

**BOARD OF FIRE COMMISSIONERS
LOWER TOWNSHIP FIRE DISTRICT #1
TOWNSHIP OF LOWER, NEW JERSEY**

**AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2024**

**Lower Township Fire District #1
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For the Year Ended December 31, 2024**

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FINANCIAL SECTION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

Board of Commissioners
Lower Township Fire District #1
P.O. Box 1
Villas, NJ 08251

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Commissioners of Lower Township Fire District #1 (the "Fire District"), State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Unmodified Opinion

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 Board of Commissioners of Lower Township Fire District #1, State of New Jersey, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services 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 an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement 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 the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2025, on our consideration of the Fire District's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control over financial reporting and compliance.

Very truly yours,

FORD, SCOTT & ASSOCIATES, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

**Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393**

June 2, 2025

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REQUIRED SUPPLEMENTAL INFORMATION - PART I

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**Lower Township Fire District #1
Management Discussion & Analysis
For the Years Ended December 31, 2024 and 2023**

This Management Discussion and Analysis (“MD&A”) of Lower Township Fire District #1’s (“Fire District”) financial performance provides an overall review of the Fire District’s financial activities for the fiscal years ended December 31, 2024 and 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 basic financial statements and notes to enhance their understanding of the Fire District’s financial performance.

This Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2024) and the prior year (2023) is required to be presented in the MD&A.

Overview

Lower Township Fire District #1, hereafter referred to as the “Fire District,” is a primary governmental entity located in the Lower Township, State of New Jersey. The Fire District is run by a board of commissioners who are elected into office by the registered voters of District #1 in Lower Township.

The Fire District is responsible for establishing a budget and maintaining fiscal control over public funds that are used to provide for the safety and welfare of the residents located within District #1 in Lower Township. Under existing statute, the Fire District is exempt from both Federal and State taxes.

The accounts of the Fire District are maintained in accordance with the principles of “fund accounting.” The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Fire District.

Funding is acquired through property tax levies. In 2024 the total tax levy was \$611,200., which corresponds to a property tax rate of 0.063 per \$100 of assessed valuation.

Financial Highlights

Key financial highlights for 2024 are as follows:

- In total, net position increased \$49,026.75, which represents approximately a 3% increase from 2023 due to operations.
- General Revenues in the form of property tax assessments accounted for \$611,200.00 or 98.50% of the total revenues of \$620,499.74.
- Total assets of governmental activities decreased by \$24,210.68. Capital assets decreased \$113,913.32 due to depreciation.
- The Fire District had \$571,472.99 in expenses. General revenues (primarily property tax assessments) were in the amount of \$620,499.74.

**Lower Township Fire District #1
Management Discussion & Analysis
For the Years Ended December 31, 2024 and 2023**

Reporting the Fire District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains only one fund used by the Fire District to provide programs and activities, the view of the Fire District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the modified accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's activities are reported as governmental activities. The District is primarily financed through the levying of property taxes.

These two statements report the Fire District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the commission as a whole, the financial position of the Fire District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not.

The Fire District as a Whole

Recall that the Statement of Net Position provides the perspective of the Fire District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

The Fire District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the Fire District's net position for 2024 and 2023.

**Table 1
Net Position**

	<u>2024</u>	<u>2023</u>
Assets		
Current and Other Assets	\$ 935,815.11	\$ 846,112.47
Capital Assets Being Depreciated, Net	<u>886,085.45</u>	<u>999,998.77</u>
Total Assets	<u>1,821,900.56</u>	<u>1,846,111.24</u>
Liabilities		
Other Liabilities	<u>246,262.95</u>	<u>319,500.38</u>
Total Liabilities	<u>246,262.95</u>	<u>319,500.38</u>
Net Position		
Invested in Capital Asset	669,460.43	714,254.79
Assigned to:		
Reserve for Future Capital Outlays	456,162.42	406,162.42
Reserve for Fire Supression System	1,800.00	1,800.00
Reserve for Aerial Fire Truck	346.00	346.00
Non-Spendable	16,241.34	22,630.54
Unrestricted	<u>431,627.42</u>	<u>381,417.11</u>
Total Net Position	<u>\$ 1,575,637.61</u>	<u>\$ 1,526,610.86</u>

**Lower Township Fire District #1
Management Discussion & Analysis
For the Years Ended December 31, 2024 and 2023**

The Fire District's combined net position was \$1,575,637.61 on December 31, 2024. This was a 3% increase from 2023.

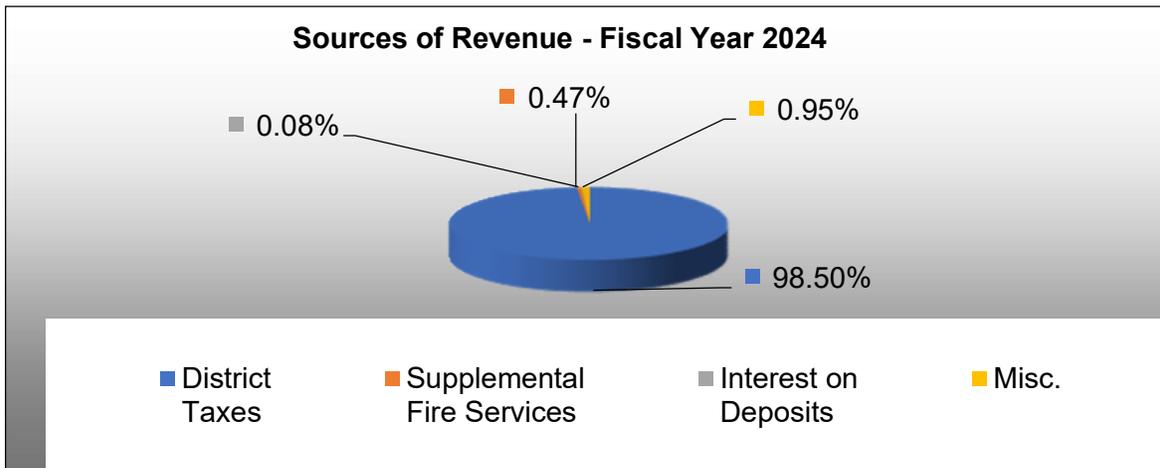
Table 2 shows changes in net position for fiscal year 2024 and 2023.

**Table 2
Changes in Net Position**

	<u>2024</u>	<u>2023</u>
Revenues		
General Revenues:		
Property Tax Assessments	\$ 611,200.00	\$ 606,200.00
Supplemental Fire Services Aid	2,939.04	2,939.04
Interest on Investments	471.74	413.42
Other	5,888.96	933.11
Total Revenues	<u>620,499.74</u>	<u>610,485.57</u>
Program Expenses		
Administration	55,018.60	55,209.05
Cost of Operations	340,101.18	229,076.31
Interest on Debt Service	5,155.57	6,749.16
Depreciation	152,713.32	150,126.65
Capital Items		75,740.24
LOSAP Contribution	18,484.32	20,855.94
Total Expenses	<u>571,472.99</u>	<u>537,757.35</u>
 Increase (Decrease) in Net Position	 \$ <u>49,026.75</u>	 \$ <u>72,728.22</u>

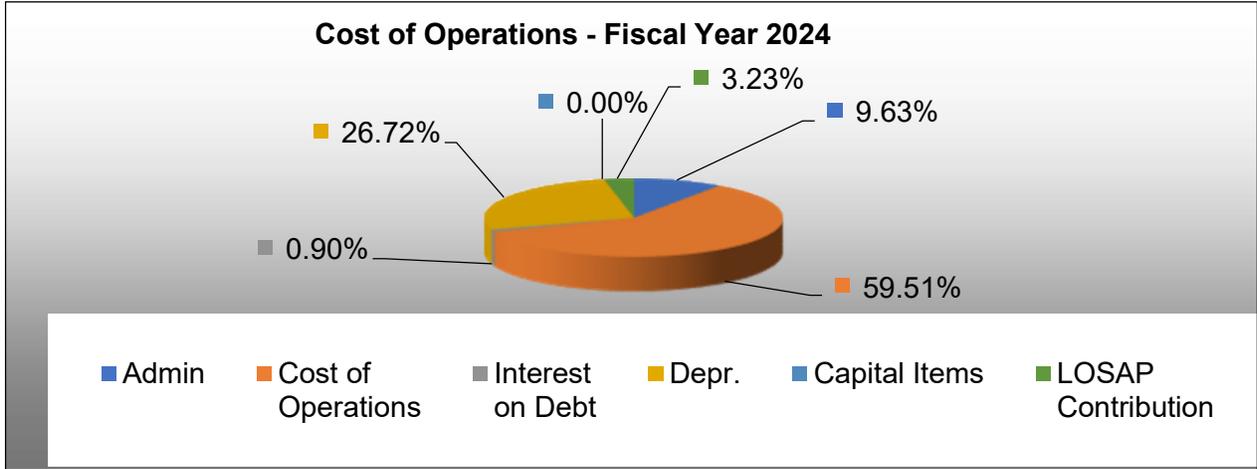
Governmental Activities

The property tax assessments made up 98.50% of revenues while investment earnings made up 0.08% of revenues and supplemental fire services revenues and other revenues made up the remaining 1.42% of revenues for fiscal year 2024. The Fire District's total revenues were \$620,499.74 for the year ended December 31, 2024.



**Lower Township Fire District #1
Management Discussion & Analysis
For the Years Ended December 31, 2024 and 2023**

The total cost of operations was \$571,472.99.



Business-Type Activities

The Fire District does not have any business-type activities.

The Fire District's Funds

The governmental fund (general fund presented in the fund-based statements) is accounted for using the modified accrual basis of accounting. Total revenues amounted to \$620,499.74 and expenditures were \$509,331.74.

As demonstrated by the various statements and schedules included in the financial section of this report, the Fire District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended December 31, 2024, and the amount and percentage of total revenues compared to prior year revenues.

Revenue	2024 Amount	Percent of Total	2023 Amount	Percent of Total
District Taxes	\$ 611,200.00	98.50%	\$ 606,200.00	87.56%
Fund Balance Appropriated - Capital		0.00%	80,000.00	11.56%
Supplemental Fire Services Aid	2,939.04	0.47%	2,939.04	0.42%
Interest on Deposits	471.74	0.08%	413.42	0.06%
Miscellaneous	5,888.96	0.95%	2,784.00	0.40%
Total	\$ 620,499.74	100.00%	\$ 692,336.46	100.00%

**Lower Township Fire District #1
Management Discussion & Analysis
For the Years Ended December 31, 2024 and 2023**

The following schedule represents a summary of general fund expenditures for the fiscal year ended December 31, 2024, and the percentage of total expenditures compared to prior year amounts.

<u>Expenditures</u>	<u>2024 Amount</u>	<u>Percent of Total</u>	<u>2023 Amount</u>	<u>Percent of Total</u>
Administration	\$ 55,018.60	10.80%	\$ 55,209.05	12.22%
Cost of Operations	378,901.18	74.39%	321,037.70	71.08%
Debt Service	75,411.96	14.81%	75,411.96	16.70%
Total	<u>\$ 509,331.74</u>	<u>100.00%</u>	<u>\$ 451,658.71</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The Fire District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the Future

The Township of Lower Fire District #1 is in good financial condition presently.

In conclusion, the Township of Lower Fire District #1 has committed itself to financial excellence for many years. The Fire District plans to continue its sound fiscal management to meet the challenges of the future.

The Organization

The Fire District is governed by a five-member Board of Commissioners who establishes the policies and plans to meet the current and future needs for the Fire District. The members of the Fire District Board of Commissioners at December 31, 2024, are set forth below:

<u>Name</u>	<u>Position Held</u>
William Howard	Chairman
Joseph Wareham	Vice Chairman
Carrise Mornick	Secretary
Linda Brannon	Treasurer
Dale Gentek	Commissioner

This financial report is designed to provide our citizens, taxpayers, investors 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 the Chairman of the Board of Fire Commissioners, Lower Township Fire District #1, Villas, N.J. 08251.

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FINANCIAL STATEMENTS

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**Lower Township Fire District #1
Statement of Net Position
December 31, 2024**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 919,573.77
Prepaid Insurance	16,241.34
Capital Assets Being Depreciated, Net	886,085.45
Total Assets	1,821,900.56
Liabilities	
Accounts Payable	7,588.77
Accrued Interest	3,564.84
Due To LOSAP	18,484.32
Long Term Debt - Current Portion	70,641.17
Long Term Debt - Long Term Portion	145,983.85
Total Liabilities	246,262.95
Net Position	
Investment in Capital Assets, Net of Related Debt	669,460.43
Assigned to:	
Reserve for Future Capital Outlays	456,162.42
Reserve for Fire Suppression System	1,800.00
Reserve for Aerial Fire Truck	346.00
Non-Spendable	16,241.34
Unrestricted	431,627.42
Total Net Position	\$ 1,575,637.61

The accompanying notes are an integral part of these financial statements

Lower Township Fire District #1
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Capital Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Cash Equivalents	\$ 919,573.77	\$	\$ 919,573.77
Prepaid Insurance	16,241.34		16,241.34
Due From General Fund		456,162.42	456,162.42
 Total Assets	 <u>935,815.11</u>	 <u>456,162.42</u>	 <u>1,391,977.53</u>
 Liabilities			
Accounts Payable	7,588.77		7,588.77
Due To LOSAP	18,484.32		18,484.32
Due To Capital Fund	456,162.42		456,162.42
 Total Liabilities	 <u>482,235.51</u>	 <u>0.00</u>	 <u>482,235.51</u>
 Fund Balance			
Assigned to:			
Reserve for Future Capital Outlays		456,162.42	456,162.42
Reserve for Turnout Gear	1,800.00		1,800.00
Reserve for SCBA	346.00		346.00
Non-Spendable	16,241.34		16,241.34
Unrestricted	435,192.26		435,192.26
 Total Fund Balance	 <u>453,579.60</u>	 <u>456,162.42</u>	 <u>909,742.02</u>
 Total Liabilities and Fund Balances	 <u>\$ 935,815.11</u>	 <u>\$ 456,162.42</u>	 <u>\$ 1,391,977.53</u>

The accompanying notes are an integral part of these financial statements

Lower Township Fire District #1
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2024

Total fund balances for governmental funds	\$	909,742.02
<p>Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$3,244,334.48 and the accumulated depreciation is \$2,358,249.03.</p>		
		886,085.45
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
		(216,625.02)
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due.</p>		
		(3,564.84)
Total net position of governmental activities	\$	<u><u>1,575,637.61</u></u>

The accompanying notes are an integral part of these financial statements

Lower Township Fire District #1
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
December 31, 2024

	General Fund	Capital Fund	Total Governmental Funds
Revenues			
District Taxes	\$ 611,200.00	\$	\$ 611,200.00
Supplemental Fire Services Aid	2,939.04		2,939.04
Interest on Deposits and Investments	471.74		471.74
LOSAP Funds Returned	5,230.05		5,230.05
Miscellaneous Revenue	658.91		658.91
Total Revenues	620,499.74	0.00	620,499.74
Expenditures			
Administration	55,018.60		55,018.60
Cost of Operations & Maintenance	378,901.18		378,901.18
Debt Service	75,411.96		75,411.96
Total Expenditures	509,331.74	0.00	509,331.74
Excess/(Deficit) of Revenues over Expenditures	111,168.00	0.00	111,168.00
Other Financing Sources/(Uses)			
(LOSAP) - Contribution (PL 1997, C 388)	(18,484.32)		(18,484.32)
Capital Outlay			
Reserve for Future Capital Outlays	(50,000.00)	50,000.00	0.00
Total Other Financing Sources/(Uses)	(68,484.32)	50,000.00	(18,484.32)
Net Change in Fund Balance	42,683.68	50,000.00	92,683.68
Fund Balance - Beginning	410,895.92	406,162.42	817,058.34
Fund Balance - Ending	\$ 453,579.60	\$ 456,162.42	\$ 909,742.02

The accompanying notes are an integral part of these financial statements

Lower Township Fire District #1
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
December 31, 2024

Net change in fund balance - total governmental funds	\$	92,683.68
<p>The change in net position for governmental activities in the statement of activities is different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 current fiscal year.</p>		
Fixed Assets Additions		38,800.00
Depreciation Expense		(152,713.32)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Capital Leases Payable		69,118.96
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p>		
		1,137.43
Change in Net Position of Governmental Activities	\$	49,026.75

The accompanying notes are an integral part of these financial statements

Lower Township Fire District #1
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2024
(Unaudited)

	Expendable Trust Fund <hr style="border: 0.5px solid black;"/>
Assets	
Investments	150,619.98
Due from Other Funds	18,484.32
Total Assets	<hr style="border: 0.5px solid black;"/> <u>169,104.30</u>
Net Assets	
Held in Trust for LOSAP	<hr style="border: 0.5px solid black;"/> <u>169,104.30</u>

The accompanying notes are an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

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Lower Township Fire District #1
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lower Township Fire District #1 (the Fire District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described below.

A. Reporting Entity

The Fire District's basic financial statements include the accounts of all the Fire District's operations. The Fire District, as a special-purpose government, meets the criteria defining a primary government. As set forth in Government Accounting Standards Board (GASB) 14, a primary government is also a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

B. Basis of Presentation, Measurement Focus and Basis of Accounting

Basis of Presentation

The Fire District's basic financial statements consist of 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 report financial activities of the overall Fire District. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by District assessments, intergovernmental revenues, and other non-exchange transactions from business-type activities, if any, generally financed in whole or in part with fees charged to external parties.

The statement of net assets presents the financial condition of the Fire District at year end. The statement of activities presents a comparison between direct expenses and program revenues for the governmental activity of the Fire District.

Fund Financial Statements: During the fiscal year, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Fire District's funds.

Governmental Funds

The Fire District reports the following governmental funds:

- General Fund – The general operating fund of Fire District, accounts for all administrative and operational activities of the Fire District.
- Capital Fund – The accounting for expenditures for property, plant and equipment financed by debt authorized of form restricted grants is contained in the Capital Fund, as is the related debt issued and outstanding.
- Fiduciary Fund – The fiduciary fund is made of an expendable trust fund used to account for funds held in trust for the Length of Service Award Program (LOSAP), a deferred compensation plan for eligible volunteers.

Lower Township Fire District #1
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax assessments are recognized as revenues in the year in which they are levied.

Contributions and grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

C. Budget/Budgetary Control

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with NJSA 40A:5A. The operating budget, adopted annually, is in the form prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

D. Assets, Liabilities and Equity

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include various checking and money market accounts, U.S. obligations, and certificates of deposit with maturities of three months or less.

Investments are carried at cost with associated premiums and discounts amortized over the term of the investment. Purchase of investments is limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of or guaranteed by the federal government and to bonds or other obligations of federal or local units. These investments are required to have a maturity date not more than twelve months from the date of Purchase.

Additionally, the Fire District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Capital Assets

The Fire District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by the Fire District is \$2,500.

Lower Township Fire District #1
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 12 years for equipment and vehicles.

Accrued Liabilities and Long-Term Obligations

All payables and accrued liabilities are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing (if any) used for the acquisition, construction, or improvement of those assets. Net position are 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.

Fund Balances

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District classifies governmental fund balances as follows;

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

E. Recent Accounting Pronouncements Not Yet Effective

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement is effective for fiscal years beginning after June 15, 2024, and will not have any effect on the District's financial reporting.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement is effective for fiscal years beginning after June 15, 2025,

Lower Township Fire District #1
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

and will not have any effect on the District's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement is effective for fiscal years beginning after June 15, 2025, and may have an effect on the District's financial reporting.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits may not be recovered. Although the District does not have a policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Fire District's bank balance of \$926,479.27 as of December 31, 2024, \$0 was uninsured and uncollateralized.

Investments

The District does not have any "unaudited" investments at December 31, 2024.

NOTE 3 – GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2024, follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adj.</u>	<u>Ending Balance</u>
Equipment	\$481,718.59	\$38,800.00			\$520,518.59
Motor Vehicles	\$2,723,815.89				\$2,723,815.89
Total Historical Cost	<u>\$3,205,534.48</u>	<u>\$38,800.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$3,244,334.48</u>
Accumulated Depreciation					
Equipment	(\$410,143.13)	(\$19,540.34)			(\$429,683.47)
Motor Vehicles	(\$1,795,392.58)	(\$133,172.98)			(\$1,928,565.56)
Total Accum. Depr.	<u>(\$2,205,535.71)</u>	<u>(\$152,713.32)</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>(\$2,358,249.03)</u>
Governmental Activities Capital Assets, Net	<u>\$999,998.77</u>	<u>(\$113,913.32)</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$886,085.45</u>

**Lower Township Fire District #1
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023**

NOTE 4 – CAPITAL LEASES

Lower Township Fire District #1 approved the purchase of a new fire truck for an amount not to exceed \$700,000.00. On January 9, 2020 the District entered into a capital lease with TD Equipment Finance to acquire the new truck. The principal amount of the capital lease is \$484,292.00 with a 2.202% rate of interest. The total minimum lease payments equal \$527,883.72. The net book value of the fire truck is \$216,625.02 at December 31, 2024.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 70,641.17	4,770.79	75,411.96
2026	72,196.92	3,215.04	75,411.96
2027	73,786.93	1,625.03	75,411.96
	<u>\$ 216,625.02</u>	<u>9,610.86</u>	<u>\$ 226,235.88</u>

NOTE 5 – RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2024 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$	474,646.74
General Capital	456,162.42	
Fiduciary	18,484.32	
	<u>\$ 474,646.74</u>	<u>474,646.74</u>

As of December 31, 2024, an interfund remained from the General Fund to the Fiduciary Fund in the amount of \$18,484.32 for the LOSAP. The interfund is due to the 2024 LOSAP contribution due at year end. The interfund will be repaid in the subsequent year.

As of December 31, 2024, an interfund remained from the General Fund to the Capital Projects Fund in the amount of \$456,162.42. The interfund is due to the fact that the General Capital Fund does not have a separate bank account.

NOTE 6 – INTERLOCAL SERVICE AGREEMENT

The Fire District has an agreement with the Villas Volunteer Fire Company. This agreement states that the Villas Volunteer Fire Company will provide Lower Township Fire District #1 with necessary fire extinguishment services including manpower and equipment for a fee of \$99,000.

Lower Township Fire District #1
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 7 – LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

During the year 2001, the voters of Lower Township Fire District #1 approved establishment of a Length of Service Awards Program (LOSAP) deferred compensation plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP document. The plan is administered by Lincoln Life Insurance Company and Lincoln Financial Group, its agent. The LOSAP Deferred Compensation Plan has not been audited.

NOTE 8 – FUND BALANCES

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

The Fire District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Fire District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be spent first when expenditures are made.

Specific classifications of fund balance are summarized below:

- Non-Spendable Fund Balance – The Fire District had non-spendable fund balance of \$16,241.34 for prepaid expenses at December 31, 2024.
- Restricted Fund Balance
- Capital Projects – \$456,162.42 is restricted for Future Capital Projects.
- Committed Fund Balance – The Fire District had fund balance committed to the purchase of equipment in the amount of \$2,146.00 at December 31, 2024.
- Unassigned Fund Balance – At December 31, 2024, the Fire District has \$431,627.42 of unassigned fund balance in the general fund.

NOTE 9 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and June 2, 2025, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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Lower Township Fire District #1
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2024

	Budget	Adjusted Final Budget	Actual	Variance - Over (Under)
Revenues:				
District Taxes	\$ 611,200.00	\$ 611,200.00	\$ 611,200.00	\$ 0.00
Fund Balance Appropriated - General	42,413.89	42,413.89		(42,413.89)
Supplemental Fire Services Aid		0.00	2,939.04	2,939.04
Interest on Deposits and Investments		0.00	471.74	471.74
LOSAP Funds Returned		0.00	5,230.05	5,230.05
Miscellaneous Revenue		0.00	658.91	658.91
Total Revenues	<u>653,613.89</u>	<u>653,613.89</u>	<u>620,499.74</u>	<u>(33,114.15)</u>
Expenditures:				
Operating and Maintenance:				
Administration:				
Commissioners	27,000.00	27,000.00	27,000.00	0.00
Elections	5,000.00	5,000.00	5,195.60	(195.60)
Office Expense	5,300.00	5,300.00	4,719.03	580.97
Professional Services	28,000.00	28,000.00	16,971.00	11,029.00
Advertising	2,000.00	2,000.00	982.85	1,017.15
Meals & Travel	1,000.00	1,000.00	150.12	849.88
Recruiting	2,000.00	2,000.00		2,000.00
Total Administration	<u>70,300.00</u>	<u>70,300.00</u>	<u>55,018.60</u>	<u>15,281.40</u>
Cost of Operations & Maintenance:				
Facility Maintenance	11,000.00	11,000.00	11,084.34	(84.34)
Contracted Services - Volunteer Fire Company	99,000.00	99,000.00	100,000.00	(1,000.00)
Fuel	12,000.00	12,000.00	5,757.63	6,242.37
Hepatitis B Shots/Physicals	5,000.00	5,000.00	5,085.00	(85.00)
Insurance	42,000.00	42,000.00	41,042.10	957.90
Maintenance & Repairs	45,000.00	45,000.00	47,349.26	(2,349.26)
Miscellaneous	5,000.00	5,000.00	1,595.01	3,404.99
Rent	1,000.00	1,000.00	1,000.00	0.00
Training & Education	11,500.00	11,500.00	8,263.37	3,236.63
Uniforms	3,000.00	3,000.00	203.00	2,797.00
Utilities	12,000.00	12,000.00	14,291.31	(2,291.31)
Fire Hydrant Rent	20,000.00	20,000.00	13,944.00	6,056.00
Dues	300.00	300.00	300.00	0.00
EZ Pass	100.00	100.00		100.00
Lower Township Fire Bureau	8,000.00	8,000.00		8,000.00
Post Retirement/Fire Bureau	15,000.00	15,000.00		15,000.00
Equipment	136,150.00	136,150.00	128,986.16	7,163.84
Total Cost of Operations and Maintenance	<u>426,050.00</u>	<u>426,050.00</u>	<u>378,901.18</u>	<u>47,148.82</u>
Debt Service:				
Capital Leases - Principal	69,076.18	69,076.18	69,118.96	(42.78)
Capital Leases - Interest	8,187.71	8,187.71	6,293.00	1,894.71
Total Debt Service	<u>77,263.89</u>	<u>77,263.89</u>	<u>75,411.96</u>	<u>1,851.93</u>
Total Expenditures	<u>573,613.89</u>	<u>573,613.89</u>	<u>509,331.74</u>	<u>64,282.15</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>80,000.00</u>	<u>80,000.00</u>	<u>111,168.00</u>	<u>31,168.00</u>

Lower Township Fire District #1
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2024

	<u>Budget</u>	<u>Adjusted Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
(LOSAP) - Contribution (PL 1997, C 388)	(30,000.00)	(30,000.00)	(18,484.32)	11,515.68
Capital Outlay				
Reserve for Future Capital Outlays	(50,000.00)	(50,000.00)	(50,000.00)	0.00
Total Other Financing (Uses)	<u>(80,000.00)</u>	<u>(80,000.00)</u>	<u>(68,484.32)</u>	<u>11,515.68</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0.00	0.00	42,683.68	42,683.68
Fund Balance - Beginning of Year	410,895.92	410,895.92	410,895.92	0.00
Fund Balance - End of Year	<u>\$ 410,895.92</u>	<u>\$ 410,895.92</u>	<u>\$ 453,579.60</u>	<u>\$ 42,683.68</u>

OTHER SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report Government Auditing Standards

Board of Commissioners
Lower Township Fire District #1
P.O. Box 1
Villas, NJ 08251

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lower Township Fire District #1 (the "Fire District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated June 2, 2025, which was unmodified.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORD, SCOTT & ASSOCIATES, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

**Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393**

June 2, 2025

**Lower Township Fire District #1
Schedule of Findings and Responses
For the Fiscal Years Ended December 31, 2024 and 2023**

Schedule of Financial Statement Findings

No current year findings were noted.

Status of Prior Year Findings

No prior year findings noted.