

**FRANKLIN TOWNSHIP
FIRE DISTRICT NO. 1
COUNTY OF HUNTERDON
December 31, 2024**



FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1

For the Year Ended December 31, 2024

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Certified Public Accountants, PC

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Independent Auditors' Report

Board of Fire Commissioners
Franklin Township Fire District No. 1
Pittstown, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of Franklin Township Fire District No. 1, in the County of Hunterdon, State of New Jersey, as of and for the years ended December 31, 2024 and 2023, and the related Notes to the Financial Statements, which collectively comprise Franklin Township Fire District No. 1's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Franklin Township Fire District No. 1, as of December 31, 2024 and December 31, 2023, and the respective changes in financial position thereof and 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 accounting 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Franklin Township Fire District No. 1 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Franklin Township Fire District No. 1'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.

Auditors' 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 auditors' 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 that 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Township Fire District No. 1'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 Franklin Township Fire District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Budget vs. Actual Revenues and Expenses - General Fund as identified in the Table of Contents, be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of the financial reporting for placing the Basic Financial Statements in an appropriated operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquires of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquires, 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 Information

Management is responsible for the Other Information included in the annual report. The Other Information comprises the Schedule of Officials and Surety Bond. Our opinion on the basic financial statements do not cover the Other Information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with the *Government Auditing Standards*, we have also issued our report dated April 25, 2025, on our consideration of the Franklin Township Fire District No. 1'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 Franklin Township Fire District No. 1's internal controls over financial reporting and compliance.



BKC, CPAs, PC

April 25, 2025
Flemington, New Jersey

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

This section of the Franklin Township Fire District No. 1 (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ending December 31, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

1. The District's total assets decreased 3.95% and total liabilities decreased 29.06% over the course of this year's operations. The decrease in liabilities is a result of the decrease in the lease payable.
2. During the year, the District's total revenues increased by 18.76%. The increase is due to the increase in local tax levy and a grant received in the current year.
3. Expenses increased by 33.77%. This is primarily due to the fire protection agreement, insurance, and protective gear.
4. Net position decreased by 2.02%. The increase is due to an overall increase in expenditures.

Using this Annual Report

This annual report consists of a series of financial statements. The Comparative Statement of Net Position and the Comparative Statement of Activities and Changes in Net Position (on page 7 and 8) provide information about the activities of the District as a whole. The Fund Financial statements start on page 9. These statements tell how these services were financed. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The financial statements of the District as a whole begin on page 7. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position and changes to them.

The District's net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Reporting the District's Most Significant Funds

Fund Financial Statements

The financial statements of the District's major funds begin on page 9. The Fund Financial Statements provide detailed information about the most significant funds, not the District as a whole.

General Fund - Most of the District's basic services are reported in the general fund, which focuses on how money flows in and out of the funds and the balances left at year-end that are available for spending. The general fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The general fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District as a Whole

The District's total net position decreased \$19,970 or 2.02%, from \$989,900 to \$969,930. Details of the changes are reflected on page 8.

Final Budget versus Actual Results

As reflected on pages 18-20 the District operated within budgetary constraints. Actual revenues were more than the final budget by \$29,985 and actual expenses were less than the final budget by \$15,356. Revenues increased due the increased tax levy, interest income, and a grant received in the current year. Expenses increase primarily due to the purchase of a new truck.

Capital Assets

At December 31, 2024, the District had \$1,773,352 at cost in total capital assets.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Condensed Comparative Information

	2024	2023	Increase (Decrease)
Assets			
Current and other assets	\$ 226,503	\$ 660,701	\$ (434,198)
Capital assets, net of depreciation	797,601	405,564	392,037
Total assets	\$ 1,024,104	\$ 1,066,265	\$ (42,161)
Liabilities	\$ 54,174	\$ 76,365	\$ (22,191)
Net position			
Unreserved	150,136	458,943	(308,807)
Investment in capital assets	797,601	348,764	448,837
Restricted	22,193	182,193	(160,000)
Total net position	\$ 969,930	\$ 989,900	\$ (19,970)
Change in net position			
Revenue	\$ 694,620	\$ 584,871	\$ 109,749
Expenditures	714,590	534,196	180,394
Change in net position	\$ (19,970)	\$ 50,675	\$ (70,645)

Economic Factors and Next Year's Budget and Rates

The District's governing body considers many factors when setting the budget and tax rates including the economy, the rate of inflation, and planned future capital projects. The 2025 tax rate is anticipated to be \$0.085 per \$100 of assessed valuation.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. This discussion and analysis is based upon information that was available as of April 25, 2025.

If you have questions about this report or need additional financial information, contact the District office located at 67 Quakertown Road, Pittstown, NJ 08867.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Statements of Net Position
December 31,

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 194,265	\$ 474,393
Accounts receivable	5,500	-
Prepaid expenses	4,545	4,115
Total current assets	204,310	478,508
Restricted assets		
Cash and cash equivalents	22,193	182,193
Capital assets		
Capital assets	1,773,352	1,244,204
Less: accumulated depreciation	(975,751)	(838,640)
Net Capital assets, net	797,601	405,564
Total assets	\$ 1,024,104	\$ 1,066,265
Liabilities		
Current liabilities		
Accounts payable	\$ 19,174	\$ 19,565
Unearned revenue	35,000	-
Long-term liabilities		
Lease payable - current	-	56,800
Total liabilities	54,174	76,365
Net position		
Net investment in capital assets	797,601	348,764
Restricted		
Capital acquisitions	22,193	182,193
Unrestricted	150,136	458,943
Total net position	969,930	989,900
Total liabilities and net position	\$ 1,024,104	\$ 1,066,265

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Statements of Activities and Changes in Net Position
For the Years Ended December 31,

	2024	2023
Revenues		
General revenues		
Local tax levy	\$ 458,000	\$ 438,000
Interest on investments	10,416	15,003
ARP firefighter grant	67,635	-
Other income	5,750	90
Total general revenues	541,801	453,093
Program revenues		
Municipal assistance		
Alexandria Township	59,984	59,790
Union Township	50,500	45,000
Uniform Fire Safety Act	30,599	18,587
State of New Jersey-LEA Rebate	11,736	8,401
Total program revenues	152,819	131,778
Total revenues	694,620	584,871
Expenses		
Operating appropriations		
Administration	47,133	55,086
Cost of operations and maintenance	528,966	378,728
Depreciation expense	137,111	97,654
Interest on capital lease	1,380	2,728
Total expenses	714,590	534,196
Change in net position	(19,970)	50,675
Net position - beginning of year	989,900	939,225
Net position - end of year	\$ 969,930	\$ 989,900

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Balance Sheets - Governmental Funds
December 31,

	General Fund	
	2024	2023
Assets		
Cash and cash equivalents	\$ 194,265	\$ 474,393
Accounts receivable	5,500	-
Prepaid expenses	4,545	4,115
Restricted cash and cash equivalents	22,193	182,193
Total assets	\$ 226,503	\$ 660,701
Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 19,174	\$ 19,565
Unearned revenue	35,000	-
Total liabilities	54,174	19,565
Fund balances		
Committed fund balance		
Capital reserve	22,193	182,193
Unassigned fund balance	150,136	458,943
Total fund balances	172,329	641,136
Total liabilities and fund balances	\$ 226,503	\$ 660,701

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Reconciliation of Governmental Fund Position to the
District-Wide Statements of Net Position
December 31,

	2024	2023
Amounts reported in the governmental activities in the Statement of Net Position (page 9) are different because:		
District-wide, government fund, net position	\$ 172,329	\$ 641,136
Capital assets used in government activities are not financial resources and therefore, are not reported in the funds. The cost of the assets are \$1,773,352 and the accumulated depreciation is \$975,751 for 2024. The cost of the assets are \$1,244,204 and the accumulated depreciation is \$838,640 for 2023.	797,601	405,564
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	-	(56,800)
Total net position	\$ 969,930	\$ 989,900

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Statements of Revenue, Expenses, and
Changes in Fund Balances - Governmental Funds
For the Years Ended December 31,

	General Fund	
	2024	2023
Revenues		
Local sources		
Local tax levy	\$ 458,000	\$ 438,000
Municipal assistance		
Alexandria Township	59,984	59,790
Union Township	50,500	45,000
Interest on investments	10,416	15,003
Uniform Fire Safety Act	30,599	18,587
State of New Jersey-LEA Rebate	11,736	8,401
ARP firefighter grant	67,635	-
Other income	5,750	90
Total revenues	694,620	584,871
Expenses		
Operating appropriations		
Administration	47,133	55,086
Cost of operations and maintenance	528,966	378,728
Acquisition of capital assets	529,148	-
Debt service		
Principal	56,800	55,452
Interest	1,380	2,728
Total expenses	1,163,427	491,994
Net change in fund balance	(468,807)	92,877
Fund balances - beginning of year	641,136	548,259
Fund balances - end of year	\$ 172,329	\$ 641,136

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Reconciliation of Statements of Revenues, Expenditures, and Changes
to the District-Wide Changes of Net Position
For the Years Ended December 31,

	2024	2023
Total net changes in fund balances - governmental fund	\$ (468,807)	\$ 92,877
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:</p>		
Capital outlays	529,148	-
Depreciation expense	(137,111)	(97,654)
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities.</p>		
Lease principal payments	56,800	55,452
Change in net position of governmental activities	\$ (19,970)	\$ 50,675

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

Nature of activities

The Franklin Township Fire District No. 1 (the District) is a political subdivision of Franklin Township, Hunterdon County, New Jersey. A five-member Board governs the District. Members are elected annually on a rotating basis to three-year terms. The District provides fire protection, prevention, safety and education services to the Township of Franklin and parts of the adjacent communities of Alexandria and Union Townships.

Financial reporting/principles of accounting

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to Governmental Units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The implementation of GASB has created additional statements, schedules, reports and notes disclosures as follows:

- Financial statements are prepared using accrual accounting methods, including recording of depreciation on capital assets and recording those assets net of accumulated depreciation.
- The Basic Financial Statements include District-wide Statements and Fund Financial Statements, as explained in the following note disclosures:

District-wide Statements: The Statement of Net Position and the Statement of Activities display information about the District. The District activities are financed through taxes and funds from adjoining municipalities. The government-wide financial statements are reported using the accrual basis of accounting. Revenue is recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the cash flows take place.

Fund Financial Statements: The Fund Financial Statements provide information about the District's activities, which are reported in the general fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. Expenditures are recorded when the related fund liabilities are incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

General Fund: This is the District's operating fund. It accounts for all financial resources of the District except those required to be accounted for in other funds.

Budget and budgetary accounting

Annual budgets are prepared each year for the operations of the District. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, and the State of New Jersey. The budgets are then voted upon by the public. Budget amendments are passed on an as-needed basis, and a balanced budget is required. Appropriations lapse at the end of the year, unless encumbered.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital assets

Capital assets are recorded as expenditures at the time of purchase and the related assets are capitalized at cost. It is the District's policy to capitalize assets with costs in excess of \$5,000 and an estimated useful life in excess of one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

General purpose vehicles	7 - 20 years
Firefighting equipment	5 - 20 years

Income taxes

The District, under existing statute, is not required to file tax returns. Accordingly, no provision for income taxes has been made in the financial statements.

Restricted assets

Certain assets of are classified as restricted assets because their use is restricted for use of capital acquisitions.

Note 2 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of December 31, 2024 and 2023, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the Laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

New Jersey Governmental Units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Governmental Units.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 2 - Deposits and cash equivalents and investments (continued)

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 saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the Authority relative to the happening of a future condition.

As of December 31, 2024 and 2023, the District's bank balances were exposed to custodial credit risk as follows:

	2024	2023
Deposits insured by the FDIC	\$ 218,615	\$ 250,000
Deposits insured by the GUDPA	-	407,941
Total bank balances	\$ 218,615	\$ 657,941

The District's carrying (Statements of Net Position) amounts were \$216,458 and \$656,586 for December 31, 2024 and 2023, respectively.

Note 3 - Capital assets

A summary of changes in capital assets and accumulated depreciation is as follows:

December 31, 2024	Beginning Balance	Additions	Disposals	Ending Balance
Equipment				
General purpose vehicles	\$ 83,323	\$ -	\$ -	\$ 83,323
Firefighting equipment	1,160,881	529,148	-	1,690,029
Total capital assets	1,244,204	529,148	-	1,773,352
Accumulated depreciation	(838,640)	(137,111)	-	(975,751)
Net capital assets	\$ 405,564	\$ 392,037	\$ -	\$ 797,601

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 3 - Capital assets (continued)

December 31, 2023	Beginning Balance	Additions	Transfers	Ending Balance
Equipment				
General purpose vehicles	\$ 115,841	\$ -	\$ 32,518	\$ 83,323
Firefighting equipment	1,160,881	-	-	1,160,881
Total capital assets	1,276,722	-	32,518	1,244,204
Accumulated depreciation	(773,504)	(97,654)	(32,518)	(838,640)
Net capital assets	<u>\$ 503,218</u>	<u>\$ (97,654)</u>	<u>\$ -</u>	<u>\$ 405,564</u>

Note 4 - Long-term debt

At December 31, 2024 and December 31, 2023, long-term debt consisted of the following:

	2024	2023
On November 14, 2017, the District entered into a lease purchase agreement bearing interest at 2.43% with Municipal Asset Management, Inc. to finance the purchase of a fire apparatus for \$538,655 less a down payment of \$170,000 due in seven annual installments of \$50,000 to \$58,180, including interest, beginning January 5, 2018, through February 29, 2024. The lease is secured by the fire apparatus.	\$ -	\$ 56,800
Less: current maturities of long-term debt	-	56,800
Long-term debt, net of current maturities	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Levied taxes

The total tax levied by the Township of Franklin to fund the operations of the District for the years ended December 31, 2024 and December 31, 2023 was \$458,000 and \$438,000, respectively. The tax rate per \$100 of assessed valuation for 2024 was \$0.084, based on the assessed valuation of \$549,444,100. The tax rate per \$100 of assessed valuation for 2023 was \$0.081, based on the assessed valuation of \$548,540,200.

Note 6 - Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 7 - Fire protection services

The District contracts with the volunteer fire company on an annual basis for fire protection services. The total charges for the year ended December 31, 2024 and December 31, 2023 were \$200,000 and \$174,725, respectively.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 8 - Economic dependency

The District receives substantial support from adjoining municipalities from municipal assistance in addition to the annual tax levy. A significant reduction in the level of support, if this were to occur, may have an effect of the District's operations.

Note 9 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is effective for reporting periods beginning after June 15, 2024. The District is evaluating the effect of the pronouncement on financial reporting.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for reporting periods beginning after June 15, 2025. The District is evaluating the effect of the pronouncement on financial reporting.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement is effective for reporting periods beginning after June 15, 2025. The District is evaluating the effect of the pronouncement on financial reporting.

Note 10 - Subsequent events

The District's Management has determined that no material events or transactions occurred subsequent to December 31, 2024 and through April 25, 2025, the date of the District's financial statement issuance, which require additional disclosure in the District's financial statements.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Budget vs. Actual Revenues and Expenses - General Fund
For the Years Ended December 31,

	2024				2023			
	Unaudited		Actual	Variance Final Budget	Unaudited		Actual	Variance Final Budget
	Original Budget	Final Budget			Original Budget	Final Budget		
Revenues								
Fund balance utilized								
Unrestricted fund balance utilized	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted fund balance utilized	175,000	175,000	175,000	-	-	-	-	-
Total fund balance utilized	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating revenues								
Local tax levy	458,000	458,000	458,000	-	438,000	438,000	438,000	-
Adjoining municipalities assistance	110,000	110,000	110,484	484	100,000	100,000	104,790	4,790
Interest on investments	7,000	7,000	10,416	3,416	4,000	4,000	15,003	11,003
Uniform Fire Safety Act	22,000	22,000	30,599	8,599	20,000	20,000	18,587	(1,413)
State of New Jersey-LEA Rebate	-	-	11,736	11,736	-	-	8,401	8,401
ARP firefighter grant	-	67,635	67,635	-	-	-	-	-
Miscellaneous	-	-	5,750	5,750	-	-	90	90
Total operating revenues	<u>597,000</u>	<u>664,635</u>	<u>694,620</u>	<u>29,985</u>	<u>562,000</u>	<u>562,000</u>	<u>584,871</u>	<u>22,871</u>
Total revenues	<u>\$ 1,172,000</u>	<u>\$ 1,239,635</u>	<u>\$ 1,269,620</u>	<u>\$ 29,985</u>	<u>\$ 562,000</u>	<u>\$ 562,000</u>	<u>\$ 584,871</u>	<u>\$ 22,871</u>
Expenditures								
Administration								
Salaries	\$ 27,000	\$ 25,000	\$ 20,171	\$ 4,829	\$ 27,000	\$ 27,000	\$ 25,109	\$ 1,891
Fringe benefits	7,150	7,150	2,988	4,162	9,150	8,150	3,859	4,291
Other expenses								
Professional services	18,000	11,000	13,202	(2,202)	16,000	16,000	12,195	3,805
Office expense	8,000	11,500	10,772	728	8,000	13,900	13,923	(23)
Total administration	<u>60,150</u>	<u>54,650</u>	<u>47,133</u>	<u>7,517</u>	<u>60,150</u>	<u>65,050</u>	<u>55,086</u>	<u>9,964</u>

See independent auditors' report.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Budget vs. Actual Revenues and Expenses - General Fund (continued)
For the Years Ended December 31,

	2024				2023			
	Unaudited		Actual	Variance Final Budget	Unaudited		Actual	Variance Final Budget
	Original Budget	Final Budget			Original Budget	Final Budget		
Expenditures (continued)								
Operations and maintenance								
Salaries - Firefighter/EMT	\$ 17,000	\$ 17,000	\$ 26,964	\$ (9,964)	\$ 17,000	\$ 17,000	\$ 12,494	\$ 4,506
Fringe benefits	5,000	5,500	-	5,500	6,000	6,000	-	6,000
Other expenses								
Training and education	4,000	4,000	3,816	184	2,000	2,100	2,084	16
Advertising, public awareness	2,500	2,000	930	1,070	2,500	1,900	1,489	411
Membership dues and subscriptions	770	770	478	292	770	770	470	300
Fire hydrant rentals	900	900	455	445	900	900	758	142
Fire protection contract	200,000	200,000	200,000	-	175,000	175,000	174,725	275
Fire prevention	1,000	1,500	1,408	92	1,000	1,000	526	474
Insurance	90,000	105,000	103,970	1,030	85,000	85,000	80,436	4,564
Gasoline, fuels and oils	22,000	16,000	14,136	1,864	20,000	15,000	14,194	806
Maintenance and repairs	72,000	72,000	69,697	2,303	50,000	60,000	54,868	5,132
Utilities	26,000	25,000	23,414	1,586	26,000	22,000	20,603	1,397
Buildings and grounds maintenance	2,500	1,000	800	200	2,500	1,500	741	759
Operational materials and supplies	10,000	10,000	7,042	2,958	10,000	1,000	802	198
Turnout gear, SCBA equipment, and other miscellaneous small equipment	10,000	8,500	10,006	(1,506)	10,000	14,600	14,538	62
ARP grant - protective gear	-	67,635	65,850	1,785	-	-	-	-
Total operations and maintenance	<u>463,670</u>	<u>536,805</u>	<u>528,966</u>	<u>7,839</u>	<u>408,670</u>	<u>403,770</u>	<u>378,728</u>	<u>25,042</u>

See independent auditors' report.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Budget vs. Actual Revenues and Expenses - General Fund (continued)
For the Years Ended December 31,

	2024				2023			
	Unaudited		Actual	Variance Final Budget	Unaudited		Actual	Variance Final Budget
	Original Budget	Final Budget			Original Budget	Final Budget		
Expenditures (continued)								
Debt service								
Capital lease								
Principal	\$ 56,800	\$ 56,800	\$ 56,800	\$ -	\$ 55,452	\$ 55,452	\$ 55,452	\$ -
Interest	1,380	1,380	1,380	-	2,728	2,728	2,728	-
Total debt service	<u>58,180</u>	<u>58,180</u>	<u>58,180</u>	<u>-</u>	<u>58,180</u>	<u>58,180</u>	<u>58,180</u>	<u>-</u>
Reserves and capital outlay								
Capital reserve	590,000	590,000	590,000	-	35,000	35,000	35,000	-
Total reserves and capital outlay	<u>590,000</u>	<u>590,000</u>	<u>590,000</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total expenditures	<u>\$ 1,172,000</u>	<u>\$ 1,239,635</u>	<u>\$ 1,224,279</u>	<u>\$ 15,356</u>	<u>\$ 562,000</u>	<u>\$ 562,000</u>	<u>\$ 526,994</u>	<u>\$ 35,006</u>

See independent auditors' report.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Officials and Surety Bond
(Unaudited)
December 31, 2024

Board of Fire Commissioners

Members	Title	Term Ends	Amount of Surety Bond
Charles Patkochis	President	2026	\$500,000 total coverage per loss
Peter Enea III	Secretary	2024	
Edward Kolibas	Vice President	2025	
Heikki Laine	Assistant Secretary	2025	
Drew Stephens	Treasurer	2024	

See independent auditors' report.



Certified Public Accountants, PC

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**Independent Auditors' 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
Franklin Township Fire District No. 1
Pittstown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Franklin Township Fire District No. 1, as of and for the year ended December 31, 2024 and 2023, and the related Notes to the Financial Statements, which collectively comprise Franklin Township Fire District No. 1's Basic Financial Statements, and have issued our report thereon dated April 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Franklin Township Fire District No. 1'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 Franklin Township Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin Township Fire District No. 1'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 Franklin Township Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 compliance. The report is an integral part of any 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.



BKC, CPAs, PC

April 25, 2025
Flemington, New Jersey

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Findings and Responses

General Comments and Recommendations

No findings or recommendations have been developed as a result of this audit.

Status of Prior Year's Audit Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year findings.

We would be pleased to confer on questions that might arise with respect to any matters in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the District officials and employees during the course of the examination.

Respectfully submitted,



BKC, CPAs, PC