Annual
Financial Report

of the

Board of Fire Commissioners
Fire District Number One
of the Township of Hillsborough

For the Years Ended December 31, 2023 and 2022

Prepared By

The Fire District

Finance Department

BOARD OF FIRE COMMISSIONERS

FIRE DISTRICT NUMBER ONE OF THE TOWNSHIP OF HILLSBOROUGH

INDEX

		PAGE NUMBER
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		4-5
Management's Discussion and Analysis		6-9
MAJOR FUNDS FINANCIAL STATEMENTS		
EXHIBITS		
"A-1"	Statements of Net Position - December 31, 2023 and 2022	10
"A-2"	Statements of Activities for the Years Ended December 31, 2023 and 2022	11
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
"B-1"	Balance Sheets Governmental Funds - December 31, 2023 and 2022	12
"B-2"	Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds for the Years Ended December 31, 2023 and 2022	13
"B-3"	Reconciliation of the Statements of Governmental Fund Balance Sheet to the Government-Wide Statements of Net Position - December 31, 2023 and 2022	14
"B-4"	Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statements of Activities - December 31, 2023 and 2022	15
Notes to the Financial Statements		16-23
REQUIRED SUPPLEMENTAL INFORMATION		
SCHEDULES		
"1"	Revenues and Expenditures - Budget and Actual for the Year Ended December 31, 2023	24
General Comments and Recommendations		25

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District Number One of the
Township of Hillsborough
379 South Branch Road
Hillsborough, New Jersey 08844

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Fire District Number One of the Township of Hillsborough (the "Fire District, which comprise the statements of net position as of and for the years ended December 31, 2023 and 2022, and the related statements of activities, balance sheets governmental funds, statements of revenues, expenditures and changes in fund balances governmental funds, reconciliation of the statements of governmental fund balance sheet to the government wide statements of net position, reconciliation of the statements of revenues, expenditures and changes in fund balance of governmental funds to the statements of activities and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Fire District as of December 31, 2023 and 2022, and the respective changes in net position and fund balances for the years 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities 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 Fire District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Required Supplementary Information

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2024 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.

June 18, 2024

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

Board of Fire Commissioners
Fire District Number One of the
Township of Hillsborough
379 South Branch Road
Hillsborough, New Jersey 08844

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 Fire District Number One of the Township of Hillsborough (the "Fire District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Fire District's' financial statements, and have issued our report thereon dated June 18, 2024.

Internal Control Over Financial Reporting

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

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 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.

June 18, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Unaudited

In this section of the annual report, management of The Board of Fire Commissioners Fire District Number One of the Township of Hillsborough (the "Fire District") presents a narrative discussion and analysis of the Fire District's financial activities for the years ended December 31, 2023 and 2022. This section of the report should be read in conjunction with the Fire District's audited financial statements and supplementary information for the year ended December 31, 2023 and 2022. The Fire District's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The opinion of our independent auditors, Suplee Clooney & Company LLC is included in this report.

Financial Highlights

Total assets at year-end 2023 totaled $9 million comprised of cash and fixed assets and is an increase of $900 thousand or 11% from 2022's $8.1 million.

Liabilities total $798 thousand is a decrease of $70 thousand over the prior year's $868 thousand comprised of accounts payable. Working capital balances are adequate to meet the operational needs of the Fire District.

Operating Revenues totaled $4.9 million while Operating Expenses totaled $3.9 million. Operating Expenses increased $380 thousand or 10.7% from the prior year. Total operating revenues increased $160 thousand or 3.4% from the prior year.

Revenue from property tax totaled $4.5 million for 2023 versus $4.3 million for 2022, which represents an increase of $200 thousand.

Cash and Investments of $3 million decreased $92 thousand from the prior the year's $3.1 million.

Overview of Annual Financial Report

The financial statements consist of the following parts: Management's Discussion and Analysis; the basic financial statements consisting of government-wide financial statements and fund financial statements; notes to the financial statements; and required supplemental information.

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the District's budget, and other management tools were used for this analysis.

The basic government-wide financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Overview of Annual Financial Report (Continued)

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position and Statement of Activities. The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term of the Fire District. The Statement of Activities reports all revenue and expenses during the year regardless of when cash is received or paid.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This is the traditional form for our financial statements. The required financial statements are: Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenses and Changes in Fund Balances reports revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during or soon after the end of the year.

Exhibit B-3 – Reconciliation of the Government Fund Balance Sheet to the Government-wide Statement of Net Position, explains the differences between the two balance sheets. Exhibit B-4 – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Government Funds to the Statement of Activities, traces the change in fund balances to the change in net assets reported in Exhibit A-2.

General Fund – This fund is used to finance the operations of the Fire District. All tax revenues are placed in the General Fund and regular operating expenses are charged here. Funds used for Capital Equipment and projects are transferred from the General Fund to the Capital Outlay Fund.

Capital Outlay Fund - Used to separate funds for capital equipment and projects. All capital expenditures are taken from this fund. Funds in this account come from revenue transferred from the General Fund to be used for capital improvements, the sale of existing assets (such as equipment), and interest received on the balance in the fund.

Debt Service Fund – Used to separate funds for lease and loan payments. All debt service payments are taken from this fund. Funds in this account come from revenue transferred from the General Fund to be used for principal and interest on lease and loan payments and interest received on the balance in the fund.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Fire District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning:

Summary of Organization and Business

The Fire District Number One of the Township of Hillsborough (the "Fire District") is a political subdivision of the Township of Hillsborough, Somerset 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 taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location. The Fire District has three fire companies within its jurisdiction.

The Fire District is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14.

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 five years:

FISCAL YEAR	ASESSED VALUATIONS	TOTAL TAX LEVY	PROPERTY TAX RATES
2023	$7,630,585,800	$4,552,009	$.060
2022	$7,139,185,955	$4,364,178	$.062
2021	$6,192,636,434	$2,944,730	$.045
2020	$6,343,552,519	$2,800,887	$.044
2019	$6,155,058,469	$2,726,665	$.045
2018	$5,777,612,393	$2,636,649	$.043

Contacting the District's Management

Any questions about the Fire District's report or if additional information is needed, please contact the Board of Fire Commissioners Fire District Number One, 379 South Branch Road, Hillsborough, New Jersey 08844.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning:

Condensed Financial Statements

Condensed Statement of Net Position

	December 31		Variance		
	2023	2022	Dollars	%	2021
Assets:					
Cash and Investments	$ 3,056,664	$ 3,148,311	$ (91,647)	-2.9%	$ 2,735,158
Property, Plant and Equipment - Net	5,988,729	5,001,814	986,915	19.7%	4,238,961
Total Assets	$ 9,045,393	$ 8,150,125	$ 895,268	11.0%	$ 6,974,119
Liabilities:					
Accounts Payable	$ 797,737	$ 868,396	$ (70,659)	-8.1%	$ 878,798
Total Liabilities	797,737	868,396	(70,659)	-8.1%	878,798
Net Position:					
Invested in Capital Assets	5,988,729	5,001,814	986,915	19.7%	4,238,961
Unrestricted Net Position	1,783,817	1,597,436	186,381	11.7%	1,343,846
Restricted Capital Projects	475,110	682,479	(207,369)	-30.4%	512,514
Total Net Position	8,247,656	7,281,729	965,927	13.3%	6,095,321
Total Liabilities and Position	$ 9,045,393	$ 8,150,125	$ 895,268	11.0%	$ 6,974,119

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	December 31		Variance		
	2023	2022	Dollars	%	2021
Operating Revenues:					
Taxation	$ 4,552,009	$ 4,364,178	$ 187,831	4.3%	$ 2,944,730
Other	358,344	386,357	(28,013)	-7.3%	482,277
Total Operating Revenues	4,910,353	4,750,535	159,818	3.4%	3,427,007
Operating Expenses:					
Operations and Maintenance	3,944,426	3,564,127	380,299	10.7%	3,223,355
Total Operating Expenses	3,944,426	3,564,127	380,299	10.7%	3,223,355
Operating Income/(Loss)	965,927	1,186,408	(220,481)	-18.6%	203,652
Change in Net Assets	965,927	1,186,408	(220,481)	-18.6%	203,652
Net Position, Beginning of Year	7,281,729	6,095,321	1,186,408	19.5%	5,891,669
Net Position, End of Year	$ 8,247,656	$ 7,281,729	$ 965,927	13.3%	$ 6,095,321

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MAJOR FUNDS FINANCIAL STATEMENTS

EXHIBIT "A-1"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 3,056,664	$ 3,148,311
Vehicles and Equipment:		
Total Apparatus, Vehicles and Equipment	13,969,335	12,137,180
Less: Accumulated Depreciation	(7,980,606)	(7,135,366)
Net Vehicles and Equipment	5,988,729	5,001,814
TOTAL ASSETS	$ 9,045,393	$ 8,150,125
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 797,737	$ 868,396
Total Current Liabilities	797,737	868,396
NET POSITION		
Net Investment in Capital Assets	5,988,729	5,001,814
Restricted:		
Capital Projects Fund	475,110	682,479
Unrestricted	1,783,817	1,597,436
Total Net Position	8,247,656	7,281,729
TOTAL LIABILITIES AND NET POSITION	$ 9,045,393	$ 8,150,125

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

EXHIBIT "A-2"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FUNCTIONS	2023	2022
Fire Protection:		
Contracts	$ 50,000	$ 50,000
Insurance	268,034	270,293
Salaries and Benefits	1,543,430	1,197,606
Administrative	854,392	841,088
Equipment and Supplies	383,330	546,800
Depreciation Expense	845,240	658,340
Total Governmental Activities	3,944,426	3,564,127
GENERAL REVENUES		
Property Tax	4,552,009	4,364,178
Contributions and Other Revenue	358,344	386,357
Total General Revenues	4,910,353	4,750,535
CHANGE IN NET ASSETS	965,927	1,186,408
Net Position - Beginning of Year	7,281,729	6,095,321
Net Position - End of Year	$ 8,247,656	$ 7,281,729

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT "B-1"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

BALANCE SHEETS GOVERNMENTAL FUNDS
DECEMBER 31, 2023 AND 2022

	GOVERNMENTAL FUND TYPES		TOTAL GOVERNMENTAL FUNDS	GOVERNMENTAL FUND TYPES		TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CAPITAL PROJECTS FUND	2023	GENERAL FUND	CAPITAL PROJECTS FUND	2022
ASSETS						
Cash and Cash Equivalents	$ 2,396,340	$ 660,324	$ 3,056,664	$ 2,465,832	$ 682,479	$ 3,148,311
TOTAL ASSETS	$ 2,396,340	$ 660,324	$ 3,056,664	$ 2,465,832	$ 682,479	$ 3,148,311
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Accounts Payable	$ 612,523	185,214	$ 797,737	$ 868,396	$	$ 868,396
Total Current Liabilities	612,523	185,214	797,737	868,396		868,396
FUND BALANCES						
Reserved for:						
Unreserved, Undesignated	1,783,817	475,110	2,258,927	1,597,436	682,479	2,279,915
Total Fund Balances	1,783,817	475,110	2,258,927	1,597,436	682,479	2,279,915
TOTAL LIABILITIES AND FUND BALANCES	$ 2,396,340	$ 660,324	$ 3,056,664	$ 2,465,832	$ 682,479	$ 3,148,311

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

EXHIBIT "B-2"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	GOVERNMENTAL FUND TYPES		TOTAL GOVERNMENTAL FUNDS	GOVERNMENTAL FUND TYPES		TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CAPITAL PROJECTS FUND	2023	GENERAL FUND	CAPITAL PROJECTS FUND	2022
REVENUES:						
Local Sources:						
Property Tax	$ 2,742,009	$ 1,810,000	$ 4,552,009	$ 2,529,178	$ 1,835,000	$ 4,364,178
Contributions and Other Revenue	358,344		358,344	386,357		386,357
Total Revenues	3,100,353	1,810,000	4,910,353	2,915,535	1,835,000	4,750,535
EXPENDITURES:						
Fire Protection:						
Contracts	50,000		50,000	50,000		50,000
Insurance	268,034		268,034	270,293		270,293
Salaries and Benefits	1,543,430		1,543,430	1,197,606		1,197,606
Administrative	854,392		854,392	841,088		841,088
Equipment and Supplies	198,116	$ 2,017,369	2,215,485	302,958	1,665,035	1,967,993
Total Expenditures	2,913,972	2,017,369	4,931,341	2,661,945	1,665,035	4,326,980
Net Change in Fund Balances	186,381	(207,369)	(20,988)	253,590	169,965	423,555
Transfers						
Fund Balances - Beginning of Year	1,597,436	682,479	2,279,915	1,343,846	512,514	1,856,360
Fund Balances - End of Year	$ 1,783,817	$ 475,110	$ 2,258,927	$ 1,597,436	$ 682,479	$ 2,279,915

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

EXHIBIT "B-3"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

RECONCILIATION OF THE STATEMENTS OF GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Total Fund Balances - Governmental Funds (From Exhibit B-1)	$ 2,258,927	$ 2,279,915
Capital Assets used in governmental funds are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Total Historical Cost of Capital Assets	13,969,335	12,137,180
Less: Accumulated Depreciation	(7,980,606)	(7,135,366)
Net Position (From Exhibit A-1)	$ 8,247,656	$ 7,281,729

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

EXHIBIT "B-4"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES

DECEMBER 31, 2023 AND 2022

	2023	2022
Net Change in Fund Balances - Total Governmental Funds (From Exhibit B-2)	$ (20,988)	$ 423,555
Amounts reported for governmental activities in the Statement of Activities (from Exhibit A-2) are different as follows:		
Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year.		
Current Year Capital Outlays	1,832,155	1,421,193
Less: Current Year Depreciation Expense	(845,240)	(658,340)
Change in Net Position of Governmental Activities (From Exhibit A-2)	$ 965,927	$ 1,186,408

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

NATURE OF ACTIVITIES

Fire District Number One of the Township of Hillsborough (the "Fire District") is a political subdivision of the Township of Hillsborough, Somerset County, New Jersey. It was formed through the adoption of a Township ordinance.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. The Fire District has three fire companies within its jurisdiction.

The Fire District is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14.

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 each November.

The official accounting records, along with the supporting documentation, of the Fire District are maintained by the Treasurer.

Minutes are recorded for meetings and contain approvals for disbursements. The Fire District prepares a fiscal budget in accordance with applicable laws and regulations.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fire District have been prepared in conformity with U.S. generally accepted accounting principles (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 most significant of the GASB's accounting policies are described below.

Basis of Accounting-Measurement Focus

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

Government-Wide Financial Statements: The Government-Wide Financial Statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus (Continued)

Governmental Funds Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent that they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Basis of Presentation

The Fire District's financial statements include a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Governmental-Wide Financial Statements: The statement of net position presents the financial condition of the governmental activity of the Fire District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the Fire District and for each function of the Fire District's governmental activities.

Fund Financial Statements: During the fiscal 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. The fund financial statements provide information about the Fire District's funds. Separate statements for each fund category governmental are presented.

Governmental Funds

General Fund

The general fund is the general operating fund of the Fire District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Capital Projects Funds

The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund

The debt service fund is used to account for all financial resources to be used for the payment of principal and interest on lease and loan payments.

Measurement Focus

Government-Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of the Fire District are included on the statement of net position.

Fund Financial Statements: All government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Budgetary Procedures

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 hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by a 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Procedures (Continued)

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.

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 general purpose financial statements.

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market. The Fire District considers investments with maturities of three months or less to be cash equivalents.

Investments

The Fire District's investment policy principally permits the investing of funds in the following types of investments:

Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States or by any corporation chartered by the United States to the extent that such obligations are guaranteed by the United States or by another such agency and Defeasance Securities.

Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking associations which certificates of deposits shall be continuously secured by obligations described in the first paragraph above.

Deposits in the NJ Cash Management Fund and other deposits defined in the Fire District's Bond Resolution.

Fixed Assets

Fixed Assets are stated at cost. Depreciation is determined on a straight-line basis over various economic lives, which are fixed by management.

Inventory

Inventory of spare parts and supplies is recorded as an expense when purchased and accordingly, is not included in the statements of net position.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Tax Status

The Fire District qualifies as a tax-exempt organization and therefore, has no provision for federal income taxes.

Use of Estimates

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

Net Position

Equity is classified as net position and displayed in three components:

1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.

2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.

3) Unrestricted - any other net position that does not meet the definition of "restricted" or "invested in capital assets."

(2) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at December 31 are summarized as follows:

	2023	2022
Checking and Money Market	$2,677,857	$2,774,888
Money Market Account – LOSAP	378,807	373,423
	$3,056,664	$3,148,311

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes permit the deposit of public funds only in banks which meet the requirements of the Governmental Unit Deposit Protection Act or the State of New Jersey Cash Management Fund. This Act, commonly referred to as "GUDPA", requires that banks which accept public funds to be a public depository. The statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Fire District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.

The Fire District does not have a policy to limit interest rate risk; however, its practice is to hold investments to maturity. There is also no limit to the amount that can be invested.

(3) CHANGES IN FIXED ASSETS

Activity for general fixed assets capitalized by the Fire District at December 31, is as follows:

	Balance 2022	Additions (Deletions)	Balance 2023
Vehicles and Equipment	$12,137,180	$1,832,155	$13,969,335
Less: Accumulated Depreciation	7,135,366	845,240	7,980,606
Net Fixed Assets	$ 5,001,814	$ 986,915	$ 5,988,729

(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 five years:

FISCAL YEAR	ASESSED VALUATIONS	TOTAL TAX LEVY	PROPERTY TAX RATES
2023	$7,630,585,800	$4,552,009	$.060
2022	$7,139,185,955	$4,364,178	$.062
2021	$6,192,636,434	$2,944,730	$.045
2020	$6,343,552,519	$2,800,887	$.044
2019	$6,155,058,469	$2,726,665	$.045
2018	$5,777,612,393	$2,636,649	$.043

(5) RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire District maintains commercial insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the Fire District. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

(6) FINANCIAL DEPENDENCY

The Fire District's largest source of operating revenue is Property Tax Levies from the Township of Hillsborough. The Fire District is economically dependent on these Levies to carry on its operations.

(7) LENGTH OF SERVICE AWARD PROGRAM

On January 18, 1998, the Emergency Services Volunteer Length of Service Award Program (LOSAP) was signed into law. LOSAP is a system established to provide tax deferred income benefits to active volunteer members of an emergency service organization, including all forms of volunteer fire and first aid rescue squads. The tax-deferred income benefits come from contributions made solely by the Fire District. The contributions are deposited into a plan similar to the deferred contribution plans permitted for county and municipal employees (N.J.S.A. 43:15B-1 et seq.).

The LOSAP expense was $158,752 and $162,00 for the years ending December 31, 2023 and 2022, respectively.

(8) SUBSEQUENT EVENTS

The Fire District has evaluated subsequent events occurring after the financial statement date through June 18, 2024, which is the date the financial statements were available to be issued. Based on this evaluation, the Fire District has determined that no subsequent events have occurred which require disclosure in the financial statements.

(9) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Fire District may be a party to litigation. At December 31, 2023, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Fire District.

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SCHEDULE "1"

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT OF THE TOWNSHIP OF HILLSBOROUGH

BUDGETARY COMPARISON SCHEDULE
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2023

	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Revenues:			
Fund Balance Utilized	$ 250,000		
Property Tax	4,535,539	4,552,009	$ 16,470
Penalties & Fines		3,580	3,580
Annual Registration Fees			
Interest	1,000	33,553	32,553
New Jersey State Fire Service Grant	11,317		(11,317)
Other	254,000	321,211	67,211
Total Revenues	5,051,856	4,910,353	108,497
Expenditures:			
Operating Appropriations:			
Administration			
Commissioners	15,000	15,000	
Administration	130,000	136,132	(6,132)
Elections		-	
Insurance and Bonds	300,000	268,034	31,966
Contingent Expenses	30,000		30,000
Professional Services	30,000	13,183	16,817
Radio's, Pagers and Siren Maintenance		10,014	(10,014)
	505,000	442,363	62,637
Cost of Operations and Maintenance			
Salary and Wages	974,032	1,055,594	(81,562)
Fringe Benefits	511,651	487,836	23,815
Vehicle Operations/Supplies/Fuel	159,000	103,281	55,719
Training and Education/ Small Equipment Maintenance/Recruitment and Retention	139,660	121,524	18,136
Contingent Expenses	31,000	2,128	28,872
Turnout Gear/Special Equipment/ Other Equipment Costs	116,317		116,317
Administration/Reimbursement per Call/ Hepatitis B/Medicals	110,000	74,239	110,000 (74,239)
Uniform and Clothing/Professional Dues/ Memberships/Subscriptions and Conferences	43,000	14,477	28,523
Vehicle Equipment and Maintenance	210,600	267,013	(56,413)
Apparatus Housing/Neshanic Contract	280,596	280,601	(5)
	2,575,856	2,406,693	169,163
LOSAP	161,000	158,752	2,248
Capital Reserve Fund	1,810,000	1,832,155	(22,155)
Total Expenditures	5,051,856	4,839,963	211,893
Excess/(Deficit) of Revenues Over Expenditures	$	$ 70,390	$ 320,390

BOARD OF FIRE COMMISSIONERS

FIRE DISTRICT NUMBER ONE OF THE TOWNSHIP OF HILLSBOROUGH

DECEMBER 31, 2023

GENERAL COMMENTS AND RECOMMENDATIONS

NONE