

DENNIS TOWNSHIP FIRE DISTRICT NO. 3

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

DENNIS TOWNSHIP FIRE DISTRICT NO. 3
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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M I C H A E L B O H R E R
Attorney-at-Law, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Dennis Township Fire District #3
Belleplain, NJ

I have audited the accompanying financial statements of the governmental activities and each major fund of Dennis Township Fire District #3 as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Dennis Township Fire District #3 as of December 31, 2020, 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.



MICHAEL BOHRER
Attorney-at-Law, CPA

Other Matters

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 on page 17 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2021 on my consideration of the Dennis Township Fire District #3's internal control over financial reporting and on my 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 my 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 Dennis Township Fire District #3's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Michael J. Bohrer', with a large, sweeping flourish at the end.

Michael J. Bohrer, Esq., CPA
Marmora, New Jersey

October 15, 2021



M I C H A E L B O H R E R
Attorney-at-Law, CPA

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

To the Board of Commissioners
Dennis Township Fire District #3
Belleplain, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division), the financial statements of the governmental activities, and each major fund of Dennis Township Fire District #3, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Dennis Township Fire District #3's basic financial statements, and have issued my report thereon dated October 15, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Dennis Township Fire District #3's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dennis Township Fire District #3's internal control. Accordingly, I do not express an opinion on the effectiveness of Dennis Township Fire District #3'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



M I C H A E L B O H R E R
Attorney-at-Law, CPA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dennis Township Fire District #3's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

A handwritten signature in black ink, appearing to read 'Michael J. Bohrer', with a large, sweeping flourish at the end.

Michael J. Bohrer, Esq., CPA
Marmora, NJ

October 15, 2021

DENNIS TOWNSHIP FIRE DISTRICT NO. 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Dennis Township Fire District No.3 (the "District") annual financial report presents a discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Total assets were \$1,123,747 and total liabilities were \$253,249 resulting in net position of \$870,498 at December 31, 2020.

The Fire district's unrestricted net position was \$164,343 as of December 31, 2020.

Operating Revenues totaled \$180,036 for the year ended December 31, 2020.

Operating expenses were \$136,290 for the year ended December 31, 2020.

Outstanding debt decreased by \$98,812; Total outstanding debt was \$253,199 at December 31, 2020.

Overview of Annual Financial Report

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 supplemental information. The MD&A represents management's examination and analysis of the Fire district's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire district's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting, and, for the governmental funds, using the modified accrual basis of accounting. The combined financial statement, Governmental Funds Balance Sheet/Statement of Net Position includes a column to report governmental funds, a conversion column and a column to report Net Position.

The combined financial statement, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position also includes columns to report governmental funds, conversion transactions and the Statement of Activity.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

DENNIS TOWNSHIP FIRE DISTRICT NO. 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1 provides a comparative summary of the Fire District's Net Position for the years ended in 2020 and 2019.

Table 1

Net Position

	<u>2020</u>	<u>2019</u>
Assets		
Cash and Cash Equivalents	\$ 246,118	\$ 222,508
Capital Assets, Net	<u>877,629</u>	<u>956,254</u>
Total Assets	<u>1,123,747</u>	<u>1,178,762</u>
Liabilities		
Accounts Payable	\$ 50	\$ -
Encumbrances	-	39,750
Noncurrent Liabilities	<u>253,199</u>	<u>312,261</u>
Total Liabilities	<u>253,249</u>	<u>352,011</u>
Net Position	<u>\$ 870,498</u>	<u>\$ 826,751</u>
Analysis of Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 624,430	\$ 604,243
Designated		
Future Capital Outlays	81,725	81,725
Unrestricted	<u>164,343</u>	<u>140,783</u>
Total Net Position	<u>870,498</u>	<u>826,751</u>

See Accompanying Notes to Financial Statements

DENNIS TOWNSHIP FIRE DISTRICT NO. 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 summarizes the changes in revenues, expenses and net assets between fiscal years December 31, 2020 and 2019.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

Years Ended December 31	2020	2019	Increase (Decrease)
Revenues			
Operating Revenues			
District Taxes	\$ 179,848	\$ 176,899	\$ 2,949
Supplemental Fire Service	-	546	(546)
Interest	188	1,032	(844)
Total Revenues	<u>\$ 180,036</u>	<u>\$ 178,477</u>	<u>\$ 1,559</u>
Operating Expenses			
Administration	\$ 32,879	\$ 32,901	\$ (22)
Cost of Operations and Maintenance	26,611	65,252	(38,641)
Depreciation Expense	68,085	68,085	-
Interest on Long-Term Debt	8,715	11,326	(2,611)
Total Program Expenses	<u>\$ 136,290</u>	<u>\$ 177,564</u>	<u>\$ (41,274)</u>
Increase in Net Position	43,746	913	42,833
Net Position, January 1	<u>826,751</u>	<u>825,838</u>	<u>913</u>
Net Position, December 31	<u>\$ 870,497</u>	<u>\$ 826,751</u>	<u>\$ 43,746</u>

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position.

The increase in Revenues in 2020 were attributable to an increase in District Taxes.

See Accompanying Notes to Financial Statements

DENNIS TOWNSHIP FIRE DISTRICT NO. 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Outstanding

The Fire District's long-term debt was \$253,199 at December 31, 2020. Principal payments on the outstanding debt are due yearly with final maturity on January 27, 2024.

Next Year's Budget

The District adopted a \$186,433 operating budget for 2021.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Fire District in writing, at PO Box 503, Woodbine, NJ 08270.

Dennis Township Fire District No. 3
 Governmental Funds Balance Sheet/Statement of Net Position
 December 31, 2020

A-1

	General Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds	Adjustments (Below)	Statement of Net Position
ASSETS						
Cash and Cash Equivalents	\$ 164,393	\$ -	\$ 81,725	\$ 246,118	\$ -	\$ 246,118
Accounts Receivable	-	-	-	-	-	-
Capital Assets, Less Accumulated Depreciation	-	-	-	-	254,520	254,520
Total Assets	<u>164,393</u>	<u>-</u>	<u>81,725</u>	<u>246,118</u>	<u>254,520</u>	<u>500,638</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	50	-	-	50	-	50
Long-Term Liabilities	-	-	-	-	253,119	253,119
Total Liabilities	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>253,119</u>	<u>253,169</u>
Fund Balances						
Assigned:						
For Capital Purchases	-	-	81,725	81,725		
Unrestricted, Reported in: General Fund	<u>164,343</u>	<u>-</u>	<u>-</u>	<u>164,343</u>		
Total Fund Balances	<u>164,343</u>	<u>-</u>	<u>81,725</u>	<u>246,068</u>		
Total Liabilities and Fund Balances	<u>164,393</u>	<u>-</u>	<u>81,725</u>	<u>246,118</u>		
NET POSITION						
Invested in Capital Assets, net of related debt					624,430	604,243
Assigned for Capital Purchases					81,725	81,725
Unrestricted					<u>164,343</u>	<u>140,783</u>
TOTAL NET POSITION					<u>870,498</u>	<u>826,751</u>

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balance (Above)	246,068
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,132,149, and the accumulated depreciation is \$254,600	877,549
Accrued Interest on Long-Term Debt	-
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(253,119)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 870,498</u>

See Accompanying Notes to Financial Statements

Dennis Township Fire District No. 3
Statement of Governmental Fund Revenues, Expenditures,
and change in Fund Balance / Statement of Activities
December 31, 2020

A-2

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (A-3)	Statement of Activities
REVENUES						
District Taxes	\$ 179,848	\$ -	\$ -	\$ 179,848	\$ -	\$ 179,848
Supplemental Fire Services	-	-	-	-	-	-
Interest	188	-	-	188	-	188
TOTAL REVENUES	<u>180,036</u>	<u>-</u>	<u>-</u>	<u>180,036</u>	<u>-</u>	<u>180,036</u>
EXPENDITURES / EXPENSES						
Administration	32,879	-	-	32,879	-	32,879
Operating and Maintenance	26,611	-	-	26,611	-	26,611
Debt Service	-	-	-	-	-	-
Principal	98,812	-	-	98,812	(98,812)	-
Interest	8,715	-	-	8,715	-	8,715
Depreciation Expense	-	-	-	-	68,085	68,085
Adjust for Reduction to Capital Outlay	(10,540)	-	-	(10,540)	-	(10,540)
TOTAL EXPENDITURES / EXPENSES	<u>156,477</u>	<u>-</u>	<u>-</u>	<u>156,477</u>	<u>(30,727)</u>	<u>125,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,559	-	-	23,559	30,727	54,286
OTHER FINANCING SOURCES (USES)						
Utilization of Unrestricted Funds - Prior years	-	-	-	-	-	-
Utilization of Restricted Funds - Well	-	-	-	-	-	-
Note Payable on Capital Purchase	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,559	-	-	23,559	30,727	54,286
Fund Balances / Net Position						
Beginning of Year	222,508	-	-	222,508	-	222,508
Prior period adjustment to fund balance	-	-	-	-	-	-
End of Year	<u>\$ 246,067</u>	<u>-</u>	<u>-</u>	<u>246,067</u>	<u>30,727</u>	<u>276,794</u>

See ADJUSTMENTS on A-3

See Accompanying Notes to Financial Statements

**Dennis Township Fire District #3
 Reconciliation of the Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statements of Activities
 For the Year Ended December 31, 2020**

Total net change in fund balances - governmental funds (from A-2) \$ 23,559

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

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

Depreciation expense	(68,085)
Reduce Capital outlays	(10,540)

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

98,812

Accrued interest on long term debt is recorded as an expenditure in the Statement of Activities where as payments of interest are reflected in the Governmental Funds.

-

Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the statement of net assets.

Note payable for purchase of capital assets	-
Utilization of Unrestricted Fund Balance	-

Change in net assets of governmental activities (Table 2) \$ 43,746

See Accompanying Notes to Financial Statements

DENNIS TOWNSHIP FIRE DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Dennis Township Fire District No. 3 (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.

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 position 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 the 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.

DENNIS TOWNSHIP FIRE DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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) is 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.

B. 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.

C. 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.

DENNIS TOWNSHIP FIRE DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

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 represents 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 they are 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.

DENNIS TOWNSHIP FIRE DISTRICT NO. 3
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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.

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.

Investments

The District does not have any investments at December 31, 2020.

NOTE 3 - GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2020 follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$ 402,977	-	-	\$ 402,977
Building Improvements	5,360	-	-	5,360
Truck-Pumper/Tanker	215,435	-	-	215,435
Truck-Pumper	478,917	-	-	478,917
Well	40,000	-	(10,540)	29,460
Totals at Historical Cost	\$ 1,142,689	-	-	\$1,132,149

NOTE 4 - DEBT SERVICE

The Fire District entered into a lease purchase agreement with Government Capital Corporation for the purchase of a new super tanker fire truck in November of 2012. The lease is for \$216,330 for a term of 7 years with interest at effective rate of 3.3 percent. The yearly lease payments are \$34,641.61. The Fire District has the right to purchase starting in 2016 for \$97,998.95 with the purchase price decreasing each year until the final year, 2019, when the purchase price was \$1. This was a capital lease.

The Fire District entered into a lease purchase agreement with U.S. Bancorp Government Leasing and Finance Inc. for the purchase of a new pumper fire truck in January of 2018. The lease is for \$478,917 for a term of 7 years with interest at the effective rate of 2.791 percent. The yearly lease payments are \$67,777. The final payment is in January, 2024. This is a capital lease.

NOTE 5 - RISK MANAGEMENT

The Fire District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property, and Liability Insurance - The Fire District maintains insurance for property, liability and surety bonds.

From time to time, the Fire district may be a defendant in legal proceedings relating to its operations as a Fire District.

DENNIS TOWNSHIP FIRE DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and October 15, 2021, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. None are noted.

Dennis Township Fire District #3
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2020

	<u>Amended</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues			
District Taxes	\$ 180,740	\$ 179,848	\$ (892)
Supplemental Fire Services Program	550	-	(550)
Interest	500	188	(312)
Total Revenues	\$ 181,790	\$ 180,036	\$ (1,754)
Expenditures			
Operating and Maintenance			
Equipment	\$ 33,000	\$ 8,364	\$ 24,636
Repairs & Maintenance	25,303	11,490	13,813
Training & Education	2,000	100	1,900
Uniforms	1,500	-	1,500
Utilities	16,500	6,657	9,843
Total Operating & Maintenance	\$ 78,303	\$ 26,611	\$ 51,692
Administration			
Election	\$ 200	\$ 200	-
Insurance	12,500	11,842	658
Office Expense	2,435	1,990	445
Rent	10,000	10,000	
Salary	500	500	
Professional Services	13,000	8,348	4,652
Total Administration	\$ 38,635	\$ 32,880	\$ 5,755
Debt Service			
Principal	\$ 59,062	\$ 59,062	-
Interest	8,715	8,715	-
Total Debt Service	\$ 67,777	\$ 67,777	-
Total Expenditures	\$ 184,715	\$ 127,268	\$ 57,447
Excess (Deficiencies) of Revenues			
Over Expenditures	\$ (2,925)	\$ 52,768	\$ 55,693
Other Financing Sources (Uses)			
Utilization of Capital Reserve	\$ -	\$ -	-
Utilization of Unrestricted Fund Balance	2,925	-	2,925
Satisfaction of Prior Year Encumbrance	-	(39,750)	39,750
Reduction In Cost of Well	-	10,540	(10,540)
Total Other Financing Sources (Uses)	\$ 2,925	\$ (29,210)	\$ 32,135
Fund Balance Beginning of Year			<u>222,508</u>
Adjustment to Prior Period Fund Balance - per audit			<u>-</u>
Fund Balance End of Year			<u><u>\$ 246,066</u></u>

See Accompanying Notes to Financial Statements

Findings and Responses:

None

Prior Year Findings:

None