4,302	-
Regulation compliance	500	500	-	500
Advertising	1,500	1,500	1,046	454
Total administration	202,900	207,117	184,228	22,889
Cost of operations and maintenance:				
Other expenditures:				
Fire protection services	139,500	139,500	139,500	-
Fire marshal services	30,000	30,000	30,000	-
Insurance	79,000	76,698	73,961	2,737
Incentive program	19,200	11,200	10,792	408
Sub station	30,300	28,118	22,337	5,781
Communication costs	11,000	11,000	9,189	1,811
Fire prevention program	5,000	2,682	2,675	7
Travel	10,000	6,000	5,636	364
Training and education	8,000	7,955	5,432	2,523

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of operations and maintenance (continued):				
Other expenditures (continued):				
Firefighter fitness	2,000	2,000	-	2,000
Equipment maintenance and repairs	47,131	72,356	68,581	3,775
Firefighting supplies	3,000	3,000	702	2,298
Support services - EMS	5,000	5,000	5,000	-
Bank service charges	1,500	1,500	666	834
Ladder and hose testing	5,500	4,275	1,925	2,350
Public relations	1,500	1,500	-	1,500
Uniforms	700	700	-	700
Maintenance agreements	5,000	5,000	1,910	3,090
Other non-bondable assets	50,500	48,130	45,022	3,108
	<u>453,831</u>	<u>456,614</u>	<u>423,328</u>	<u>33,286</u>
Total cost of operations and maintenance				
Length of service awards program	43,000	36,000	34,848	1,152
	<u>80,000</u>	<u>272,669</u>	<u>192,669</u>	<u>80,000</u>
Capital appropriations				
Debt service for capital appropriation:				
Principal on capital leases	103,620	103,620	103,620	-
Interest on capital leases	12,249	12,249	12,249	-
	<u>115,869</u>	<u>115,869</u>	<u>115,869</u>	<u>-</u>
Total debt service for capital appropriations				
Total operating appropriations	895,600	1,088,269	950,942	137,327
	<u>895,600</u>	<u>1,088,269</u>	<u>950,942</u>	<u>137,327</u>
Excess (efficiency) of revenues over (under) expenditures	-	(192,669)	(27,007)	165,662
	<u>1,647,348</u>	<u>1,647,348</u>	<u>1,647,348</u>	<u>-</u>
Fund balance, January 1				
Fund balance, December 31	<u>\$ 1,647,348</u>	<u>\$ 1,454,679</u>	<u>\$ 1,620,341</u>	<u>\$ 165,662</u>
RECAPITULATION OF FUND BALANCE:				
Fund balances:				
Restricted fund balance:				
Capital			479,369	
Assigned fund balance:				
Designated for subsequent year's expenditures			558,145	
Unassigned fund balance			<u>582,827</u>	
			<u>1,620,341</u>	
Total fund balances - budgetary basis				
Reconciliation to Governmental Funds, Fund Balance:				
Length of service awards program investment balance not recognized on the budgetary basis			<u>1,329,957</u>	
			<u>1,329,957</u>	
Total fund balance per Governmental Funds			<u>\$ 2,950,298</u>	

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Notes to the Required Supplementary Information
Budget-to-Governmental Funds Reconciliation
For the year ended December 31, 2023

	<u>Total Governmental Funds</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 923,935
Difference - Budget to Governmental Funds:	
Budgetary basis differs from Governmental Funds 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>189,565</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 1,113,500</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 950,942
Budgetary basis differs from Governmental Funds 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	(34,848)
Administrative fees	850
Participant withdrawals	<u>16,527</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 933,471</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, 2023

Description	Date of Financing	Term of Financing	Amount of Original Issue Principal	Interest	Annual Maturities Date	Annual Maturities Amount	Interest Rate Payable	Amount Outstanding December 31, 2022	Issued	Retired	Amount Outstanding December 31, 2023
Fire Apparatus	August 8, 2020	7 years	\$ 726,473	\$ 84,613	August 8, 2024	\$ 106,555	2.8327%	\$ -	\$ -	\$ (103,620)	\$ 328,806
					August 8, 2025	109,574	2.8327%				
					August 8, 2026	112,677	2.8327%				
					Total			\$ 432,426	\$ -	\$ (103,620)	\$ 328,806

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, 2023. 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 12, 2022 and adopted its operating budget on January 9, 2023.

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

March 14, 2024
Lakewood, New Jersey