

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Audit Report
For the Year Ended December 31, 2022

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Audit Report
For the Year Ended December 31, 2022

INDEX

	PAGE
INDEPENDENT AUDITOR’S REPORT	1-3
<u>REQUIRED SUPPLEMENTARY INFORMATION: PART I</u>	
<i>MD&A: Management’s Discussion & Analysis</i>	4-8
<u>BASIC FINANCIAL STATEMENTS</u>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
EXHIBIT A: <i>Statement of Net Position</i>	9
EXHIBIT B: <i>Statement of Activities</i>	10
EXHIBIT C: <i>Statement of Cash Flows</i>	11
<u>FUND FINANCIAL STATEMENTS</u>	
SCHEDULE 1: <i>Balance Sheet</i>	12
SCHEDULE 2: <i>Statement of Revenues, Expenditures & Changes in Fund Balances</i>	13-14
NOTES TO FINANCIAL STATEMENTS	15-25
<u>REQUIRED SUPPLEMENTARY INFORMATION: PART II</u>	
SCHEDULE 3: <i>Statement of Revenues & Expenditures: Budget to Actual: General Fund</i>	26
SCHEDULE 4: <i>Statement of Revenues & Expenditures: Budget to Actual: Capital Projects Fund</i>	27
SCHEDULE 5: <i>Notes to the Required Supplementary Information: Budgetary vs. GAAP Basis</i>	28
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING & ON COMPLIANCE & OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29-30
<u>SCHEDULES OF AUDIT FINDINGS & GENERAL COMMENTS & RECOMMENDATIONS</u>	
SCHEDULE 6: <i>Schedule of Current Year Audit Findings</i>	31
SCHEDULE 7: <i>Schedule of Prior Year Audit Findings</i>	32
GENERAL COMMENTS & RECOMMENDATIONS	33-34

William J. Martini, Sr., CPA (*Deceased*)
William J. Martini, Jr., CPA, RMA, MS*
John R. Martini, CPA, CFP
Tyler J. Martini, CPA, MSPA

*Certified in NJ & PA with a Masters
Degree in Taxation

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District Number 1
Township of Weymouth, Atlantic County
Dorothy, New Jersey 08317

Opinion

We have audited the accompanying financial statements of the governmental activities of the Board of Fire Commissioners, Fire District Number 1, Township of Weymouth, Atlantic County (hereafter referred to as the 'Fire District') as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Fire District as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities for Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents above are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023 on our consideration of the Fire District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control over financial reporting and compliance.


Martini & Martini, CPA, PA

Vineland, NJ
October 25, 2023

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Management's Discussion & Analysis
Required Supplementary Information

As management of the Board of Commissioners, Fire District Number 1, Township of Weymouth, Atlantic County, (hereafter referred to as the 'Fire District'), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance.

Financial Highlights

Management believes the Fire District's financial position to be strong. The Fire District is well within its stringent financial policies and guidelines as set forth by the Fire District. Some specific items to note include the following:

- The net position of the Fire District, which represents the difference between the Fire District's assets and liabilities totaled \$102,071 at the close of the current year, an increase of \$14,443, or 16%, in comparison with prior year.
- At the end of the current year, the unassigned fund balance reported for the general fund was \$27,056, a decrease of \$573, or 2%, in comparison with prior year.
- At the end of the current year, the restricted fund balance reported for capital projects was \$75,016, an increase of \$15,016, or 25%, in comparison with prior year.

Overview of Financial Statements

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

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

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

The *Statement of Activities* presents information showing how the Fire District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The *Statement of Cash Flows* presents information showing how the Fire District received and used cash during the year.

The government-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include firefighting and emergency services that are provided to the citizens of the Township of Weymouth, Atlantic County, 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. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire District maintains one fund type, governmental.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Management's Discussion & Analysis
Required Supplementary Information

The Fire District's Funds

Governmental Funds: The operational activities of the Fire District are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District Board of Commissioners and the Fire District's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method referred to as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services 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 Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds in a reconciliation provided following the fund financial statements shown in Schedule 2.

The Fire District maintains two governmental funds. Information is presented separately in the governmental funds *Balance Sheet* and in the governmental funds *Statement of Revenues, Expenditures & Changes in Fund Balances*.

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

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Management's Discussion & Analysis
Required Supplementary Information

Financial Analysis of the District as a Whole

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In this case, the Fire District's assets exceeded liabilities by \$102,071 at the close of the current year.

Table 1 provides a summary of the Fire District's net position for 2022 and 2021.

TABLE 1				
Statement of Net Position				
As of December 31, 2022 & 2021				
	<u>2022</u>	<u>2021</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Assets				
Cash & Cash Equivalents	\$ 102,602	\$ 82,496	\$ 20,107	24%
Accounts Receivable	6,855	5,133	1,722	34%
Total Assets	<u>\$ 109,457</u>	<u>\$ 87,629</u>	<u>\$ 21,829</u>	<u>25%</u>
Liabilities				
Accounts Payable	\$ 7,386	\$ -	\$ 7,386	100%
Total Liabilities	<u>7,386</u>	<u>-</u>	<u>7,386</u>	<u>100%</u>
Net Position				
Restricted for Capital Projects	75,016	60,000	15,016	25%
Unrestricted	27,056	27,629	(573)	-2%
Total Net Position	<u>102,071</u>	<u>87,629</u>	<u>14,443</u>	<u>16%</u>
Total Liabilities & Net Position	<u>\$ 109,457</u>	<u>\$ 87,629</u>	<u>\$ 21,829</u>	<u>25%</u>

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Management's Discussion & Analysis
Required Supplementary Information

Financial Analysis of the District as a Whole (Continued)

Table 2 reflects the changes in net position for 2022 and 2021.

TABLE 2				
Statement of Activities				
For the Years Ended December 31, 2022 & 2021				
	<u>2022</u>	<u>2021</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Program Expenses				
Operating Appropriations				
Administration	\$ 13,541	\$ 9,247	\$ 4,294	46%
Cost of Operations & Maintenance	99,069	81,941	17,129	21%
Duly Incorporated Rescue Squad Assoc.	33,000	37,341	(4,341)	-12%
Total Program Expenses	145,610	128,529	17,082	13%
Program Revenues				
Operating Grants & Contributions	-	-	-	0%
Total Program Revenues	-	-	-	0%
Net Program Revenue/(Expense)	(145,610)	(128,529)	(17,082)	13%
General Revenues				
District Property Taxes:				
Levied for General Purposes	110,637	113,187	(2,550)	-2%
Levied for Capital Projects	15,000	10,000	5,000	50%
Municipal Service Fees	27,090	21,132	5,958	28%
Interest Income	16	13	3	22%
Miscellaneous Income	7,310	8,700	(1,390)	-16%
Total General Revenues	160,053	153,032	7,021	5%
Change in Net Position	14,443	24,503	(10,060)	-41%
Net Position: Beginning	87,629	63,126	24,503	39%
Net Position @ December 31,	\$ 102,071	\$ 87,629	\$ 14,443	16%

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Management's Discussion & Analysis
Required Supplementary Information

Financial Analysis of the Government Funds

As the Fire District completed the year, its governmental funds reported a combined fund balance of \$102,071, which is an increase from last year's total combined fund balance of \$87,629. Of the combined ending fund balance of \$102,071, approximately 27% constitutes the unassigned fund balance of \$27,056. The remainder of the fund balance is restricted for future capital projects and improvements to indicate that it is not available for new spending.

General Fund: The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of financial resources. The acquisition and disposal of certain capital assets, such as firefighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, the Fire District's unassigned fund balance recorded in the general fund totaled \$27,056.

Capital Projects Fund: The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, such as firehouses and firefighting apparatus. Generally, the financial resources of the capital projects are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the taxpayers as a separate question on the ballot either during the annual election or at a special election. During 2022, the capital projects fund increased by \$15,016 due to general fund appropriations adopted through the budget and interest income in the amount of \$16 earned during the year ended December 31, 2022.

General Fund Budgetary Highlights

All budget line items are developed utilizing historical actual amounts that may or may not be incurred in the current year. The actual revenues of \$145,037 for the general fund exceeded the approved budget estimate of \$137,412 by \$7,625. The general fund actual expenditures of \$145,610 exceeded the approved budget estimate for expenditures of \$137,412 by \$8,198, which accounts for total deficiency of revenues under expenditures of \$573. The general fund is the most significant budgeted fund.

Capital Assets

The Fire District did not possess any capital assets related to governmental activities as of December 31, 2022.

Debt Administration & Long Term Obligations

The Fire District did not maintain any long term financial obligations as of December 31, 2022.

Economic Factors & Next Year's Budget

For the 2022 year, the Fire District was able to sustain its budget through the district property tax levy and receipt of municipal service fees. These two revenue streams accounted for 100% of the total anticipated budgeted revenues. The 2023 budget was adopted on January 17, 2023 with unanimous vote by the Board of Fire Commissioners and further certified by the State of New Jersey, Department of Community Affairs, Director of the Division of Local Government Services.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Weymouth Township Fire District No. 1, PO Box 175, Dorothy, NJ 08341.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Statement of Net Position
December 31,

	Reference	2022
Assets		
Cash & Cash Equivalents: Unrestricted	<i>Exhibit C</i>	\$ 27,587
Cash & Cash Equivalents: Restricted	<i>Exhibit C</i>	75,016
Accounts Receivable: Municipal Service Fees		6,855
		\$ 109,457
Liabilities		
Accounts Payable		\$ 7,386
Total Liabilities		7,386
Net Position		
Restricted for Capital Projects	<i>Schedule 2</i>	75,016
Unrestricted	<i>Schedule 2</i>	27,056
Total Net Position		102,071
		\$ 109,457

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Statement of Activities
For The Year Ended December 31,

	Reference	2022
Program Expenses		
Operating Appropriations		
Administration		\$ 13,541
Cost of Operations & Maintenance		99,069
Duly Incorporated Rescue Squad Association		33,000
Total Operating Appropriations	<i>Schedule 2</i>	145,610
Total Program Expenses		145,610
 Program Revenues		
Total Program Revenues		-
 Net Program Revenue/(Expense)		 (145,610)
 General Revenues		
District Property Taxes:		
Levied for General Purposes	<i>Schedule 3</i>	110,637
Levied for Capital Projects	<i>Schedule 4</i>	15,000
Municipal Service Fees		27,090
Interest Income		16
Miscellaneous Income		7,310
Total General Revenues		160,053
 Change in Net Position		 14,443
 Net Position: Beginning	<i>Schedule 2</i>	 87,629
 Net Position @ December 31,	<i>Schedule 2</i>	 \$ 102,071

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Statement of Cash Flows
For The Year Ended December 31,

	Reference	2022
Cash Flows From Operating Activities		
District Property Taxes Levied & Received	<i>Schedule 2</i>	\$ 125,637
Municipal Service Fees Received & Receivable		27,090
Payments to Vendors & Suppliers		(139,946)
Other Miscellaneous Receipts		7,310
Cash Provided/(Used) from Operating Activities		20,091
Cash Flows from Investing Activities		
Interest & Dividends		16
Cash Provided/(Used) from Investing Activities		16
Net Cash Provided/(Used)		20,107
Cash & Cash Equivalents: Beginning		82,496
Cash & Cash Equivalents @ December 31,		\$ 102,602
Reconciliation of Cash & Equivalents		
Cash & Cash Equivalents		\$ 27,587
Cash & Cash Equivalents: Restricted		75,016
Total Cash & Cash Equivalents		\$ 102,602
Reconciliation of Change in Net Position to Cash Flows From Operating Activities		
Change in Net Position	<i>Exhibit B</i>	\$ 14,443
Interest Income Included in Change in Net Position		(16)
Adjustments for Non Cash Items:		
(Increase)/Decrease in Cash From Accounts Receivable		(1,722)
Increase/(Decrease) in Cash From Accounts Payable		7,386
Cash Provided/(Used) from Operating Activities		\$ 20,091

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Balance Sheet
December 31, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash & Cash Equivalents	\$ 27,587	\$ 75,016	\$ 102,602
Accounts Receivable: Municipal Service Fees	6,855	-	6,855
Total Assets	\$ 34,442	\$ 75,016	\$ 109,457
Liabilities & Net Position			
Liabilities			
Accounts Payable	\$ 7,386	\$ -	\$ 7,386
Total Liabilities	7,386	-	7,386
Net Position			
Restricted: Capital Projects Fund	-	75,016	75,016
Unassigned: General Fund	27,056	-	27,056
Total Net Position	27,056	75,016	102,071
Total Liabilities & Net Position	\$ 34,442	\$ 75,016	\$ 109,457

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Statement of Revenues, Expenditures & Changes in Fund Balances
For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Amount to be Raised by Taxation to Support the Budget	\$ 110,637	\$ 15,000	\$ 125,637
Municipal Service Fees	27,090	-	27,090
Interest Income	-	16	16
Miscellaneous Income	7,310	-	7,310
Total Revenues	<u>145,037</u>	<u>15,016</u>	<u>160,053</u>
Expenditures			
Operating Appropriations			
Administration			
Fire Prevention	2,937	-	2,937
Office	1,360	-	1,360
Professional Services	5,435	-	5,435
Telephone	3,809	-	3,809
Total Administration	<u>13,541</u>	<u>-</u>	<u>13,541</u>
Operations & Maintenance			
Fuel	32,839	-	32,839
Insurance	2,312	-	2,312
Maintenance & Repairs	34,324	-	34,324
Non-Bondable Purchases	15,082	-	15,082
Supplies	7,749	-	7,749
Utilities	6,765	-	6,765
Total Operating & Maintenance	<u>99,069</u>	<u>-</u>	<u>99,069</u>
Duly Incorporated Rescue Squad Association	<u>33,000</u>	<u>-</u>	<u>33,000</u>
Total Expenditures	<u>145,610</u>	<u>-</u>	<u>145,610</u>
Excess/(Deficiency) of Revenues Over/(Under)			
Expenditures	<u>\$ (573)</u>	<u>\$ 15,016</u>	<u>\$ 14,443</u>
Change in Net Position of Governmental Activities per Exhibit B			<u>\$ 14,443</u>

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Statement of Revenues, Expenditures & Changes in Fund Balances
For the Year Ended December 31, 2022

	General Fund: Unassigned	Capital Projects Fund: Restricted	Total Governmental Funds
Fund Balance: Beginning	\$ 27,629	\$ 60,000	\$ 87,629
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(573)</u>	<u>15,016</u>	<u>14,443</u>
Fund Balance @ December 31, 2022	<u>\$ 27,056</u>	<u>\$ 75,016</u>	<u>\$ 102,071</u>

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Board of Fire Commissioners Fire District Number 1, Township of Weymouth, Atlantic County (hereafter referred to as the ‘Fire District’) have been prepared to conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of Reporting Entity & Fire District Board of Commissioners

The Fire District is a political subdivision of the Township of Weymouth, Atlantic County, New Jersey. It was formed through adoption of an ordinance in accordance with *N.J.S.A. 40A:14-70* of the State of New Jersey to provide fire protection services to the residents of the Township of Weymouth, Atlantic County, New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner’s term is three years.

In October 2020, the Fire District passed Resolution #1-2020, which was further approved by the Atlantic County Board of Elections through Resolution No. 001 dated May 7, 2021. This resolution allows the Fire District, in accordance with *N.J.S.A 19:4-10*, to change the date of their annual election. Effective January 1, 2022, the Fire District changed the date of their annual election from the previously elected third Saturday of February to the date of the November General Election, which is the first Tuesday after the first Monday in November.

Fire Districts are governed by *N.J.S.A. 40A:14-70 et al.* and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. The primary criterion for including activities within the Fire District’s reporting entity, as set forth in Section 2100 of the Governmental Account Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80 and No. 90, 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. The Fire District had no component units for the year ended December 31, 2022.

The financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

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

Name	Position	Surety Bond
Douglas Frick	Chairman	\$ -
Donnel Ruga	Secretary	\$ -
Elizabeth Hand	Treasurer	\$ 150,000
Hansel Torriero	Commissioner	\$ -
Tatiana Pietrosante	Commissioner	\$ -

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide & Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information. The government-wide financial statements (i.e., *Statement of Net Position, Statement of Activities*) report information on all of the activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from the governmental activities.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore, is clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the *Statement of Activities*. Program revenues include (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Property taxes and other items not included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

Measurement Focus, Basis of Accounting & Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount certified, prior to the end of the fire district year. As such, the Fire District receives four quarterly payments of equal amount.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible with the current period or soon thereafter to pay liabilities of the current period. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants and interest associated with the current year are all considered to be susceptible to be accrued and as such have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting & Financial Statement Presentation (Continued)

The Fire District reports the following major government funds:

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

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

Amounts reported as program revenues include (1) operating grants and contributions, (2) charges to customers or applicants for goods, services or privileges provided and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes levied.

As a general fund, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets & Budgetary Accounting

The Fire District must adopt an annual budget in accordance with *N.J.S.A. 40A:14-78.1 et al.* The fire commissioners must introduce and approve the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public 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 commissioner may, by majority vote, adopt the budget.

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

The accounting records of the special revenue fund are maintained on a budgetary basis. The budgetary basis is different from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed in schedules 3 and 4, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets & Budgetary Accounting (Continued)

Schedule 5 presents a reconciliation of the general and capital projects fund revenues and expenditures from the budgetary basis of accounting as presented in the fund budgetary comparison schedules to the GAAP basis of accounting as presented in the *Statement of Revenues & Expenditures: Budget to Actual: General Fund* and *Statement of Revenues & Expenditures: Budget to Actual: Capital Projects Fund*. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the government funds since the approved budget follows the modified accrual basis of accounting.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed or assigned, should be included within the committed or assigned fund balance, as appropriate.

Encumbered appropriations carry over into the subsequent year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year end.

Cash, Cash Equivalents & Investments

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, are available to pay the amount of their deposits to the governmental units.

Inventories

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than purchased. The Fire District did not retain any inventory as of December 31, 2022.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows & Deferred Inflows of Resources

The *Statement of Net Position* reports separate line items for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, if applicable are reported after total assets and represent a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, if applicable are reported after total liabilities and represent an increase of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District did not report any deferred outflows of resources or deferred inflows of resources as of December 31, 2022.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and governmental fund financial statements represent payments made to vendors for services that will benefit future period(s). In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund. The Fire District did not report any prepaid expenses as of December 31, 2022.

Interfund Transactions & Activity

Interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to or from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the *Statement of Net Position* to minimize the grossing up of internal balances. The Fire District did not report any interfund receivables or payables as of December 31, 2022.

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources or uses in governmental funds. Reimbursements from funds responsible for the particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements. During the year ended December 31, 2022, the Fire District transferred the following interfund balances.

Governmental Fund	Interfund Transfer Out	Interfund Transfer In
General Fund	\$ 15,000	\$ -
Capital Projects Fund	-	15,000
Total	\$ 15,000	\$ 15,000

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide *Statement of Net Position*. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization policy threshold is \$5,000. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives: (1) 40 years for buildings and improvements, (2) 5-10 years for vehicles and trucks and (3) 5-15 years for machinery and equipment.

N.J.S.A 40A:14-94 governs the procedures for the acquisition of property and equipment for Fire Districts, and *N.J.S.A. 40A:14-85 through N.J.S.A. 40A:14-87* governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debts may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

The Fire District does not hold any capital assets and does not possess any infrastructure assets as of December 31, 2022.

Accrued Liabilities & Long Term Obligations

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District can realize the revenue. The Fire District did not report any unearned revenue as of December 31, 2022 and did not recognize any prior year unearned revenue into revenue during the year then ended.

Net Position

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

Net Investment in Capital Assets: This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowing used for the acquisition, construction or improvement of those assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grants and laws or regulations of other governments.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted: Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Fire District initially applies restricted resources to an expense when incurred for purposes when both restricted and unrestricted net position classifications are applicable.

Fund Equity & Balances

In accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Fire District reports fund balances in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications and determination policies as are follows:

Nonspendable: The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The 'not in spendable form' criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted: The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantor, contributors or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed: The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal action consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes the specified use by taking the same type of action, such as a resolution it employed to previously commit those amounts.

Assigned: The assigned fund balance classification includes amounts that are constrained by the Fire District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Board of Fire Commissioners to assign amounts to be used for specific purposes.

Unassigned: The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balance, if appropriate, in the following order: committed, assigned and then unassigned.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

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

Revenues & 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.

Fire District Taxes

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule.

Date of Payment Made On or Before	Percentage of Total Assessment Disbursed
April 1st	21.25%
July 1st	22.50%
October 1st	25.00%
December 31st	31.25%

NOTE 2: CONCENTRATIONS

A significant source of revenue for the Fire District comes from its ability to levy property taxes and collect municipal service fees. Together, these two sources of revenue constitute approximately 95% of all revenues of the Fire District. The ability to levy property taxes, the limits to which property taxes can be levied, and the ability to collect municipal service fees are promulgated by state and county statute. As a result of this dependency, the Fire District's operations are significantly reliant and impacted by state and county laws and regulations regarding property taxes to be levied and municipal service fees collected.

NOTE 3: CUSTODIAL CREDIT RISK RELATED TO DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, *N.J.S.A. 17:9-41 et seq.* requires that governmental units shall deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 3: CUSTODIAL CREDIT RISK RELATED TO DEPOSITS (CONTINUED)

As of December 31, 2022, the Fire District's bank balances totaling \$114,089 were exposed to custodial credit risk. The total amount of \$114,089 is insured by FDIC and GUDPA. See below for reconciliation from the Fire District's bank balances totaling \$114,089 to the amount reported on the *Statement of Net Position*.

Bank Balance @ December 31, 2022	\$ 114,089
Plus: Deposits in Transit	6,855
Less: Outstanding Checks	18,342
Book Balance @ December 31, 2022	\$ 102,602

NOTE 4: RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As such, the Fire District maintains commercial insurance coverage for liability and surety bonds.

NOTE 5: PROPERTY TAX LEVIES

The following is a tabulation of the Fire District's assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years.

Year Ended	Assessed Valuation	Total Tax Levy	Tax Rate
Dec. 31, 2022	\$ 164,135,916	\$ 125,637	0.077%
Dec. 31, 2021	\$ 162,801,900	\$ 123,187	0.076%
Dec. 31, 2020	\$ 162,671,500	\$ 109,948	0.068%
Dec. 31, 2019	\$ 163,039,088	\$ 107,400	0.066%
Dec. 31, 2018	\$ 162,457,200	\$ 105,300	0.065%

NOTE 6: FUND BALANCES APPROPRIATED: GENERAL FUND (UNASSIGNED DESIGNATION)

The 2023 annual budget of the Fire District was adopted on January 17, 2023 by the Board of Fire Commissioners. The following presents the total fund balance of the general fund (unassigned designation) as of the end of the last five years and the amount utilized in the subsequent year's budget.

Year Ended	Balance	Utilization in Subsequent Budget
Dec. 31, 2022	\$ 27,056	\$ 10,795
Dec. 31, 2021	\$ 27,629	\$ -
Dec. 31, 2020	\$ 43,987	\$ -
Dec. 31, 2019	\$ 335	\$ -
Dec. 31, 2018	\$ 13,729	\$ 13,729

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 7: FUND BALANCES

The following is a summary of the various fund balances as reported on the *Combined Balance Sheet: Governmental Funds & Other Aggregate Balances*:

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

- Restricted for Capital Projects: This restricted fund balance is to be used for purchases or capital expenditures in future year(s). When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Commissioners prior to any expenditure appropriated within the district budget. The restricted fund balance for capital projects totaled \$75,016 as of December 31, 2022.

Unassigned: As stated in *Note 1*, the unassigned fund balance classification represents the fund balance that has not been restricted, committed or assigned to specific purposes. The Fire District's unassigned general fund balance as of December 31, 2022 was \$30,904.

NOTE 8: FAIR VALUE MEASUREMENTS

The Fire District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of 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 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different level 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 inputs to the valuation techniques as follows:

Level 1: Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fire District has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level 2: 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 3: Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

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

The Fire District did not report any assets to be disclosed in accordance with the fair value measurements hierarchy described above as of December 31, 2022.

NOTE 9: CONTINGENT LIABILITIES

The Fire District is subject to claims and lawsuits which arise primarily in the course of business. As of December 31, 2022, the Fire District does not anticipate any losses with respect to such existing or pending claims and lawsuits.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to Financial Statements

NOTE 10: RELATED PARTY TRANSACTIONS

The Fire District mainly serves as a cash and bill payment vehicle for Dorothy Volunteer Fire Company (DVFC), in which the spouse of Fire District's treasurer is the captain of DVFC, thus establishing DVFC as a related party. During the year ended December, 31 2022, the Fire District made payments totaling \$42,248 to DVFC for budgeted emergency medical services appropriations and other miscellaneous reimbursements.

Additionally, reimbursement payments totaling \$1,179 were made to the Board of Commissioners.

During the year ended December, 31, 2022, the Fire District entered into related party transactions totaling \$43,427.

NOTE 11: SUBSEQUENT EVENTS

The Fire District has evaluated subsequent events through October 25, 2023, the date which the financial statements were available to be issued.

BOARD OF COMMISSIONERS

FIRE DISTRICT NUMBER 1

Township of Weymouth, Atlantic County

Statement of Revenues & Expenditures: Budget to Actual: General Fund

For the Year Ended December 31, 2022

	General Fund		
	Final Budget	Actual	Variance
Revenues			
Anticipated Revenues			
Amount to be Raised by Taxation to Support the Budget	\$ 110,637	\$ 110,637	\$ -
Municipal Service Fees: Mobile Home Park	26,775	27,090	315
Total Anticipated Revenues	137,412	137,727	315
Non-Budgetary Revenues			
Other Miscellaneous	-	7,310	7,310
Total Non-Budgetary Revenues	-	7,310	7,310
Total Revenues	137,412	145,037	7,625
Expenditures			
Operating Appropriations			
Administration			
Fire Prevention	3,500	2,937	(563)
Office	1,650	1,360	(290)
Professional Services	5,500	5,435	(65)
Telephone	4,000	3,809	(191)
Total Administration	14,650	13,541	(1,109)
Operations & Maintenance			
Fuel	32,500	32,839	339
Insurance	2,350	2,312	(38)
Maintenance & Repairs	24,912	34,324	9,412
Non-Bondable Purchases	14,000	15,082	1,082
Supplies	10,000	7,749	(2,251)
Utilities	6,000	6,765	765
Total Operations & Maintenance	89,762	99,069	9,307
Duly Incorporated Rescue Squad Association	33,000	33,000	-
Total Expenditures	137,412	145,610	8,198
Deficiency of Revenues Under Expenditures	\$ -	\$ (573)	\$ (573)

See Independent Auditor's Report & Accompanying Notes

MARTINI & MARTINI, CPA, PA

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County

Statement of Revenues & Expenditures: Budget to Actual: Capital Projects Fund
For the Year Ended December 31, 2022

	Capital Projects Fund		
	Final Budget	Actual	Variance
Revenues			
Anticipated Revenues			
Amount to be Raised by Taxation to Support the Budget	\$ 15,000	\$ 15,000	\$ -
Total Anticipated Revenues	15,000	15,000	-
Non-Budgetary Revenues			
Interest Income	-	16	16
Total Non-Budgetary Revenues	-	16	16
Total Revenues	15,000	15,016	16
Expenditures			
Operating Appropriations			
Total Expenditures	-	-	-
Excess of Revenues Over Expenditures	\$ 15,000	\$ 15,016	\$ 16

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Notes to the Required Supplementary Information:
Budgetary vs. GAAP Basis
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	Total Governmental Funds
	Funds
Sources & Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Revenue"	
From the Budgetary Comparison Schedules (Schedules 3 & 4)	\$ 160,053
Total Revenues as reported on the:	
<i>Statement of Revenues, Expenditures & Changes in Fund Balance</i> (Schedule 2)	160,053
Variance	\$ -
Uses & Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures"	
From the Budgetary Comparison Schedules (Schedules 3 & 4)	\$ 145,610
Total Expenditures as reported on the:	
<i>Statement of Revenues, Expenditures & Changes in Fund Balance</i> (Schedule 2)	145,610
Variance	\$ -

William J. Martini, Sr., CPA (*Deceased*)
William J. Martini, Jr., CPA, RMA, MS*
John R. Martini, CPA, CFP
Tyler J. Martini, CPA, MSPA

*Certified in NJ & PA with a Masters
Degree in Taxation

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

Board of Commissioners
Fire District Number 1
Township of Weymouth, Atlantic County
Dorothy, New Jersey 08317

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 in compliance with audit requires as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements of the governmental activities of the Board of Commissioners, Fire District Number 1, Township of Weymouth, Atlantic County, (hereafter referred to as the 'Fire District'), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated October 25, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that 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. We identified certain deficiencies in internal control, described in the accompanying *Schedule of Current Year Audit Findings (Schedule 6)* that we consider to be significant deficiencies. See *Finding No. 2022-1: Segregation of Duties and Purchasing Practices*.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING & ON COMPLIANCE & OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS (CONTINUED)***

Report on Compliance & Other Matters

As part of obtaining reasonable assurance about whether the Fire District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Martini & Martini, CPA, PA

Vineland, NJ
October 25, 2023

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Schedule of Current Year Audit Findings
December 31, 2022

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

Financial Statements

Finding No. 2022-1

Segregation of Duties & Purchasing Practices

Criteria

N.J.S.A requires proper internal controls over cash receipts, disbursements and related receivables and payables.

Condition

- 1) The Fire District does not maintain an adequate segregation of duties due to limited number of personnel.
- 2) The functions of handling cash, preparation of cash receipts and cash disbursements, as well as bank reconciliations are performed by one individual.
- 3) The Fire District does not maintain a purchase order system.

Cause

This is not unusual in operations the size of the Fire District, but management should constantly be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Potential Effects

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and/or prevent detection of errors or irregularities within a reasonable period of time.

Recommendation

It is recommended that the Fire District maintain an adequate segregation of duties with respect to the recording and treasury functions. It is also recommended for the Fire District to adopt a purchase order system to facilitate recording and treasury functions.

Management's Response

The Fire District does not have the means nor ability to institute more restrictive means of segregation of duties without imposing an unnecessary cost to the taxpayers. The Fire District utilizes personnel and elected officials effectively and efficiently to constantly scrutinize the budget and expenditures to ensure compliance with policy and procedures and to the budget itself and to mitigate costs wherever possible.

Federal Awards

There were no current year findings.

State Awards

There were no current year findings.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 1
Township of Weymouth, Atlantic County
Schedule of Prior Year Audit Findings
December 31, 2022

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

Financial Statements

Finding No. 2021-1

Segregation of Duties & Purchasing Practices

Condition

The size of the accounting staff is not large enough to achieve adequate segregation of duties.
Consistent purchasing procedures are not in place.

Current Status

The condition continued to exist for the year ended December 31, 2022. See Finding 2022-1.

Federal Awards

There were no prior year findings.

State Awards

There were no prior year findings.

William J. Martini, Sr., CPA (*Deceased*)
William J. Martini, Jr., CPA, RMA, MS*
John R. Martini, CPA, CFP
Tyler J. Martini, CPA, MSPA

*Certified in NJ & PA with a Masters
Degree in Taxation

GENERAL COMMENTS & RECOMMENDATIONS

Board of Commissioners
Fire District Number 1
Township of Weymouth, Atlantic County
Dorothy, New Jersey 08317

We have examined the financial statements of the Board of Commissioners, Fire District Number 1, Township of Weymouth, Atlantic County (hereafter referred to as the 'Fire District') as of and for the year ended December 31, 2022 and have issued our report thereon dated October 25, 2023. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Fire District to the extent we deemed necessary to evaluate the system as required by auditing standards generally accepted in the United States of America.

The purpose of our study and evaluation was to determine the nature, timing, and extent of performing the auditing procedures for expressing an opinion on the financial statements. Our study and evaluation were more limited than would be necessary to express an opinion on the system of internal control taken as a whole.

Management of the Fire District is responsible for establishing and maintaining a system on internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.

Because of the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of accounting control of the Fire District taken as a whole.

In response to our study and evaluation, Martini & Martini, CPA, PA recommends the following in order to strengthen internal control practices:

- 1) The Fire District to maintain adequate segregation of duties with respect to the recording and treasury function; and
- 2) The Fire District to implement a purchase order system ensuring that all purchase orders are approved prior to the purchase of goods or services and that claimant signature be obtained on purchase orders before payments are released.

GENERAL COMMENTS & RECOMMENDATIONS (CONTINUED)

These conditions were considered in determining the nature, timing and extent of audit tests to be applied in our examination of the financial statements, and this report does not affect our December 31, 2022 audit report on the financial statements dated October 25, 2023.


Martini & Martini, CPA, PA

Vineland, NJ
October 25, 2023