

FRANKLIN TOWNSHIP
FIRE DISTRICT NO. 4
COUNTY OF GLOUCESTER
REPORT OF AUDIT
DECEMBER 31, 2023

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1

COUNTY OF GLOUCESTER

TABLE OF CONTENTS

<u>EXHIBIT</u>	<u>PAGE</u>
Roster of Officials and Surety Bonds	1
FINANCIAL SECTION	
Independent Auditor's Report	2-5
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	6-7
Required Supplementary Information - Part I	
Management's Discussion and Analysis	8-13
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Postion	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Notes to the Financial Statements	19-32
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules: (Unaudited)	
C-1 Budgetary Comparison Schedule - General Fund	33-34
Notes to the Required Supplementary Information	
C-2 Budgetary Comparison Schedule - Note to RSI	35

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1

COUNTY OF GLOUCESTER

TABLE OF CONTENTS

<u>EXHIBIT</u>	<u>PAGE</u>
Other Supplementary Information	
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	36
F-2 Summary Schedule of Revenues and Expenditures	37
F-2a Schedule of Project Revenues, Expenditures and Project Fund Balance	N/A
I. Long-Term Debt:	
I-1 Schedule of Bond Anticipation Notes	38
I-2 Schedule of Obligations under Capital Leases	39
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited)	40
J. Supplemental Information:	
J-1 Schedule of State Financial Assistance	41
J-2 Schedule of Receipts, Disbursements and Change in Cash	42
General Comments	43-45
Reportable Conditions and Other Findings	45
Summary of Auditor's Results	45
Prior Year Audit Findings	45
Appreciation	45

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4

ROSTER OF OFFICIALS AND SURETY BONDS

The following officials were in office during 2023.

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF SURETY BOND</u>
<u>Board of Fire Commissioners</u>		
Andrew Bellone, Jr.	Chairman	
Samuel Scapellato	Vice Chairman	\$50,000
Mykola Myronowskyj	Secretary	
Joseph Scapellato	Treasurer	
Thomas Bellone, Sr.	Commisioner	
<u>Surety Company</u>		
American Alternative Insurance Cooperation		

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the
Franklin Township Fire District No. 4
County of Gloucester
Township of Franklin
1635 Forest Grove Road
Vineland, New Jersey 08360

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey'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 and each major fund of the Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey'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 Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey's basic financial statements. The individual fund financial statements, schedule of expenditures of federal awards and state financial assistance, and schedule of receipts, disbursements and changes in cash are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, schedule of expenditures of federal awards and state financial assistance, and schedule of receipts, disbursements and changes in cash are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and insurance sections of the annual report. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated April 29, 2024, on our consideration of the Franklin Township Fire District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 effectiveness of the Franklin Township Fire District No. 4's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Franklin Township Fire District No. 4's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read 'Raymond Colavita', is written over the printed name.

Raymond Colavita, C.P.A., R.M.A.
April 29, 2024

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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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

INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the
Franklin Township Fire District No. 4
County of Gloucester
Township of Vineland
1635 Forest Grove Road
Vineland, New Jersey 08360

We have audited the financial statements of the governmental activities and each major fund of the Franklin Township Fire District No. 4, in the County of Gloucester, State of New Jersey as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Franklin Township Fire District No. 4's basic financial statements and have issued our report thereon dated April 29, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, New Jersey Division of Local Government Services, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Compliance And Other Matters

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

Purpose of this Report

The purpose of this report is to solely describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. However, this report is a matter of public record.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read 'Raymond Colavita', is written over a horizontal line.

Raymond Colavita, C.P.A.
Registered Municipal Accountant
April 29, 2024

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
COUNTY OF GLOUCESTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

UNAUDITED

As management of the Franklin Township Fire District No. 4, we offer readers of the Franklin Township Fire District No. 4 financial statements this narrative overview and analysis of the financial activities of the Franklin Township Fire District No. 4 for the year ended December 31, 2023. 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 and financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance.

Financial Highlights

- The assets of Franklin Township Fire District No. 4 exceeded its liabilities at the close of the most recent year by \$1,955,834 (Net Position).
- As of the close of the current year, the Franklin Township Fire District No. 4's governmental funds reported combined ending fund balances of \$796,193, a decrease of \$79,982 in comparison with the prior year. This decrease represents the use of restricted surplus for the purchase of a fire truck.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Franklin Township Fire District No. 4's basic financial statements. The Franklin Township Fire District No. 4's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the Franklin Township Fire District No. 4's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Franklin Township Fire District No. 4'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 Franklin Township Fire District No. 4 is improving or deteriorating.

The Statement of Activities presents information showing how the Franklin Township Fire District No. 4'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 certain items that will result in cash flows in future periods.

Both of the district-wide financial statements distinguish functions of the Franklin Township Fire District No. 4 that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Franklin Township Fire District No. 4 include firefighting/suppression services that are provided to the citizens of the Franklin Township Fire District No. 4.

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 Franklin Township Fire District No. 4, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Franklin Township Fire District No. 4 constitute one fund type, which is the governmental fund type.

Governmental Funds. All of the Franklin Township Fire District No. 4's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of 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 Franklin Township Fire District No. 4's general government operations and the basic services it provides. Government fund information provides insight as to determining a range of financial resources available to finance firefighting/suppression services in the near future.

The Franklin Township Fire District No. 4 maintains a maximum of four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, capital projects fund, and the debt service fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Also, Franklin Township Fire District No. 4 adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance regarding spending within the budget, as well as providing management with a planning tool to achieve the goals of the District.

Notes to the Financial Statements. The notes 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 financial statements are an integral part of the financial statements.

District-wide Financial Analysis

The Net Position reported each year, and amount of change thereon, provide a useful indicator of a government's financial position. In the case of the Franklin Township Fire District No. 4, assets exceeded liabilities by \$1,955,834 at the close of the current year.

The largest portion of the Franklin Township Fire District No. 4's Net Position (41 percent) reflects its investment in capital assets (i.e. equipment). The Franklin Township Fire District No. 4 uses these assets to provide firefighting/suppression services to the citizens of the Franklin Township Fire District No. 4; consequently, these assets are not available for future spending. Although the Franklin Township Fire District No. 4's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operating sources, since the capital assets themselves cannot be used to liquidate those liabilities.

Statement of Net Position

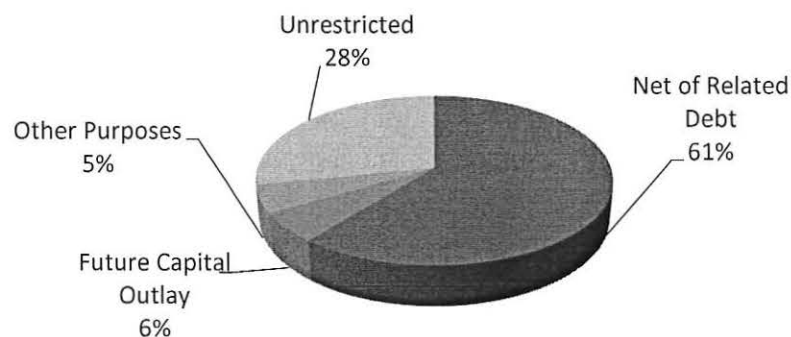
Table 2 provides a comparative summary of the Fire District's net position for the years ended 2023 and 2022.

Table 1
Net Position

	2023	2022
Assets		
Cash	\$ 767,135	\$ 731,514
Accounts Receivable		1
Prepaid Expense	104,499	
Restricted Assets:		
Cash & Cash Equivalents		173,992
Capital Assets, Net	2,294,119	2,697,972
Total Assets	3,165,753	3,603,479
Liabilities		
Accounts Payable	9,441	29,333
Due to LOSAP Fund	29,171	
Accrued Interest Payable	28,179	26,657
Due Within One Year	323,888	211,397
Noncurrent Liabilities:		
Due Beyond One Year	782,411	1,108,095
Reserve for LOSAP	36,829	
Total Liabilities	1,209,919	1,375,482
Net Position	1,955,834	2,227,997
Analysis of Net Position		
Invested in Capital Assets, Net of Related Debt	1,187,820	1,378,479
Restricted for:		
Future Capital Outlay	111,209	180,992
Other Purposes	104,499	
Unrestricted	552,306	668,526
Total Net Position	\$ 1,955,834	\$ 2,227,997

Net position of governmental activities decreased \$272,163 from the previous year, resulting from a decrease in total assets in the amount of \$437,726 and total liabilities of \$165,563. In addition, the following chart depicts the allocation of the District's Net Position, as of December 31, 2023:

Net Position - 2023

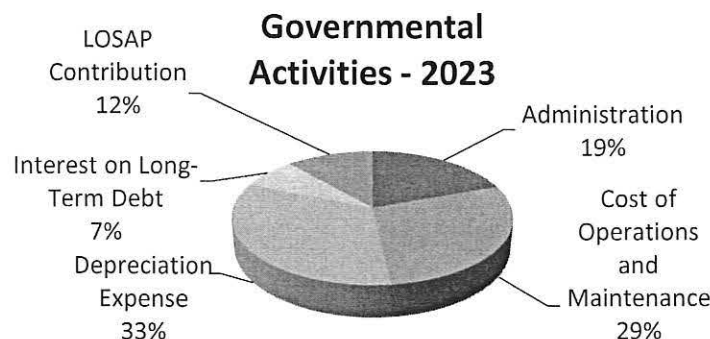


Governmental Activities. The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Table 2 shows the changes in net position from the years 2023 and 2022.

Table 2
Statement of Activities

	2023	2022
Expenses		
Operating Expenses		
Administration	\$ 110,941	\$ 91,507
Cost of Operations and Maintenance	163,594	91,451
LOSAP contribution	66,000	25,583
Capital Appropriation		49,899
Interest on Long-Term Debt	41,763	28,953
Depreciation and Amortization Expense	184,823	233,162
Total Program Expenses	567,121	520,555
Program Revenues		
Operating Grants & Contributions	1,136	1,136
Net Program Expenses	565,985	519,419
Taxes:		
Property Taxes, Levied for General Purpose	327,141	431,056
Taxes Levied for Debt Service	225,342	110,594
Unrestricted Investment Earnings	1,144	1,147
Miscellaneous Revenue	4,000	
Prior Year Cancelled Checks		1,013
Total General Revenues	557,627	543,810
Other Financing Sources (Uses)		
Prior Year Fixed Asset Adjustment	(263,805)	
Total Other Financing Sources (Uses)	(263,805)	
Increase in Net Position	(272,163)	24,391
Net Position, January 1	2,227,997	2,203,606
Net Position, December 31	\$ 1,955,834	\$ 2,227,997

Property taxes constituted 59% of total revenue from the general fund, and 40% was levied for debt service. In addition, the remaining 1% was comprised of miscellaneous other revenue. The following chart depicts the District's allocation of expenses for 2023:



Financial Analysis of the Government Funds

As previously stated, the Franklin Township Fire District No. 4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the Franklin Township Fire District No. 4's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Franklin Township Fire District No. 4's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the Franklin Township Fire District No. 4's governmental funds reported combined ending fund balances of \$796,193. Of the combined ending fund balances, unrestricted fund balance constituted \$580,485, of which, \$121,747 is designated for subsequent year's operating expenditures. The remaining fund balance of \$215,708 is restricted for future capital outlay, of which, \$104,499 is designated for subsequent year's debt service expenditures. Funds reserved for future capital outlay are subject to the approval of the voters of the District. The general fund is the main operating fund of the Franklin Township Fire District No. 4.

The fund balance of the Franklin Township Fire District No. 4's general fund increased \$97,560 from the prior year, which includes prior period fund balance transfers from the special revenue fund of \$3,547, capital projects fund of \$173,992, and debt service fund of \$3.

Governmental Fund revenues increased \$13,816 from 2022, while expenditures decreased \$752,898 due to the 2022 purchase of a new fire pumper, in the amount of \$950,000.

Capital Projects Fund

As of December 31, 2023, the district had no open capital projects.

General Fund Budgetary Highlights

During 2023, the Franklin Township Fire District No. 4 modified its general fund budget in conformance with statute through budget transfers approved in the minutes.

The District was awarded state aid of \$1,136 from the Supplemental Fire Services Program during 2023.

The original general fund budgetary basis revenue estimate of \$328,277 was the same as the final budget. This amount was made up of \$327,141 for property taxes (local tax levy) and \$1,136 for state aid revenues (supplemental fire services grant).

The total tax levy for 2023 was \$552,483. This was comprised of property taxes and debt service funds in the amount of \$327,141 and \$225,342 respectively.

The final total budgetary basis expenditures appropriation estimate of \$450,024 was not modified. The original budget was made up of \$130,250 in administration costs, \$219,058 in operation and maintenance costs, \$66,000 in LOSAP contributions and \$34,716 for capital appropriations.

While the adopted budget anticipated utilizing \$121,747 in Surplus to balance the budget, the results of operations reflected an increase in Surplus of \$97,560, made up of positive variances in revenues of \$5,144, \$36,621 in expenditures and a transfer of \$177,542 from the Capital Projects Fund.

Capital Assets and Debt Administration

As of December 31, 2023, the Franklin Township Fire District No. 4's investment in capital assets for its governmental activities was \$2,294,119. This investment in capital assets includes a leased asset-building, vehicles & apparatus, firefighting equipment, leasehold improvements, and construction in progress. The total cost of the capital assets was \$4,657,125 and the balance in accumulated depreciation amortization was \$2,363,006. There was \$44,775 in additions, offset by depreciation expense of \$184,823 and an adjustment of \$263,805.

CAPITAL ASSETS			
(NET OF ACCUMULATED DEPRECIATION			
AND AMORTIZATION)			
	2023		2022
Leased Asset- Building	\$ 241,033	\$	208,834
Vehicles & Apparatus	1,965,369		1,185,131
Equipment	87,717		354,007
Construction in Progress			950,000
Total Capital Assets	<u>\$ 2,294,119</u>	<u>\$</u>	<u>2,697,972</u>

Additional information on the Franklin Township Fire District No. 4's capital assets can be found in Note 3 in the notes to financial statements.

Long-Term Obligations

As of December 31, 2023, the District had three capital leases and one right-to-use operating lease outstanding totaling \$1,106,299, with \$323,888 due within one year.

Economic Factors and Next Years Budget

For the 2023 year the Franklin Township Fire District No. 4 was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 99% of total revenue is from the local tax levy, while the remaining 1% is from other sources.

The Board of Fire Commissioners approved the 2024 budget December 26, 2023, and the voters subsequently adopted the budget at the annual fire district election held on February 17, 2024.

The Fire District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of accrual accounting.

Contacting the Fire District's Financial Management

This financial report is designed to provide our patrons, citizens, taxpayers, and creditors with a general overview of the Fire District's finances and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional information contact Mr. Andrew Bellone, Jr., Chairman, Franklin Fire District No. 4, 1635 Forest Grove Road

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1d)	\$ 767,135
Prepaid Expense	104,499
Capital Assets, Net (Note 3)	2,294,119
Total Assets	<u>3,165,753</u>
LIABILITIES	
Accounts Payable	9,441
Due to LOSAP Trust Fund	29,171
Accrued Interest	28,179
Reserve for LOSAP	36,829
Noncurrent Liabilities:	
Due Within One Year (Note 6)	323,888
Due Beyond One Year (Note 6)	782,411
Total Liabilities	<u>1,209,919</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,187,820
Restricted for:	
Future Capital Outlay	111,209
Other Purposes	104,499
Unrestricted	552,306
Total Net Position	<u>\$ 1,955,834</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
STATEMENT OF ACTIVITIES
DECEMBER 31, 2023

	<u>Governmental Activities</u>
Expenses:	
Operating Appropriations:	
Administration	\$ 110,941
Cost of Operations and Maintenance	163,594
LOSAP Contribution	66,000
Interest on Long-Term Debt	41,763
Depreciation and Amortization Expense (Note 3)	184,823
	<hr/>
Total Program Expenses	567,121
 Program Revenues:	
Operating Grants and Contributions	1,136
	<hr/>
Net Program Expenses	565,985
	<hr/>
 General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	327,141
Taxes Levied for Debt Service	225,342
Unrestricted Investment Earnings	1,144
Miscellaneous Revenue	4,000
	<hr/>
Total General Revenues	557,627
	<hr/>
 Other Financing Sources (Uses)	
Prior Year Fixed Asset Adjustment	(263,805)
	<hr/>
Total Other Financing Sources and Uses	(263,805)
	<hr/>
Increase in Net Position	(272,163)
	<hr/>
Net Position, January 1	2,227,997
	<hr/>
Net Position, December 31	\$ 1,955,834
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 767,135	\$	\$ 767,135
Interfund Receivable	104,499		104,499
Prepaid Expense		104,499	104,499
Total Assets	<u>\$ 871,634</u>	<u>\$ 104,499</u>	<u>\$ 976,133</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 9,441	\$	\$ 9,441
Interfund Payable		104,499	104,499
Due LOSAP Trust Fund	29,171		29,171
Reserve for LOSAP	36,829		36,829
Total Liabilities	<u>75,441</u>	<u>104,499</u>	<u>179,940</u>
Fund Balances:			
Restricted for:			
Future Capital Outlay	111,209		111,209
Capital Outlay Designated for Subsequent Year's Expenditures	104,499		104,499
Assigned:			
Designated for Subsequent Year's Expenditures	121,747		121,747
Unassigned, Reported in:			
General Fund	<u>458,738</u>		<u>458,738</u>
Total Fund Balances	<u>796,193</u>		<u>796,193</u>
Total Liabilities and Fund Balances	<u>\$ 871,634</u>	<u>\$ 104,499</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,657,125 and the accumulated depreciation is \$2,363,006. (Note 3)

2,294,119

Accrued Interest Payable is not due and payable in the current period and therefore, is not reported as liabilities in the funds.

(28,179)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(1,106,299)

Net position of governmental activities

\$ 1,955,834

The accompanying Notes to Financial Statements are an integral part of this statement.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Amount to be Raised by Taxation	\$ 327,141	\$	\$	\$ 225,342	\$ 552,483
Operating Grant Revenue	1,136				1,136
Non-Budgetary Revenues	5,144				5,144
Total Revenues	333,421			225,342	558,763
EXPENDITURES					
Operating Appropriations:					
Administration	110,941				110,941
Cost of Operations and Maintenance	236,462				236,462
Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c. 388)	66,000				66,000
Capital Note					
Principal				185,100	185,100
Interest				40,242	40,242
Total Expenditures	413,403			225,342	638,745
Excess (Deficiency) of Revenues Over Expenditures	(79,982)				(79,982)
OTHER FINANCING SOURCES (USES)					
Transfer In (From)	177,542	(3,547)	(173,992)	(3)	
Total Other Financing Sources and Uses	177,542	(3,547)	(173,992)	(3)	
Net Change in Fund Balances	97,560	(3,547)	(173,992)	(3)	(79,982)
Fund Balance—Jan 1	698,633	3,547	173,992	3	876,175
Fund Balance—Dec 31	\$ 796,193	\$	\$	\$	\$ 796,193

The accompanying Notes to Financial Statements are an integral part of this statement.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Total net change in fund balances - governmental funds (from B-2) \$ (79,982)

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense. This
is the amount by which capital outlays exceeded depreciation in the period.

Fixed Asset Adjustment	\$ (263,805)	
Depreciation expense	(184,823)	
Capital outlays	<u>44,775</u>	(403,853)

Repayment of capital lease principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement
of net assets and is not reported in the statement of activities. 213,193

In the Statement of Activities, interest on Capital Leases is accrued, regardless of when it is due. (1,521)

Change in net assets of governmental activities (A-2) \$ (272,163)

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Description of Reporting Entity** - Fire District No. 4 of Franklin Township is a political subdivision of the Township of Franklin, Gloucester County, New Jersey. It was formed through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxpaying authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location. Fire District No. 4 of Franklin has one fire company within its jurisdiction – the Foret Grove Fire Company.

The Fire District is not a component unit of any other financial reporting entity as to Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and No. 61.

- b. **Basis of Accounting, Measurement Focus and Basis of Preparation** - The financial statements of the Fire District conform to 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting. The more significant of the Fire District's accounting policies are described in this note.

The Fire District's basic financial statements consist of district-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the Fire District as a whole. These statements include the financial activities of the government. The Statement of Net Position presents the financial condition of the governmental activities of the Fire District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The policy of the Fire District is to not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is not required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Fire District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Fire District.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting, Measurement Focus and Basis of Presentation (Continued)

Fund Financial Statements – During the year, the Fire District segregates transactions related to certain Fire District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Fire District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Fire District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For fire districts, only one category of funds exists, which is governmental.

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Fire District and is used to account for its 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.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes. As of December 31, 2023, the Special Revenue Fund had no fund balance, subsequent to the transfer of unrestricted prior period fund balance of \$3,547 to the General Fund.

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 fire houses 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 on the ballot either during the annual election or at a special election. As of December 31, 2023, the Capital Projects Fund had no open projects, and thus, the District transferred all remaining prior period reserves for future capital outlay of \$173,992 to the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for resources that will be used to service general long-term debt liabilities recorded in the Statement of Net Position. As of December 31, 2023, the Debt Service Fund had no fund balance, subsequent to the transfer of unrestricted prior period fund balance of \$3 to the General Fund.

- c. Budgets and Budgetary Accounting** - The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not 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 hearings must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget. Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval.

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.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Budgets and Budgetary Accounting (Continued)

Fire Districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire District's basic financial statements.

Amounts reported under "final budget" in Exhibits C-1 and I-3, and in the detail statements, include modifications to the adopted budget that were made during the year as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General Fund Budgetary Comparison Schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Note that the Fire District does not report encumbrances outstanding at year-end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

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. Due to the small size of the Fire District, the selective encumbrance method is implemented rather than a full encumbrance system.

Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as unearned revenues at year end.

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 amount as of the current year-end.

- d. Cash, Cash Equivalents and Investments** - Cash and cash 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. All certificates of deposit are recorded as cash regardless of the date of maturity.

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. **N.J.S.A. 18A:20-3** provides a list of permissible investments that may be purchased by New Jersey governments.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash, Cash Equivalents and Investments- (Continued)

N.J.S.A. 17:9-41 et seq. establishes the requirements for 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 Act. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with 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 the 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.

- e. **Inventories and Prepaid Expenses** - Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. As of December 31, 2023 the District had \$104,499 of prepaid expense.
- f. **Interfunds** - 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 period in which the transaction is executed.
- g. **Capital Assets** - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District maintains a capitalization threshold of \$1,000. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are required to be depreciated. Improvements are to be depreciated over the remaining useful lives of the related capital assets.

Depreciation should be computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 Years
Vehicles	5-10 Years
Firefighting Equipment	5 Years

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

N.J.S.A. 40A:14-84 governs the procedures for acquisition of property and equipment for Fire Districts, and **N.J.S.A. 40A:14-85 to 87** governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting 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 or 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.

- h. Long-Term Obligations** - Long-term debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the Fire District. The remaining portion of such obligations is reported in the Statement of Net Position.
- i. Unearned Revenue** - Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned.
- j. Fire District Taxes** - Upon the 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 raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.
- k. Fund Equity** - 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.
- l. Use of Estimates** - In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- m. Comparative Data** - Comparative total data for the prior year have been presented in selected sections of the accompanying basic financial statements in order to provide an understanding of the changes in the Fire District's financial position and operations.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- n. **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 borrowings used for acquisition, construction, or improvement of those assets.

Restricted- Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire 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.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

- o. **Fund Balance-** The Fire District reports fund balance 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 policies for determining such classifications are as follows:

Non Spendable- The non spendable fund balance classification included 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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed- The committed fund balance classification includes amounts that can 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 Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Fund Balance (Continued)

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 either the Board of Commissioners or by the business manager, to which the Board of Commissioners or by the business manager, to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business manager is established by way of formal job description for the position, approved by the Board of Commissioners.

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.

p. New Accounting Standards

The accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 100 - *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62: The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District's management is currently evaluating the future financial impact as a result of the issuance of GASB Statement No. 100.
- GASB Statement No. 101 – *Compensated Absences*: The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District's management does not anticipate any future financial impact as a result of the issuance of GASB Statement No. 101.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p. New Accounting Standards (Continued)

- GASB Statement No. 102 - *Certain Risk Disclosures*— The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The District's management is currently evaluating the future financial impact as a result of the issuance of GASB Statement No. 102.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act and are classified as credit risk.

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act.

The Fire District designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank and under GUDPA for the remaining balance.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

2. CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk (Continued)

The District's bank balance of \$890,398 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Collateralized under GUDPA	640,398
	<u>\$ 890,398</u>

3. CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Additions	Adjustments	Balance December 31, 2023
Right-to-use Leased Building	\$ 259,049	\$	\$ 42,242	\$ 301,291
Vehicles & Apparatus	2,675,672		861,507	3,537,179
Equipment	1,730,614	44,775	(1,015,775)	759,614
Leasehold Improvements	59,041			59,041
Construction in Progress	950,000		(950,000)	
Totals at Historical Cost	<u>5,674,376</u>	<u>44,775</u>	<u>(1,062,026)</u>	<u>4,657,125</u>
Less Accum. Depreciation and Amortization:				
Right-to-use Leased Building	(50,215)	(10,043)		(60,258)
Vehicles & Apparatus	(1,490,541)	(155,039)	73,770	(1,571,810)
Equipment	(1,376,607)	(19,741)	724,451	(671,897)
Leasehold Improvements	(59,041)			(59,041)
Total Accum. Depreciation and Amortization	<u>(2,976,404)</u>	<u>(184,823)</u>	<u>798,221</u>	<u>(2,363,006)</u>
Capital Assets, Net	<u>\$ 2,697,972</u>	<u>\$ (140,048)</u>	<u>\$ (263,805)</u>	<u>\$ 2,294,119</u>

4. PROPERTY TAX LEVIES

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

Year	Valuations	Tax Levy	Tax Rates
2023	\$ 268,450,100	\$ 552,483	\$ 0.206
2022	267,150,700	541,650	0.203
2021	265,601,500	531,029	0.201
2020	265,229,876	531,029	0.201
2019	265,509,958	522,717	0.197

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

5. BOND ANTICIPATION NOTE PAYABLE

None

6. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 12/31/2022	Increases	Decreases	Principal Outstanding 12/31/2023	Due Within One Year	Due After One Year
Total Governmental Activities						
Long-Term Liabilities						
Capital Lease	\$ 1,173,295	\$	\$ 185,100	\$ 988,195	\$ 295,233	\$ 692,962
Right-to-use Lease	146,197		28,093	118,104	28,655	89,449
	<u>\$ 1,319,492</u>	<u>\$</u>	<u>\$ 213,193</u>	<u>\$ 1,106,299</u>	<u>\$ 323,888</u>	<u>\$ 782,411</u>

Capital Lease Payable – The Fire District's payments on financed purchases are budget and paid from the debt service fund on an annual basis. Financed purchases are summarized as follows:

Lease 1 – The Fire District entered into a capital lease agreement with Leasing 2, Inc. on May 31, 2016, to lease a KME Heavy Rescue Truck. The term of the lease requires an initial payment of \$220,000 on January 31, 2017 and seven annual installments, at 2.35% interest. The lease will be paid in full on March 15, 2024.

Lease 2 – The Fire District entered into a capital lease agreement with Leasing 2, Inc. on June 30, 2018, to lease a Chevrolet Tahoe Command Vehicle. The term of the lease requires seven annual installments, at 4.69% interest. The lease will be paid in full on March 1, 2025.

Lease 3 – The Fire District entered into a capital lease agreement with Tax Exempt Leasing Corp. on May 16, 2022, to lease a Seagrave Tanker Pumper. The term of the lease requires ten annual installments, at 3.49% interest. In 2024, the District has appropriated restricted capital outlay of \$104,499, for the purpose of reducing the principal balance of the lease. The lease will be paid in full on March 22, 2032.

The future schedule of capital lease payments, as of December 31, 2023 is as follows:

Year	Lease 1		Lease 2		Lease 3		Total	
	Principle	Interest	Principle	Interest	Principle	Interest	Principle	Interest
2024	\$ 96,107	\$ 2,265	\$ 11,089	\$ 1,133	\$ 188,037	\$ 31,210	\$ 295,233	\$ 34,608
2025			11,642	580	86,537	28,211	98,179	28,791
2026					89,643	25,104	89,643	25,104
2027					92,862	21,886	92,862	21,886
2028					96,195	18,552	96,195	18,552
Thereafter					316,083	38,412	316,083	38,412
	<u>\$ 96,107</u>	<u>\$ 2,265</u>	<u>\$ 22,731</u>	<u>\$ 1,713</u>	<u>\$ 869,357</u>	<u>\$ 163,375</u>	<u>\$ 988,195</u>	<u>\$ 167,353</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

6. LONG-TERM OBLIGATIONS (Continued)

Operating Lease – In 2018, the District entered a ten-year building lease for an initial annual payment of \$27,600 with a 2% increase each year thereafter. With respect to this lease, the District recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87 – Leases.

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87 – Leases, if the lease is a finance purchase or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position. A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the School's capital assets in its own category called Right-to-Use Lease Assets.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District is utilizing the treasury bill rate (corresponding to length of lease) in place at the date of implementation along with other risk factors to determine the discount interest rate for leases.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District has determined the building lease agreement qualifies as a right-to-use asset. As of December 31, 2023, total future minimum lease payments under right-to-use lease agreements are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 28,655	\$ 2,275	\$ 30,930
2025	29,228	2,320	31,548
2026	29,813	2,367	32,180
2027	30,408	2,414	32,822
Total	\$ 118,104	\$ 9,376	\$ 127,480

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

7. FUND BALANCES APPROPRIATED

The following presents the fund balance and amount utilized in the subsequent year's budget for the current and preceding four years:

Year	End of Year		Utilization in Subsequent Budget	
	Unrestricted	Restricted	Unrestricted	Restricted
2023	\$ 580,485	\$ 215,708	\$ 121,747	\$ 104,499
2022	695,183	180,992	121,747	
2021	557,112	161,659	7,000	
2020	472,916	136,639	6,830	
2019	441,022	111,250	19,949	

8. FUND BALANCES RESTRICTED

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

For Future Capital Outlays – These funds are restricted for future capital expenditures to be made in future years. 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 against a capital appropriation. As of December 31, 2023, the balance for Future Capital Outlay is \$111,209.

For Debt Service – Debt Service Fund Balance in the amount of \$104,499 represents funds previously raised and not yet appropriated. This restricted balance will be used for future Debt Service appropriations.

9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGET

There were no deferred charges to be raised in 2023.

10. LITIGATION

None.

11. 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. The District maintains insurance coverage for property, liability and surety bonds.

12. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The Fire District's Length of Service Awards Program (LOSAP) was created by a Fire District Resolution. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

12. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (Continued)

As required by N.J.A.C 5:30-14.49, the Fire District must have an annual review of its LOSAP performed in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The following description of the LOSAP of Franklin Fire District #4 provides only general information. Participants should refer to the Program agreement for a more complete description of the Program's provisions. The Fire District is the Program sponsor.

General – The Program is a defined contribution Program covering volunteers in Franklin Fire District No.4 who have performed sufficient services to earn a number of "points" as defined in a resolution adopted by the Board of Fire Commissioners of Fire District No. 4 and approved by the voters of the District as a public question at the annual fire commissioners' election.

Contributions – If an active member meets the required years of active service, the LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount was established by statute, it is subject to periodic increases related to the consumer price index (N.J.S.A. 40A:14-185) and provided for in a resolution of the Fire District. The Division of Local Government Services issues the permitted maximum annually, which is \$2,070 for 2023.

Participant Accounts – Each participant's account reflects the total amount of contributions that are allocated to the account and the earnings thereon, any payments or withdrawals on the participant's behalf from the account and any expenses. Under the enabling legislation, the amount in each participants account is not subject to the general creditors of the District.

Employer Contributions – All employer contributions are paid to VALIC, within a reasonable time, in the year subsequent to the year in which the required points have been earned and certified by the chief of the fire company or rescue squad as applicable.

Contribution Payable – As set forth in the resolution adopted by District, the Plan Sponsor is obligated to make contributions for participants in the plan who meet the service requirements in any qualifying year. In 2023, the District determined its 2023 LOSAP contribution to be \$29,171. This amount has been accrued and is reflected in the Balance Sheet and Statement of Net Position.

Investments – All investment balances at December 31, 2023 are certified by VALIC and are valued at market value.

Reserve - The Reserve for LOSAP was \$36,829, as of December 31, 2023.

Tax Status – The LOSAP was established as a Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code (IRC) of 1986, as amended, except for specific provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

12. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (Continued)

Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Township of Franklin Fire District No. 4 subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets.

13. SUBSEQUENT EVENTS

There were no Subsequent Events as of the Balance Sheet date, December 31, 2023, and the Audit date of April 29, 2024.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH TOTALS FOR 2022)

	2023			Variance	2022
	Original Budget	Modified Budget	Actual	Favorable (Unfavorable)	Actual
<u>Revenues</u>					
Revenues and Other Financing Sources:					
Miscellaneous Revenues:					
Interest Earned on Deposits	\$	\$	\$ 1,144	\$ 1,144	\$ 1,147
Miscellaneous			4,000	4,000	1,013
Total Miscellaneous Revenues			5,144	5,144	2,160
Operating Grant Revenue:					
Supplemental Fire Services Program	1,136	1,136	1,136		
Total Operating Grant Revenue	1,136	1,136	1,136		
District Taxes to Support the District Budget:					
Operating and Maintenance	327,141	327,141	327,141		431,056
Total Revenues and Other Financing Sources	\$ 328,277	\$ 328,277	\$ 333,421	\$ 5,144	\$ 433,216
<u>Expenditures</u>					
Operating Appropriations:					
Administration:					
Board Expenses	\$ 9,500	\$ 9,500	\$ 9,500	\$	\$ 9,000
Election	1,300	1,253	680	573	239
OSHA Mandated Testing	6,000	2,940	2,940		5,079
Office Expenses	8,000	5,159	5,159		7,019
Professional Services	20,500	27,982	27,982		9,926
Insurance	70,000	52,731	52,731		53,981
Promotion	5,950	6,805	6,805		6,263
Miscellaneous Expenses	4,000	975	975		
Mileage	1,000	163	163		
Meetings & Supplies	4,000	4,006	4,006		
Total Administration	130,250	111,514	110,941	573	91,507
Cost of Operations and Maintenance					
Maintenance and Repairs	81,935	98,894	98,894		81,746
Professional Services	6,000	-			
Rent	30,323	30,323	30,323		29,729
Supplies Expenses	12,000	10,828	10,291	537	10,182
Training and Education	8,500	12,848	12,848		14,776
Utilities	5,300	5,201	4,406	795	4,840
Fire Equipment	45,000	43,811	43,811		41,177
Firefighter PPE	30,000	35,889	35,889		30,374
Total Cost of Operations and Maintenance	219,058	237,794	236,462	1,332	212,824
Operating Appropriations Offset by Revenues					
Other Expenses					
Length of Service Awards (LOSAP)					
Contribution (P.L. 1997, c. 388)	66,000	66,000	66,000		25,583
Capital Appropriations:					
Reserve for Future Capital Outlays	34,716	34,716		34,716	31,177
Total Capital Appropriations	\$ 34,716	\$ 34,716	\$	\$ 34,716	\$ 31,177

See Notes to Financial Statements

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH TOTALS FOR 2022)

	2023				2022
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)	Actual
Total Operating Appropriations	\$ 450,024	\$ 450,024	\$ 413,403	\$ 36,621	\$ 361,091
Other Sources and (Uses)					
Transfer From Capital Projects, Special Revenue and Debt Service Fund			177,542	177,542	
Total Other Sources and (Uses)			177,542	177,542	
Excess (Deficit) of Revenue Over Expenditures	(121,747)	(121,747)	97,560	219,307	72,125
Fund Balance - Beginning of Year	698,633	698,633	698,633		626,508
Fund Balance - End of Year	<u>\$ 576,886</u>	<u>\$ 576,886</u>	<u>\$ 796,193</u>	<u>\$ 219,307</u>	<u>\$ 698,633</u>
Restricted Fund Balance:					
Future Capital Outlay			\$ 111,209		
Capital Outlay Designated for Subsequent Year's Expenditures			104,499		
Unrestricted Fund Balance:					
Assigned:					
Designated for Subsequent Year's Expenditures			121,747		
Unassigned			458,738		
Fund Balance Per Governmental Funds (GAAP)			<u>\$ 796,193</u>		

See Notes to Financial Statements

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT C-3

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>General Fund</u>
Sources/inflows	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 333,421
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 333,421</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 413,403
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 413,403</u>

OTHER SUPPLEMENTARY INFORMATION

EXHIBIT F-1

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Beginning Balance 12/31/22</u>	<u>Cancelled</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 12/31/23</u>
				<u>Prior Year</u>	<u>Current Year</u>	
Acquisition of PPE	\$ 100,000	\$ 16	\$ (16)	\$	\$	\$

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

**Revenues and Other Financing
Sources**

\$ _____

Total Revenues

**Expenditures and Other Financing
Uses**

Total Expenditures

Excess (Deficiency) of Revenues Over (Under) Expenditures before Transfers

Transfer To General Fund

(173,992)

Excess (Deficiency) of Revenues Over (Under) Expenditures

(173,992)

Fund Balance - Beginning

173,992

Fund Balance - Ending

\$ _____

LONG-TERM DEBT

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Balance January 1, 2023</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance December 31, 2023</u>
Building Lease	1/1/2018	\$ 259,049	1/1/2028	\$ 146,197	\$	\$ 28,093	\$ 118,104
Totals				\$ 146,197	\$	\$ 28,093	\$ 118,104

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Balance January 1, 2023</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance December 31, 2023</u>
Heavy Rescue Truck	05/31/16	\$ 833,317	03/15/24	\$ 190,001	\$	\$ 93,894	\$ 96,107
Command Vehicle	07/01/18	71,874	03/01/25	33,294		10,563	22,731
New Pumber Fire Apparatus	05/16/22	950,000	05/16/32	950,000		80,643	869,357
Totals				<u>\$ 1,173,295</u>	<u>\$</u>	<u>\$ 185,100</u>	<u>\$ 988,195</u>

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH TOTALS FOR 2022)

	<u>2023</u>				<u>2022</u>
	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
REVENUES:					
Amount to be Raised by Taxation to Support the District Budget	\$ 225,342	\$ 225,342	\$ 225,342	\$	\$ 110,594
EXPENDITURES:					
Principal Payments:					
Capital Leases	185,100	185,100	185,100		101,794
Interest Payments:					
Capital Leases	40,242	40,242	40,242		8,800
Total Expenditures	225,342	225,342	225,342		110,594
Excess (Deficit) of Revenue Over (Under) Expenditures					
Fund Balance - Beginning of Year	3	3	3	3	
Transfer to General Fund			(3)	(3)	
Fund Balance - End of Year	\$ 3	\$ 3	\$	\$	\$ 3

SUPPLEMENTAL INFORMATION

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>State Funding Department</u>	<u>State Program</u>	<u>GMIS Number</u>	<u>Grant Award Amount</u>	<u>From</u>	<u>To</u>	<u>Balance 1/1/2023</u>	<u>Receipts or Revenue Received</u>	<u>Expenditures</u>	<u>Balance 12/31/2023</u>
Department of Community Affairs	Supplemental Fire Services Program	8030-150-041650	\$ 1,136	1/1/23	12/31/23	\$	\$ 1,136	\$ (1,136)	\$

EXHIBIT J-2

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 4
COUNTY OF GLOUCESTER
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Debt</u>	<u>Total</u>
Receipts:			
Fire District Taxes 2023	\$ 327,141	\$ 225,342	\$ 552,483
Supplemental Fire Services Program	1,136		1,136
Miscellaneous Receipts	5,144		5,144
Transfer In	173,993	104,499	278,492
	<u>507,414</u>	<u>329,841</u>	<u>837,255</u>
Total Receipts			
	<u>507,414</u>	<u>329,841</u>	<u>837,255</u>
Disbursements:			
Current Budget	337,962		337,962
LOSAP	25,583		25,583
Principal Payments on Debt Payments		185,100	185,100
Interest Payments on Debt Payments		40,242	40,242
Prepaid Debt Service		104,499	104,499
Prior Year Accounts Payable	3,750		3,750
Transfer Out	104,499		104,499
	<u>471,794</u>	<u>329,841</u>	<u>801,635</u>
Total Disbursements			
	<u>471,794</u>	<u>329,841</u>	<u>801,635</u>
Increase (Decrease) in Cash	35,620		35,620
Cash at Beginning of Year	731,515		731,515
Cash at End of Year	<u>\$ 767,135</u>	<u>\$</u>	<u>\$ 767,135</u>

See Notes to Financial Statements

GENERAL COMMENTS

GENERAL COMMENTS

We have audited the financial statements of the Franklin Township Fire District No. 4 as of and for the year ended December 31, 2023, and have issued our report thereon dated April 29, 2024. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Franklin Township Fire District No. 4 to the extent deemed necessary to evaluate the system as required by generally accepted auditing standards.

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

The Board of Fire Commissioners of the Franklin Township Fire District No. 4 is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements 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 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 Franklin Township Fire District No. 4 taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

The size of the staff is not large enough to achieve adequate segregation of duties. This can result in accounting errors or irregularities that may go undetected.

Therefore, to increase the likelihood of detecting material errors or irregularities at an early date, management should monitor and review the financial area and analytically review significant fluctuations between actual and budgeted results of operations. All significant fluctuations should be investigated and resolved in a timely manner.

These conditions were considered in determining the nature, timing and extent of audit tests to be applied in our audit of the 2023 financial statements, and this report does not affect our report on the financial statements dated April 29, 2024.

The report is intended solely for the use of management and the Division of Local Government Services and should not be used for any other purpose.

GENERAL COMMENTS (Continued)

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 requires every appropriate contract or agreement shall be made or awarded only after public advertising for bids, except as provided otherwise by any other law for the sum exceeding the aggregate of \$17,500.

The Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold 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. Our examination of expenditures revealed no instance of noncompliance with **N.J.S. 40A:11-4**.

AWARD OF PURCHASES, CONTRACTS OR AGREEMENTS BY QUOTATIONS

N.J.S.A. 40A:11-6.1

Prior to the award of any purchase, contract or agreement, the District shall (except in the case of the performance of professional services) solicit quotations, whenever practicable, on any purchase, contract or agreement, the estimated cost or price of which is in excess of \$2,625. The award shall be made on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the contracting agent deems it impracticable to solicit competitive quotations in the case of extraordinary, unspecifiable services, or, in the case of such or any other purchase, contract or agreement awarded hereunder, having sought such quotations received, the contracting agent shall file a statement of explanation of the reason or reasons therefore, which shall be placed on file with said purchase, contract or agreement. Our examination of expenditures revealed that solicitation of quotations was made when necessary.

OTHER GENERAL COMMENTS

Minutes

Minutes of the meetings of the Commissioners were available, signed and appeared to be prepared on a timely basis.

Purchase Orders/Vouchers

Our review of the purchasing and disbursements procedure disclosed that purchase orders/vouchers were used and contained the appropriate signatures for approval. The selective encumbrance method of expenditures was implemented as required by directive of the Director of the Division of Local Government.

REPORTABLE CONDITIONS AND OTHER FINDINGS

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 with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X no

Noncompliance material to basic
financial statements noted?

_____ yes X no

PRIOR YEAR AUDIT FINDINGS

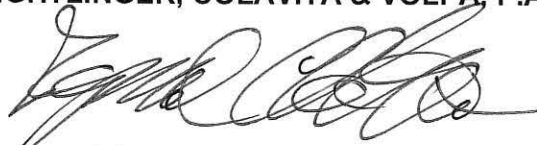
None

APPRECIATION

We desire to express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A.
Registered Municipal Accountant