

INFORMATION

Client Name:	SOUTH BRUNSWICK	ALL CAPS
	FIRE DISTRICT NO. 1	ALL CAPS
	OF THE TOWNSHIP OF SOUTH BRUNSWICK	ALL CAPS
Client Name:	RE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK	ALL CAPS
Client Name	Fire District No. 1 of the Township of South Brunswick	Proper
	Fire District No. 1 of the Township of South Brunswick (the "District")	
Client Town:	Kendall Park	Town
Client County:	County of Middlesex	County of
Client County Short:	Middlesex	County of
Client Town, State:	Kendall Park, New Jersey	Town, State
	South Brunswick, State of New Jersey	
	South Brunswick	Name
Balance Sheet:	DECEMBER 31, 2020	ALL CAPS
Income Statement:	YEAR ENDED DECEMBER 31, 2020	ALL CAPS
After 1st Page of Notes:	YEAR ENDED DECEMBER 31, 2020 (Continued)	ALL CAPS
Year Ended	December 31, 2020	Proper
For the year ended	For the year ended December 31, 2020	Proper
Short Year	2020	
Short Prior Year	2019	

AUDIT REPORT DATE

	July 30, 2021	
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AUDITOR INFORMATION

Partner:	HOLMAN FRENIA ALLISON P.C.	
Address:	Holman Frenia Allison, P. C.	
	680 Hooper Ave, Building B, Suite 201	
	Toms River, NJ 08753	
Partner Office:	Toms River, New Jersey	

LOSAP INFORMATION - DEFINED CONTRIBUTION

Adoption Date	November 9, 1998	
Election Date	February 20, 1999	
Eligibility Year	1999	

BUDGET INFORMATION

Fire Tax Rate	\$0.084	
Budget Introduction	December 10, 2018	
Budget Adoption	January 14, 2019	

SUBSEQUENT BUDGET INFORMATION

Fire Tax Rate	\$0.083	
Budget Introduction	December 3, 2019	
Budget Adoption	January 7, 2020	

DISTRICT LETTERHEAD INFORMATION

Fire District	Fire District No. 1 of the Township of South Brunswick	
Address:	125 New Road	
Short Address:	Kendall Park, New Jersey	
Phone:	(732)297-9900	
Fax:		
Website:	https://sbfd1.org/	
Intro:	Board of Fire Commissioners	

BOARD OF FIRE COMMISSIONERS

Berezansky	Sarah Berezansky	2021
Josephson	Richard Josephson	2022
Luterzo	Thomas J. Luterzo, Jr.	2022
Olson	Kris Olson	2021

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

Financial Statements and Supplementary Schedules

**For the year ended December 31, 2020
(With Independent Auditor's Report thereon)**

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 Financial Statements

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 (the "District"), County of Middlesex, State of New Jersey, as of and for the fiscal year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Township of South Brunswick, County of Middlesex, State of New Jersey, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April, 30, 2020, on our consideration of Fire District No. 1 of the Township of South Brunswick's internal control over financial reporting and 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 the 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

July 30, 2021
Toms River, New Jersey

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April, 30, 2020, on our consideration of Fire District No. 1 of the Township of South Brunswick's internal control over financial reporting and 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 the 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

July 30, 2021

Toms River, 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 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 as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire District No. 1 of the Township of South Brunswick's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness Fire District No. 1 of the Township of South Brunswick's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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* 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

July 30, 2021
Toms River, New Jersey

**SOUTH BRUNSWICK FIRE DISTRICT NO. 1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

As management of the Fire District No. 1 of the Township of South Brunswick (the "District") we offer 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, 2020. 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 12. 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, 2020 by approximately \$3,886,300. During 2019 the excess of assets over liabilities was approximately \$2,927,100. This is an increase of approximately \$959,200.
- During 2020 the Fire District operated at a surplus of approximately \$959,200. During 2019 the District operated at a surplus of approximately \$72,400. This is an increase of approximately \$886,800.
- The District's liabilities increased approximately \$632,000 in 2020 and their assets increased by approximately \$667,300.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Fire District No. 1 of the Township of South Brunswick'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 7. 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 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 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. Fire District No. 1 of the Township of South Brunswick has one basic function: activities that are supported by property taxes. Fire District No. 1 of the Township of South Brunswick provides firefighting services to the citizens of Kendall Park, New Jersey.

Fund Financial Statements

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

Governmental Funds

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

The District maintains two separate government funds, the General Fund and Capital Projects 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 and Capital Projects Fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the 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

Fire District No. 1 of the Township of South Brunswick's net position is a useful indicator of the District's financial condition. At the end of 2020, the District's assets exceeded its liabilities by approximately \$3,886,300. The largest portion of Fire District No. 1 of the Township of South Brunswick'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. Fire District No. 1 of the Township of South Brunswick'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.

Statement of Net Position

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK NET POSITION DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and other assets	\$ 2,961,722	\$ 2,099,337	862,385	41.08%
Capital assets	<u>1,675,596</u>	<u>1,870,695</u>	(195,099)	(10.43%)
Total assets	4,637,318	3,970,032	667,286	16.81%
Total liabilities	<u>(1,674,921)</u>	<u>(1,042,921)</u>	632,000	60.60%
Net position	<u>\$ 2,962,397</u>	<u>\$ 2,927,111</u>	35,286	1.21%

Analysis of net position

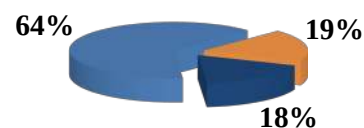
Invested in capital assets, net of related debt	\$ 1,562,919	\$ 1,870,695	(307,776)	(16.45%)
Restricted for:				
Capital projects	(119,435)	543,201	(662,636)	(121.99%)
Unrestricted	<u>2,442,862</u>	<u>513,215</u>	1,929,647	375.99%
Total net position	<u>\$ 3,886,346</u>	<u>\$ 2,927,111</u>	959,235	32.77%

2020 Net Position



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

2019 Net Position



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

The net position of the District increased approximately \$959,200 as a result of the current year surplus. In 2020 the capital assets decreased by approximately (\$195,100) after depreciation expense.

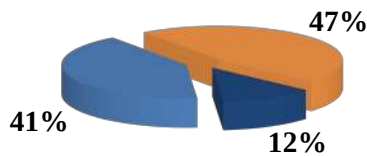
Governmental Activities

The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

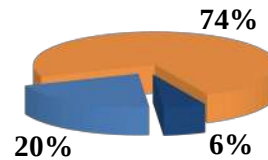
	<u>2020</u>	<u>2019</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 153,802	\$ 160,497	(6,695)	(4.17%)
Cost of operations and maintenace	(173,247)	579,270	(752,517)	(129.91%)
Length of service awards program contribution	<u>44,961</u>	<u>44,642</u>	319	0.71%
Total program expenses	<u>\$ 25,516</u>	<u>\$ 784,409</u>	(758,893)	(96.75%)

2020 Program Expenses



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

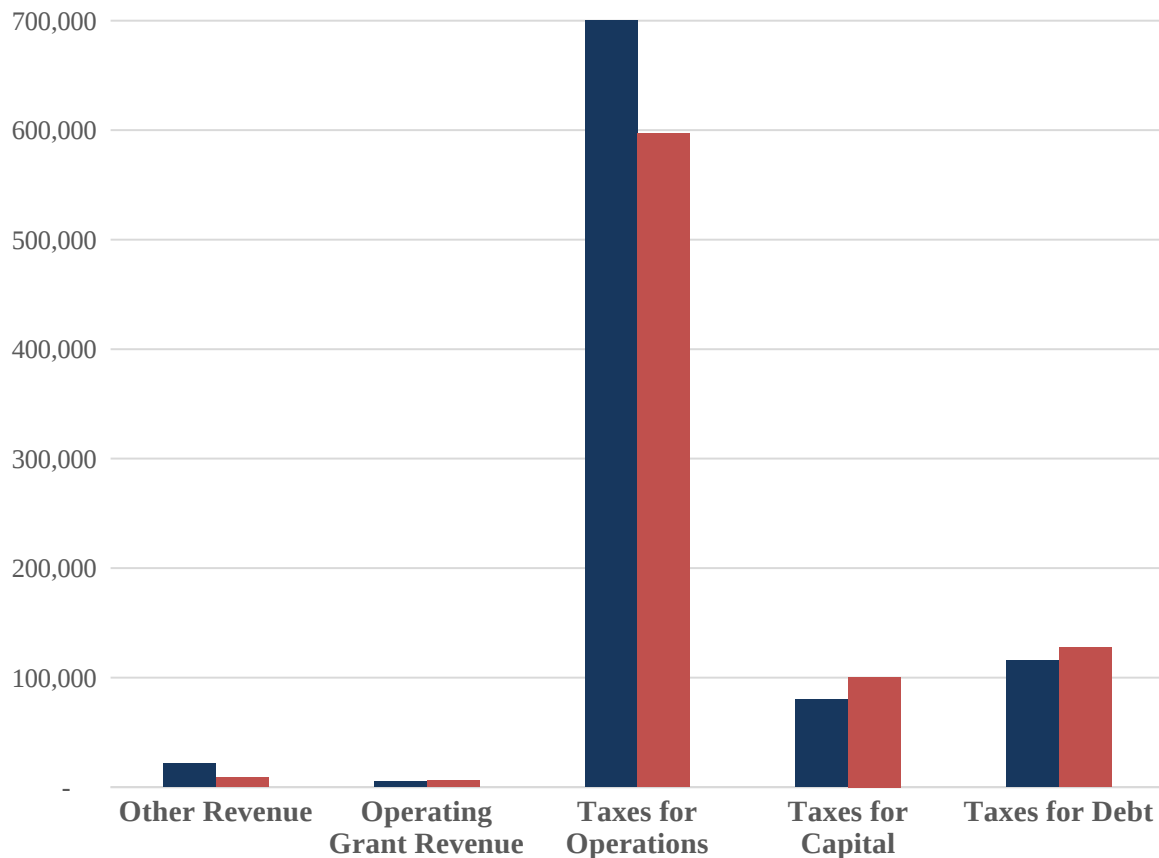
2019 Program Expenses



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

	<u>2020</u>	<u>2019</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General revenues:				
Property taxes levied for:				
General purposes	\$ 769,599	\$ 596,934	172,665	28.93%
Capital purchases	80,000	100,500	(20,500)	(20.40%)
Debt service	<u>115,871</u>	<u>127,230</u>	(11,359)	(8.93%)
Total property taxes levied	965,470	824,664	140,806	17.07%
Other revenue	21,788	8,568	13,220	154.30%
Operating grant revenue	<u>5,057</u>	<u>6,298</u>	(1,241)	(19.70%)
Total general revenues	<u>992,315</u>	<u>839,530</u>	152,785	18.20%
Increase in net position	966,799	55,121	911,678	1653.96%
Net position, January 1	<u>2,864,790</u>	<u>2,809,669</u>	55,121	1.96%
Net position, December 31	<u>\$ 3,831,589</u>	<u>\$ 2,864,790</u>	966,799	33.75%

Revenues



■ 2020 Revenues ■ 2019 Revenues

The Cost of Operations & Maintenance comprised -679% of the District's total expenses in 2020 and 2019. Administration expenses comprised 603% of the total expenses in 2020 and 2019.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Fire District No. 1 of the Township of South Brunswick 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, 2020, the combined balance of the governmental cash funds of the District was approximately \$1,329,900. This balance is approximately \$284,300 higher than last year's combined governmental funds balance.

The combined balance of the governmental funds of the District was approximately \$2,308,500. Unassigned fund balance amounted to approximately \$869,300 of that total.

The general fund is the main operating fund of the District. At the end of 2020, the total fund balance of the general fund was approximately \$2,427,900. Of this balance, approximately \$869,300 was unassigned.

During 2020, the general fund balance of the District increased by approximately \$951,700. The primary reason for this increase is as follows:

- Err:509

At the end of 2020, the District had a capital projects fund balance of approximately (\$119,400). This is a decrease of (\$662,600). The primary reason for this decrease is as follows:

- Err:509

General Fund Budgetary Highlights

The 2020 budget had a deficit in revenues and the District required the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

- The District had total actual revenues in excess of budgeted revenues of approximately \$133,900 in 2020.
- Overall, the District's expenditures were approximately \$128,900 less than originally anticipated in the operating budget for 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020 the District had invested in capital assets for government activities of approximately \$1,675,600 (net of accumulated depreciation). Capital assets consist of building and building improvements, equipment and vehicles and apparatus.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION
DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>\$ Increase (Decrease)</u>
Depreciable:			
Building and building improvements	1,583,315	1,583,315	-
Equipment	640,988	623,588	17,400
Vehicles and apparatus	<u>3,525,001</u>	<u>2,785,753</u>	739,248
Total depreciable assets	<u>5,749,304</u>	<u>4,992,656</u>	756,648
Accumulated depreciation	<u>(3,126,781)</u>	<u>(3,121,961)</u>	(4,820)
Total capital assets, net of accumulated depreciation	<u>\$ 2,622,523</u>	<u>\$ 1,870,695</u>	751,828

Additional information on the District's capital assets can be found in Note 6 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District adopted their 2021 budget on December 9, 2020. The voters subsequently voted to approve the budget at the February election. The 2021 adopted budget reflected an increase in the tax levy of \$10,181, 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 Fire District No. 1 of the Township of South Brunswick's finances. Questions concerning any information provided in this report or requested for additional information, should be addressed to, Fire District No. 1 of the Township of South Brunswick, 125 New Road, Kendall Park, New Jersey.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
District Wide Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash (Note 3)	\$ 1,329,896
Accounts receivable (Note 4)	-
Prepaid expenses	73,222
Total current assets	1,403,118
Non-current assets:	
Investment in length of service awards program:	
at fair value (Note 5)	1,425,872
at contract value (Note 6)	132,732
Total investment in length of service awards program	1,558,604
Capital assets, net:	
Depreciable (Note 7)	1,675,596
Total capital assets, net	1,675,596
Total non-current assets	3,234,200
Total assets	\$ 4,637,318
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 2,372
Accrued expenses	-
Accrued interest payable	1,268
Current portion capital leases payable (Note 8)	97,990
Total current liabilities	101,630
Non-current liabilities:	
Capital leases payable, net of current portion (Note 8)	14,687
Length of service awards program payable (Note 8)	1,558,604
Total non-current liabilities	1,573,291
Total liabilities	1,674,921
Net position:	
Net investment in capital assets	1,562,919
Restricted for:	
Capital Projects	(119,435)
Unrestricted (Note 15)	2,442,862
Total net position	3,886,346
Total liabilities and net position	\$ 5,561,267

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
District Wide Statement of Activities
For the year ended December 31, 2020

	<u>Expenses</u>	<u>Governmental Activities</u>
Governmental activities:		
Operating appropriations:		
Administration	\$ 153,802	\$ 153,802
Costs of operations and maintenance	(173,247)	(173,247)
Interest expense	7,564	7,564
Length of service awards program contribution	44,961	44,961
Total governmental activities	<u>\$ 33,080</u>	<u>33,080</u>
General revenues:		
Miscellaneous revenue		21,788
Operating grant revenues		5,057
Amount raised by taxation		<u>965,470</u>
Total general revenues		<u>992,315</u>
Change in net position		959,235
Net position, January 1		<u>2,927,111</u>
Net position, December 31		<u>\$ 3,886,346</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Governmental Funds
Balance Sheet
December 31, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
Assets:				
Current assets:				
Cash	\$ 1,329,896	\$ -	\$ -	\$ 1,329,896
Accounts Receivable	0	-	-	-
Other receivables	-	223,168	-	223,168
Total current assets	1,329,896	223,168	-	1,553,064
Non-current assets:				
Investment in length of service awards program:				
at fair value	1,425,872	-	-	1,425,872
at contract value	132,732	-	-	132,732
Total investment in length of service awards program	1,558,604	-	-	1,558,604
Total assets	\$ 2,888,500	\$ 223,168	\$ -	\$ 3,111,668
Liabilities, equity and other credits:				
Accounts payable	\$ 2,372	\$ -	\$ -	\$ 2,372
Accrued expenses	0	-	-	-
Other payables	223,168	-	-	223,168
Total liabilities, equity and other credits	225,540	-	-	225,540
Fund balances				
Restricted for:				
Capital projects	-	(119,435)	-	(119,435)
Length of service awards program	1,558,604	-	-	1,558,604
Unassigned	869,304	-	-	869,304
Total fund balance	2,427,908	(119,435)	-	2,308,473
Total liabilities and fund balance	\$ 2,653,448	\$ (119,435)	\$ -	
 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.				
				73,222
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,752,692 and the accumulated depreciation is \$3,321,702.				
				1,675,596
 Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.				
				(1,268)
 Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.				
				(1,671,281)
Net position of governmental activities				\$ 2,384,742

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, 2020

	<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	\$ 24,087	\$ -	\$ -	\$ 24,087
Investment income - length of service awards program	136,424	-	-	136,424
Other revenue	(2,299)	-	-	(2,299)
Total miscellaneous revenues	<u>158,212</u>	<u>-</u>	<u>-</u>	<u>158,212</u>
Operating grant revenues:				
Supplemental fire service act	5,057	-	-	5,057
Total operating grant revenue	<u>5,057</u>	<u>-</u>	<u>-</u>	<u>5,057</u>
Total revenues	<u>163,269</u>	<u>-</u>	<u>-</u>	<u>163,269</u>
Amount raised by taxation to support district budget	769,599	80,000	115,871	965,470
Total anticipated revenues	<u>932,868</u>	<u>80,000</u>	<u>115,871</u>	<u>1,128,739</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	112,019	-	-	112,019
Fringe benefits	3,134	-	-	3,134
Other expenditures:				
Professional fees	25,935	-	-	25,935
Elections	7,650	-	-	7,650
Medical services	1,040	-	-	1,040
Dues and subscriptions	2,288	-	-	2,288
Office supplies	1,382	-	-	1,382
Advertising	354	-	-	354
Total administration	<u>153,802</u>	<u>-</u>	<u>-</u>	<u>153,802</u>

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, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Operating appropriations:				
Cost of operations and maintenance:				
Fire protection services	139,500	-	-	139,500
Fire marshal services	15,000	-	-	15,000
Insurance	82,878	-	-	82,878
Incentive program	9,519	-	-	9,519
Sub station	28,814	-	-	28,814
Communication costs	14,617	-	-	14,617
Fire prevention program	3,413	-	-	3,413
Travel	6,181	-	-	6,181
Training and education	5,046	-	-	5,046
Firefighter fitness	-	-	-	-
Equipment maintenance and repairs	51,640	-	-	51,640
Firefighting supplies	2,858	-	-	2,858
Support services - EMS	-	-	-	-
Bank service charges	666	-	-	666
Ladder/hose testing	-	-	-	-
Uniforms	4,560	-	-	4,560
Maintenance agreements	1,910	-	-	1,910
Other non-bondable assets	(694,574)	-	-	(694,574)
Total cost of operations and maintenance	<u>(327,722)</u>	<u>-</u>	<u>-</u>	<u>(327,722)</u>
Length of service awards program				
Administrative fees	950	-	-	950
Participant withdrawals	154,156	-	-	154,156
Total length of service awards program	<u>155,106</u>	<u>-</u>	<u>-</u>	<u>155,106</u>
Capital appropriations	<u>-</u>	<u>742,636</u>	<u>-</u>	<u>742,636</u>
Debt service for capital appropriation:				
Principal on capital leases	-	-	109,575	109,575
Interest on capital leases	-	-	6,296	6,296
Total debt service for capital appropriations	<u>-</u>	<u>-</u>	<u>115,871</u>	<u>115,871</u>
Total operating appropriations	<u>(18,814)</u>	<u>742,636</u>	<u>115,871</u>	<u>839,693</u>
Excess (efficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>951,682</u>	<u>(662,636)</u>	<u>-</u>	<u>289,046</u>
Other financing sources (uses):				
Proceeds from capital leases	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (efficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	951,682	(662,636)	-	289,046
Fund balance, January 1	1,476,226	543,201	-	2,019,427

Fund balance, December 31

<u>\$ 2,427,908</u>	<u>\$ (119,435)</u>	<u>\$ -</u>	<u>\$ 2,308,473</u>
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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Reconciliation of Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance
to the District Wide Statement of Activities
December 31, 2020**

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 289,046

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	(45,356)	
	Current year	<u>73,222</u>	27,866

Length of service awards program (LOSAP) contribution is not reported in governmental funds as expenditures. However, in the district wide statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government wide financial statements as it is payable to the volunteers in accordance with the plan benefits.

	Length of service awards program expense	(44,961)	
	Appreciation of investments	(136,424)	
	Administrative fees	950	
	Participant withdrawals	<u>154,156</u>	(26,279)

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	17,400	
	Capital Outlays - Capital Projects Fund	742,636	
	Depreciation expense	<u>(199,741)</u>	560,295

Interest on long-term debt in the district wide statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

	Prior year	-	
	Current year	<u>(1,268)</u>	(1,268)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities. 109,575

Proceeds from capital leases are recorded as an other financing source (use) in the governmental funds but the proceeds are as long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities.

-

Changes in net position of governmental activities

\$ 959,235

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Fiduciary Funds
Statement of Net Position
December 31, 2020

	Payroll Agency	Flexible Spending Plan	December 31, 2020
Assets:			
Cash	\$ - #	\$ - #	\$ -
Other receivable	-	-	-
Total assets	\$ -	\$ -	\$ -
	#	#	
Liabilities:			
Payroll liabilities	-	-	\$ -
Other liabilities	\$ - #	\$ - #	-
Total liabilities	- #	- #	-
Net position:			
Held in trust for:			
Payroll agency	-	-	-
Flexible spending plan	-	-	-
Total net position	-	-	-
Total liabilities and net position	\$ -	\$ -	\$ -

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended December 31, 2020

	<u>Flexible Spending Plan</u>	<u>Unemployment Compensation</u>	<u>December 31, 2020</u>
Additions:			
Contributions:			
Contributions from District	\$ -	\$ -	\$ -
Contributions from employees	-	-	-
Total contributions	-	-	-
Investment earnings:			
Net appreciation of investments	-	-	-
Total investment earnings	-	-	-
Total additions	-	-	-
Expenditures:			
Medical expenses	-	-	-
Total expenditures	-	-	-
Other financing sources and uses			
Transfer to General Fund	-	-	-
Total other financing sources and uses	-	-	-
Change in net position	-	-	-
Net position, January 1	-	-	-
Net position, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1 of the Township of South Brunswick (the "District") is a political subdivision of the Township of South Brunswick, State of New Jersey. A board of five commissioners 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 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 holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District;
- there is a fiscal dependency by the organization on the District.

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

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2020:

<u>Officials:</u>	<u>Term Expires</u> <u>March</u>
Sarah Berezansky	2021
Richard Josephson	2022
Thomas J. Luterzo, Jr.	2022
Kris Olson	2021
William Orchard	2023

C. Accounting Records

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

NOTE 1: GENERAL INFORMATION (continued)

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: 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, 2019.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate “fund types.”

Governmental Funds:

General Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as firehouses and fire-fighting 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.

C. District Wide and Fund Financial Statements

District Wide Financial Statements

The district-wide financial statements (A-1 and A-2) include the statement of net position and the 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 statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. District Wide and Fund Financial Statements (continued)

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

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

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

Fund Financial Statements

The fund financial statements provide detail of the governmental and fiduciary funds.

D. Basis of Accounting

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

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

In its accounting and financial reporting, the District follows the pronouncements of the GASB and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by the Financial Accounting Standards Board (FASB) after November 30, 1989.

E. 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 fire commissioners must introduce and adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the 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.*

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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Encumbrances

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. The District did not have any encumbrances as of December 31, 2020.

G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity.

Fire districts are required by *N.J.S.A. 40A: 5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5- 15.1* provides a list of investments that may be purchased by fire districts.

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

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

H. Prepaid Expenses

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Debt Limitation

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase 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.

J. Capital Assets

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

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

Building and building improvements	5 to 40 Years
Equipment	5 to 15 Years
Vehicles and Apparatus	5 to 20 Years

K. Inventory, Materials and Supplies

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

L. Interfund Receivable/Payable

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

M. Revenues and Expenditures

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. 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.

O. 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 Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

P. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Net Position (continued)

- 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.

Q. Use of Estimates

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

R. Impact of Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Implementation of this statement did not have a significant impact on the District's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Implementation of this statement did not have a significant impact on the District's financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future fiscal years as shown below.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 31, 2019. Management has not yet determined the potential impact on the District's financial statements.

S. Unrealized Gains and Losses

GASB has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2020, unrealized gains and losses for the District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

T. 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 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 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 of Commissioners determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance company. See Note 4 and Note 5 for discussion of fair value and contract value measurements, respectively.

U. Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2020 through the date of July 30, 2021, which is the date the financial statements were available to be issued. See Note 13 for additional information.

NOTE 3: CASH AND CASH EQUIVALENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2020, and reported at fair value are as follows:

	Carrying Value
Deposits	
Demand deposits	\$ 1,329,896
Total deposits	<u>\$ 1,329,896</u>

Reconciliation to Governmental Fund Statements:

Governmental Funds	\$ 1,329,896
Total	<u>\$ 1,329,896</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020 the District's bank balance of \$1,056,035 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized not in the District's name (New Jersey Cash Management Fund)	381,850
Collateralized in the District's name under GUDPA	<u>424,185</u>
Total	<u>\$ 1,056,035</u>

NOTE 4: INVESTMENTS HELD AT FAIR VALUE

A. 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 and are collateralized by GUDPA.

B. 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.

NOTE 4: INVESTMENTS HELD AT FAIR VALUE (continued)

C. Investment Credit Risk

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

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

D. Fair Value Measurement

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

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

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

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.

NOTE 4: INVESTMENTS HELD AT FAIR VALUE (continued)

D. Fair Value Measurement (continued)

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 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 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, 2020:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Registered investment companies	\$ 1,425,872	\$ -	\$ -	\$ 1,425,872
Total investments at fair value	<u>\$ 1,425,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,425,872</u>

NOTE 5: INVESTMENTS HELD AT CONTRACT VALUE

The District held a fully benefit-responsive investment contract with Lincoln Financial (Lincoln) totaling \$132,732 as of December 31, 2020. 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.

NOTE 5: INVESTMENTS HELD AT CONTRACT VALUE (continued)

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).

NOTE 6: 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, the District may purchase fire fighting 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, 2020:

	Balance			Balance
	01/01/20	Additions	Retirements	12/31/20
Governmental Activities:				
Building and building improvements	\$ 1,583,315	\$ -	\$ -	\$ 1,583,315
Equipment	623,588	17,400	-	640,988
Vehicles and apparatus	2,785,753	739,248	-	3,525,001
Total	4,992,656	756,648	-	5,749,304
Accumulated Depreciation:				
Building and building improvements	(732,868)	-	-	(732,868)
Equipment	(619,825)	(1,740)	-	(621,565)
Vehicles and apparatus	(1,769,268)	(3,080)	-	(1,772,348)
Total accumulated depreciation	(3,121,961)	(4,820)	-	(3,126,781)
Total capital assets net of accumulated depreciation	\$ 1,870,695	\$ 751,828	\$ -	\$ 2,622,523

NOTE 7: LONG TERM OBLIGATIONS

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

Balance	Increases/	Balance	Due within
----------------	-------------------	----------------	-------------------

	<u>12/31/19</u>	<u>(Decreases)</u>	<u>12/31/20</u>	<u>One Year</u>
Length of service awards program payable	<u>\$ 1,008,367</u>	<u>\$ 192,248</u>	<u>\$ 1,200,615</u>	<u>\$ -</u>
Total	<u><u>\$ 1,008,367</u></u>	<u><u>\$ 82,673</u></u>	<u><u>\$ 1,091,040</u></u>	<u><u>\$ -</u></u>

NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM

The District's length of service awards program ("LOSAP"), which is reported in the District's general fund, was created by a resolution adopted on November 9, 1998 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 voters of the District approved the adoption of the LOSAP Plan at the general election held on February 20, 1999, and the first year of eligibility for entrance into the LOSAP Plan by qualified volunteers was calendar year 1999. The LOSAP Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters serving the residents of the Township of Middlesex come from contributions made solely by the governing body of the District, on behalf of those volunteers who meet the criteria of a LOSAP Plan created by that governing body. Participants should refer to the LOSAP Plan agreement for a more complete description of the LOSAP Plan's provisions.

Contributions

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

The District elected to contribute up to \$1,717 for the year ended December 31, 2020, per eligible volunteer, into the LOSAP Plan. During the year ended December 31, 2020, the District contributed a total of \$44,961 to the plan. Participants direct the investment of the contributions into various investment options offered by the LOSAP Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the LOSAP Plan. The types of investment options, and the administering of such investments, rests solely with the LOSAP plan administrator.

Participant Accounts

Each participant's account is credited with the District's contribution and LOSAP Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The District has placed the amounts deferred, including earnings, in a trust maintained by Lincoln Financial Group (Lincoln) ("Plan Administrator"),

NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Vesting

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

Payments of Benefits

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the LOSAP Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local Plan Administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2020, payouts of \$154,156 were made to vested participants.

Forfeited Accounts

There were no forfeitures during the year ended December 31, 2020.

Investments

The investments of LOSAP reported on the governmental funds balance sheet are recorded at fair value and contract value. (See Note 2).

Plan Information

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

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 10: FUNDING

The activities of the Board of Commissioners are primarily funded by striking a fire tax rate on property owners of the District, as provided for by the state statute. For the year ended December 31, 2020, the fire tax rate on the District was \$.084 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 basic entitlement grant of \$5,057.

NOTE 11: INTERFUND RECEIVABLE/PAYABLE

The purpose of the interfunds is for short-term borrowing. As of December 31, 2020, the following interfund balances remained on the balance sheet:

Fund	Interfund receivable	Interfund payable
General Fund	\$ -	\$ 223,168
Capital Projects Fund	223,168	-
Total	<u>\$ 223,168</u>	<u>\$ 223,168</u>

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

As previously mentioned, these amounts are eliminated in the governmental columns of the statement of net position.

NOTE 12: FUND BALANCE**General Fund**

Of the \$2,427,908 General Fund balance at December 31, 2020, \$1,558,604 has been restricted for length of service awards program, \$869,304 is unassigned.

Capital Projects Fund

Of the -\$119,435 Capital Projects Fund balance at December 31, 2020, -\$119,435 has been restricted for capital projects.

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

NOTE 13: SUBSEQUENT EVENTS

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread to over 120 countries, and the list is expected to continue to grow. The coronavirus outbreak is still evolving and its effects remain unknown. The District is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the District's operations.

FORMULA DO NOT DELETE COPY LEFT COMPONENT UNIT NOTED

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 had a component unit as of for the year ended December 31, 2020; see Note 9 for additional information.

\$	-
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CLIENT SPECIFIC

CLIENT SPECIFIC

\$ -

\$ -

\$	-
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\$	946,927
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\$

(357,989)

*** DEFINE CONTRIBUTION ONLY!**

0

\$	-
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Of the \$2,427,908 General Fund fund balance at December 31, 2020, \$ has been assigned to be designated for subsequent year's expenditures, and \$869,304 is unassigned.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Budgetary Comparison Schedule
For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Budget Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous revenues:				
Investment income	\$ -	\$ -	\$ 24,087	\$ 24,087
Other revenue	-	-	(2,299)	(2,299)
Total miscellaneous revenues	-	-	21,788	21,788
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	26,845	20,545
Amount raised by taxation to support district budget	852,120	852,120	965,470	113,350
Total anticipated revenues	858,420	858,420	992,315	133,895
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	145,000	145,000	112,019	32,981
Fringe benefits	2,200	2,200	3,134	(934)
Other expenditures:				
Professional fees	15,500	15,500	25,935	(10,435)
Elections	6,000	6,000	7,650	(1,650)
Medical services	5,500	5,500	1,040	4,460
Dues and subscriptions	1,000	1,000	2,288	(1,288)
Office supplies	2,000	2,000	1,382	618
Regulation compliance	500	500	-	500
Advertising	2,000	2,000	354	1,646
Total administration	179,700	179,700	153,802	25,898
Cost of operations and maintenance:				
Other expenditures:				
Fire protection services	131,500	131,500	139,500	(8,000)
Fire marshal services	30,000	30,000	15,000	15,000
Insurance	76,500	76,500	82,878	(6,378)
Incentive program	19,200	19,200	9,519	9,681
Sub station	29,500	29,500	28,814	686
Communication costs	11,000	11,000	14,617	(3,617)
Fire prevention program	5,000	5,000	3,413	1,587
Travel	10,000	10,000	6,181	3,819
Training and education	8,000	8,000	5,046	2,954

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2020

	Original Budget	Budget Budget	Actual Budgetary Basis	Variance
Cost of operations and maintenance (continued):				
Other expenditures (continued):				
Firefighter fitness	4,000	4,000	-	4,000
Equipment maintenance and repairs	47,000	47,000	51,640	(4,640)
Firefighting supplies	3,000	3,000	2,858	142
Support services - EMS	5,000	5,000	-	5,000
Bank service charges	2,000	2,000	666	1,334
Ladder/hose testing	5,500	5,500	-	5,500
Public relations	2,000	2,000	250	1,750
Uniforms	650	650	4,560	(3,910)
Maintenance agreements	2,500	2,500	1,910	590
Other non-bondable assets	42,500	42,500	(694,574)	737,074
Total cost of operations and maintenance	<u>434,850</u>	<u>434,850</u>	<u>(327,722)</u>	<u>762,572</u>
Length of service awards program	<u>48,000</u>	<u>48,000</u>	<u>44,961</u>	<u>3,039</u>
Capital appropriations	<u>80,000</u>	<u>80,000</u>	<u>742,636</u>	<u>(662,636)</u>
Debt service for capital appropriation:				
Principal on capital leases	95,291	95,291	109,575	(14,284)
Interest on capital leases	20,579	20,579	6,296	14,283
Total debt service for capital appropriations	<u>115,870</u>	<u>115,870</u>	<u>115,871</u>	<u>(1)</u>
Total operating appropriations	<u>858,420</u>	<u>858,420</u>	<u>729,548</u>	<u>128,872</u>
Excess (efficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	262,767	262,767
Other financing sources (uses):				
Proceeds from capital leases	-	-	0	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (efficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	-	-	262,767	262,767
Fund balance, January 1	<u>1,011,060</u>	<u>1,011,060</u>	<u>1,011,060</u>	<u>-</u>
Fund balance, December 31	<u>\$ 1,011,060</u>	<u>\$ 1,011,060</u>	<u>\$ 1,273,827</u>	<u>\$ 262,767</u>
RECAPITULATION OF FUND BALANCE:				
Fund balances:				
Restricted fund balance:				
Capital			(119,435)	
Assigned fund balance:				
Unassigned fund balance			<u>869,304</u>	
Total fund balances - budgetary basis			<u>749,869</u>	
Reconciliation to Governmental Activities (GAAP) fund balance:				
Length of service awards program investment balance not recognized on the budgetary basis			<u>1,558,604</u>	
Total fund balance per Governmental Activities (GAAP)			<u>\$ 2,308,473</u>	

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System
 Last Seven Fiscal Years ***

	Measurement Date Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,996
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Schedule of District Contributions
Public Employee's Retirement System
Last Seven Fiscal Years *

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
District's Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Contribution in Relation to the Contractually Required Contribution	-	-	-	-	-	-
District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Contributions as a Percentage of it's Covered-Employee Payroll	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

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

EXHIBIT L-2

<hr/>	
2013	
\$	-
	-
\$	-
\$	-

#DIV/0!

on for those years

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Notes to the Required Supplementary Information
For the year ended December 31, 2020

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

Police and Firemen's Retirement System (PFRS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 6.14% as of June 30, 2017, to 6.51% as of June 30, 2018.

Other Post-Employment Benefits (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 4.10% as of December 31, 2018, to 2.74% as of December 31, 2019.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the year ended December 31, 2020

Description	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding January 1, 2020	Issued	Retired	Amount Outstanding December 31, 2020
			Principal	Interest					
						\$ -	\$ -	\$ 109,575	\$ (109,575)
					Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,575</u>	<u>\$ (109,575)</u>

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, County of Middlesex, State of New Jersey for the year ended December 31, 2020. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the General Comments and Recommendations for the year then ended.

GENERAL COMMENTS

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

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

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

Review of the minutes and financial transactions 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.

Capital Assets

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

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.

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 10, 2018 and adopted its operating budget on January 14, 2019.

Current Year Findings

There were no current year findings.

Follow-up on Prior Years' 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 contact us.

HOLMAN FRENIA ALLISON, P. C.
Certified Public Accountants

July 30, 2021
Toms River, New Jersey

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the year ended December 31, 2019

	<u>Total Governmental Funds</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 992,315
Difference - Budget to GAAP:	
<p>Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:</p>	
Appreciation of investments	<u>136,424</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 1,128,739</u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 729,548
<p>Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the Plan.</p>	
Length of service awards program expense	(44,961)
Administrative fees	950
Participant withdrawals	<u>154,156</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 839,693</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the year ended December 31, 2020

Description	Date of Lease	Term of Lease	Amount of Original Issue		Annual Maturities		Interest Rate Payable	Amount Outstanding	Issued	Retired	Amount Outstanding
			Principal	Interest	Date	Amount		December 31, 2019			December 31, 2020
Capital Lease - Fire Truck	August 8, 2020	7 years	\$ 726,473	\$ 84,613	August 8, 2021	\$ 97,990	2.8327%	\$ -	\$ 726,473	\$ 109,575	\$ 616,898
					August 8, 2022	100,766	2.8327%				
					August 8, 2023	103,620	2.8327%				
					August 8, 2024	106,555	2.8327%				
					August 8, 2025	109,574	2.8327%				
					August 8, 2026	112,677	2.8327%				
							Total	\$ -	\$ 726,473	\$ 109,575	\$ 616,898

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
County of Middlesex

As required by *N.J.S.A. 40A:5A-16* the following is a synopsis of the audit of the financial statements and supplementary data for the year ended December 31, 2024.

Governmental Funds
Balance Sheet
For the year ended December 31, 2024

	Total Governmental Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,440,545
Intergovernmental accounts receivable:	
Local	238,088
Other receivables (interfund)	332,043
Total current assets	2,010,676
Non-current assets:	
Investment in length of service awards program	
at fair value	1,352,376
at contract value	179,949
Total investment in length of service awards program	1,532,325
Total non-current assets	1,532,325
Total assets	\$ 3,543,001
Liabilities, equity and other credits:	
Accounts payable	\$ 2,221
Accrued expenses	86,099
Other payables (interfund)	332,043
Total liabilities, equity and other credits	420,363
Fund balances	
Restricted for:	
Capital Projects	763,149
Length of service awards program	1,532,325
Assigned for:	
Subsequent year's expenditures	200,000
Unassigned	627,164
Total fund balance	3,122,638
Total liabilities and fund balance	\$ 3,543,001

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
County of Middlesex

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
December 31, 2024

	<u>Total Governmental Funds</u>
Revenues:	
Miscellaneous anticipated revenues:	
Interest on investments and deposits	\$ 32,577
Appreciation in the value length of service awards program	214,252
Miscellaneous revenues	<u>77,342</u>
Total miscellaneous revenues	<u>324,171</u>
Operating grant revenues	
Supplemental Fire Service Act	<u>5,057</u>
Total operating grant revenue	<u>5,057</u>
Amount raised by taxation to support district budget	<u>932,124</u>
Total revenues	<u>1,261,352</u>
Expenditures:	
Operating appropriations:	
Administration:	
Salaries and wages	129,082
Fringe benefits	46,962
Other expenditures:	
Advertising	844
Dues and subscriptions	2,462
Elections	7,941
Professional services	2,365
Regulation compliances	<u>17,751</u>
Total administration	<u>207,407</u>
Cost of operations and maintenance:	
Salaries and wages	637,389
Fringe benefits	<u>30,808</u>
Other expenditures	
Bank service charges	666
Communication costs	11,920
Equipment maintenance and repairs	46,889
Fire marshal services	22,500
Fire prevention program	888
Fire protection services	139,500
Firefighter fitness	1,980
Firefighting supplies	10,646
Incentive program	79,551
Insurance	12,479
Ladder and hose testing	4,718
Maintenance agreements	1,910
Other non-bondable assets	47,624
Public relations	27,357
Substation	5,000
0	3,315
0	4,578
0	<u>3,191</u>
Total cost of operations and maintenance	<u>1,092,909</u>
Capital appropriations:	
Command Vehicles	<u>191,220</u>
Total capital appropriations	<u>191,220</u>
Length of service awards program:	
Administrative fees	875
Participant withdrawals	<u>53,492</u>
Total length of service awards program	<u>54,367</u>
Debt service for capital appropriation:	
Principal payment on debt service	106,555
Interest payment on debt service	<u>9,314</u>
Total debt service for capital appropriations	<u>115,869</u>
Total operating appropriations	<u>1,661,772</u>
Excess (efficiency) of revenues over (under) expenditures	(400,420)
Fund balance, January 1	<u>2,950,298</u>
Fund balance, December 31	<u>\$ 2,549,878</u>

For the year ended December 31, 2024, there were no recommendations submitted.

The above synopsis was prepared from the report of the audit of the Fire District No. 1 of the Township of South Brunswick as of December 31, 2024.

This report was submitted by Holman Frenia Allison, P. C., Certified Public Accountants, and is on file at the office of the Fire District No. 1 of the Township of South Brunswick, 125 New

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
County of Middlesex, State of New Jersey

As required by *N.J.S.A. 40A:5A-16* the following is a synopsis of the audit of the basic financial statements, required and supplementary information for the year ended December 31, 2025.

Governmental Funds
Balance Sheet
December 31, 2025

	Total Governmental Funds
ASSETS	
Current assets:	
Cash	\$ 1,779,326
Other receivable (interfund)	407,998
Total current assets	2,187,324
Noncurrent assets:	
Investment in length of service awards program:	
at fair value	1,359,160
at contract value	199,444
Total investment in length of service awards program	1,558,604
Total noncurrent assets	1,558,604
Total assets	\$ 3,745,928
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 2,372
Other payables (interfund)	407,998
Total liabilities	410,370
Fund balance:	
Restricted for:	
Capital	857,428
Investment in length of service awards program	1,558,604
Assigned for:	
Subsequent year's expenditures	218,500
Unassigned, reported in:	
General fund	701,026
Total fund balance	3,335,558
Total liabilities and fund balance	\$ 3,745,928

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF SOUTH BRUNSWICK
County of Middlesex, State of New Jersey

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2025

	Totals
	Governmental
	Funds
	<hr/>
Revenues:	
District taxes	\$ 965,470
Appreciation in the value length of service awards program	136,424
Interest on investments and deposits	21,789
Operating grant revenues	5,057
	<hr/>
Total revenues	1,128,740
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Operating appropriations:	
Administration	153,623
Cost of operations and maintenance	485,499
Capital appropriations	5,721
Length of service awards program	155,107
Debt service for capital appropriations	115,870
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Total operating appropriations	915,820
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Excess of revenues over operating appropriations	212,920
Fund balance, January 1	3,122,638
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Fund balance, December 31	\$ 3,335,558
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For the year ended December 31,2025, there were no recommendations submitted.

The above synopsis was prepared from the report of the audit of the Fire District No. 1 of the Township of South Brunswick as of December 31, 2025.

This report was submitted by Holman Frenia Allison, P. C., Certified Public Accountants, and is on file at the office of the Fire District No. 1 of the Township of South Brunswick, 125 New Road, Kendall Park, New Jersey and may be inspected by any interested person.