

**FIRE DISTRICT NO. 1  
OF THE TOWNSHIP OF TOMS RIVER**

**Financial Statements and Supplementary Information**

**For the year ended December 31, 2021**

**(With Independent Auditor's Report thereon)**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**

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(With Independent Auditor's Report thereon)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
Fire District No. 1 of the Township of Toms River  
County of Ocean  
Township of Toms River, State of New Jersey

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fire District No. 1 of the Township of Toms River (hereafter referred to as the District), County of Ocean, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District'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, each major fund and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 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 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of the 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 District's internal control over financial reporting and compliance.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

September 21, 2022  
Lakewood, New Jersey

**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 Fire Commissioners  
Fire District No. 1 of the Township of Toms River  
County of Ocean  
Township of Toms River, State of New Jersey

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 and audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fire District No. 1 of the Township of Toms River (hereafter referred to as the "District"), County of Ocean, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 21, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting internal control to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

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

### **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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**HOLMAN FRENIA ALLISON, P.C.**

*Certified Public Accountants*

September 21, 2022  
Lakewood, New Jersey

**TOMS RIVER FIRE DISTRICT NO. 1  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

As management of the Fire District No. 1 of the Township of Toms River (hereafter referred to as the "District") we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 20.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2021 by approximately \$10,526,900. During 2020 the excess of liabilities and deferred inflows of resources over assets and deferred inflows of resources was approximately \$10,395,800. This is a decrease of approximately \$131,100.
- During 2021 the District operated at a deficit of approximately \$131,100. During 2020 the Fire District operated at a surplus of approximately \$650,300. This is a decrease of approximately \$781,400.
- The District's liabilities and deferred inflows of resources decreased approximately \$374,400 in 2021 and assets and deferred outflows of resources decreased by approximately \$505,500.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: district wide financial statements; fund financial statements; and notes to the basic financial statements.

**Reporting on the District as a Whole**

Our analysis of the District as a whole begins on page 7. District wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The district wide statement of net position presents information on all the assets and liabilities of the District. The difference between the assets and liabilities is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District. The district wide statement of activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.



The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Toms River, New Jersey.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to document compliance with finance-related legal matters. the District has one type of fund, which is the governmental fund.

### **Governmental Funds**

The District's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

The District maintains two separate government funds, the General Fund and Capital Projects Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund.

The relationship (or differences) between governmental activities (reported in the district wide statement of net position and the district wide statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by *N.J.S.A. 40A:14:78-3*, the District adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

## DISTRICT WIDE FINANCIAL ANALYSIS

The District's net position is a useful indicator of the District's financial condition. At the end of 2021, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by approximately \$10,526,900. The largest portion of the District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

### District Wide Statement of Net Position

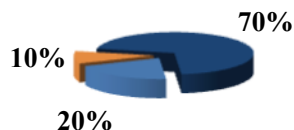
#### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2021 AND 2020

	2021	2020	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and other assets	\$ 20,585,792	\$ 20,945,847	\$ (360,055)	(1.72%)
Capital assets	5,269,746	5,415,204	(145,458)	(2.69%)
Total assets and deferred outflows of resources	25,855,538	26,361,051	(505,513)	(1.92%)
Total liabilities and deferred inflows of resources	(36,382,448)	(36,756,868)	(374,420)	(1.02%)
Net position	<u>\$ (10,526,910)</u>	<u>\$ (10,395,817)</u>	<u>\$ (131,093)</u>	(1.26%)

### Analysis of net position

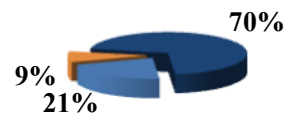
Invested in capital assets, net of related debt	\$ 5,269,746	\$ 5,415,204	\$ (145,458)	(2.69%)
Restricted for:				
Capital projects	2,505,111	2,145,336	359,775	16.77%
Unrestricted	(18,301,767)	(17,956,357)	(345,410)	(1.92%)
Total net position	<u>\$ (10,526,910)</u>	<u>\$ (10,395,817)</u>	<u>\$ (131,093)</u>	(1.26%)

2021 Net Position



■ Invested in Capital Assets, Net of Related Debt  
■ Restricted for Capital  
■ Unrestricted

2020 Net Position



■ Invested in Capital Assets, Net of Related Debt  
■ Restricted for Capital  
■ Unrestricted

The net position of the District decreased approximately \$131,100 as a result of the current year deficit. In 2021 the capital assets decreased by approximately \$145,500 after depreciation expense.

## DISTRICT WIDE FINANCIAL ANALYSIS (continued)

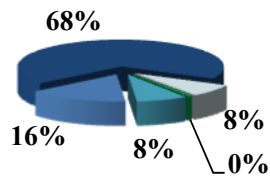
### Governmental Activities

The district wide statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

#### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER DISTRICT WIDE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021 AND 2020

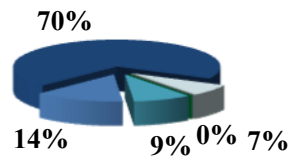
	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 1,209,130	\$ 963,250	\$ 245,880	25.53%
Cost of operations and maintenance	5,255,169	5,344,991	(89,822)	(1.68%)
Operating appropriations offset with revenues	593,232	(68,394)	661,626	967.37%
Other financing sources and use	41,612	-	41,612	100.00%
Length of service awards program contribution	622,319	625,000	(2,681)	(0.43%)
Total program expenses	<u>7,721,462</u>	<u>6,864,847</u>	<u>856,615</u>	<u>12.48%</u>

**2021 Program Expenses**



■ Administrative  
■ Cost of Operations  
■ Expenses offset with Revenues

**2020 Program Expenses**



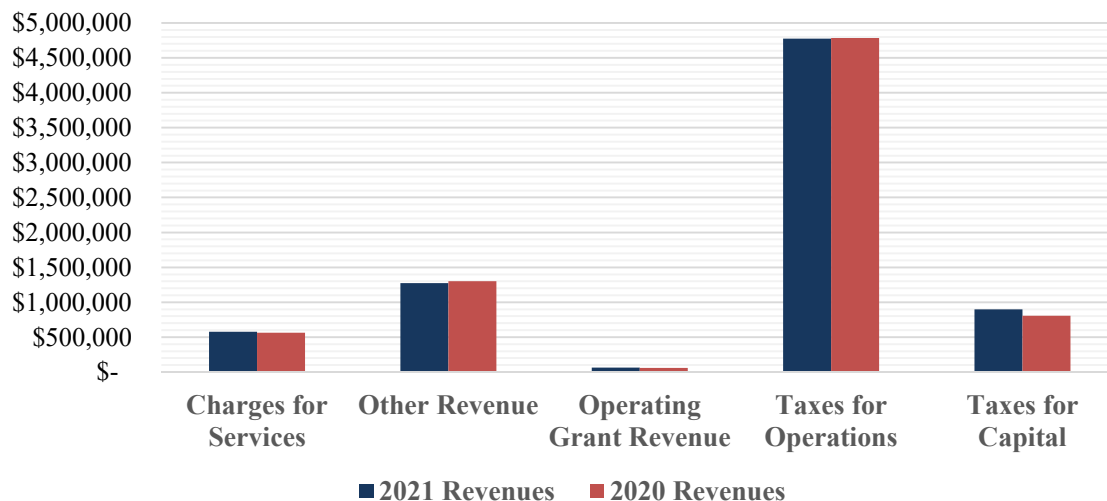
■ Administrative  
■ Cost of Operations  
■ Expenses offset with Revenues

**DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER  
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)  
YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Program revenues:				
Charges for services	579,265	561,574	17,691	3.15%
Total program revenues	579,265	561,574	17,691	3.15%
Net program expenses	7,142,197	6,303,273	838,924	13.31%
General revenues:				
Property taxes levied for:				
General purposes	4,774,043	4,782,119	(8,076)	(0.17%)
Capital purchases	900,000	807,350	92,650	11.48%
Total property taxes levied	5,674,043	5,589,469	84,574	1.51%
Other revenue	1,275,023	1,302,931	(27,908)	(2.14%)
Operating grant revenue	62,038	61,149	889	1.45%
Total general revenues	7,011,104	6,953,549	57,555	0.83%
Increase (decrease) in net position	(131,093)	650,276	(781,369)	(120.16%)
Net position, January 1	(10,395,817)	(11,046,093)	650,276	(5.89%)
Net position, December 31	<u>\$ (10,526,910)</u>	<u>\$ (10,395,817)</u>	<u>\$ (131,093)</u>	1.26%

**Revenues**



Property tax revenue constituted 75% of the total governmental activities revenues received by the District in 2021 and 2020.

The Cost of Operations & Maintenance comprised 68% and 70% of the District's total expenses in 2021 and 2020, respectively. Administration expenses comprised 16% and 14% of the total expenses in 2021 and 2020, respectively.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

The District uses fund accounting to document compliance with finance-related legal requirements.

### **Governmental Fund**

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2021, the combined balance of the governmental cash funds of the District was approximately \$5,148,900. This balance is approximately \$534,400 higher than last year's combined governmental funds balance.

The combined balance of the governmental funds of the District was approximately \$15,095,000. Unassigned fund balance amounted to approximately \$4,301,400 of that total. Funds of approximately \$800,000 have been designated for use in the 2022 Budget.

The general fund is the main operating fund of the District. At the end of 2021, the total fund balance of the general fund was approximately \$12,589,900. Of this balance, approximately \$4,301,400 of it was unassigned.

During 2021 the general fund balance of the District increased by approximately \$729,900. The primary reason for this increase are as follows:

- The Board had revenues in excess of expenses of approximately \$729,900.

At the end of 2021, the District had a capital projects fund balance of approximately \$2,505,100. This is an increase of \$359,800. The primary reason for this increase are as follows:

- The Board revenues in excess of expenses of approximately \$359,800.

### **General Fund Budgetary Highlights**

The 2021 Budget had a deficit in revenues and the District required the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

- The District had total budgeted revenues in excess of actual revenues of approximately \$15,000 in 2021.
- Overall, the District's expenditures were approximately \$2,224,700 less than originally anticipated in the operating budget for 2021.

## CAPITAL ASSETS

As of December 31, 2021 the District had invested in capital assets for government activities of approximately \$5,269,700 (net of accumulated depreciation). Capital assets consist of buildings and improvements, land improvements and trucks and equipment.

### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Depreciable:			
Buildings and improvements	\$ 2,685,543	\$ 2,626,806	\$ 58,737
Land improvements	379,469	379,469	-
Trucks and equipment	13,975,223	13,254,955	720,268
Total depreciable assets	<u>17,040,235</u>	<u>16,261,230</u>	<u>779,005</u>
Accumulated depreciation	<u>(11,770,489)</u>	<u>(10,846,026)</u>	<u>(924,463)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 5,269,746</u>	<u>\$ 5,415,204</u>	<u>\$ (145,458)</u>

Additional information on the District's capital assets can be found in Note in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2021, the District was able to fund its appropriations through the fire tax levy and other revenues. In 2021 the property tax revenue also constituted 75% of total revenues. The 2021 budget anticipated a deficit of \$900,000, but finished the year with a deficit of \$2,224,732.

The District adopted their 2022 budget on December 2, 2021. The voters subsequently voted to approve the budget at the February election. The 2022 adopted budget reflected an increase in the tax levy of \$356,491, in which the Board anticipates no significant change to the fire tax rate.

## REQUESTS FOR INFORMATION

This Financial report is designed to provide a general overview of the District's finances. Questions concerning any information provided in this report or requested for additional information, should be addressed to, Fire District No. 1 of the Township of Toms River, 1144 Hooper Avenue, Suite 306, Toms River, New Jersey 08735.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**District Wide Statement of Net Position**  
**December 31, 2021**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash (Note 3)	\$ 5,148,868
Investments (Note 4)	2,711,952
Accounts receivable (Note 6)	88,850
Total current assets	<u>7,949,670</u>
Non-current assets:	
Investment in length of service awards program (Note 5)	<u>7,355,226</u>
Total investment in length of service awards program	<u>7,355,226</u>
Capital assets, net:	
Depreciable (Note 7)	<u>5,269,746</u>
Total capital assets	<u>5,269,746</u>
Total non-current assets	<u>12,624,972</u>
Total assets	<u>20,574,642</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow of resources:	
Deferred outflows related to pensions (Note 9)	196,739
Deferred outflows related to other post employment benefits (Note 10)	1,319,654
Deferred outflows related to length of service awards program (Note 11)	3,764,503
Total deferred outflow of resources	<u>5,280,896</u>
Total assets and deferred outflows of resources	<u><u>\$ 25,855,538</u></u>

The accompanying notes are an integral part of the financial statements.

**EXHIBIT A-1**  
**(continued)**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**District Wide Statement of Net Position (continued)**  
**December 31, 2021**

	<u><b>Governmental Activities</b></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 206,944
Payroll liabilities payable	2,908
Pension payable	236,084
Total current liabilities	<u>445,936</u>
Non-current liabilities:	
Compensated absences (Note 8)	244,228
Net pension liability (Note 9)	2,579,529
Net other postemployment benefits (Note 10)	14,794,588
Net length of service awards program (Note 11)	15,775,685
Total non-current liabilities	<u>33,394,030</u>
Total liabilities	<u>33,839,966</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources:	
Deferred inflows related to pensions (Note 9)	1,734,118
Deferred inflows related to other post employment benefits (Note 10)	730,630
Deferred inflows related to length of service awards program (Note 11)	77,734
Total deferred inflows of resources	<u>2,542,482</u>
Total liabilities and deferred inflows of resources	<u>36,382,448</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,269,746
Restricted for:	
Capital Projects	2,505,111
Unrestricted (Note 17)	(18,301,767)
Total net position	<u>(10,526,910)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 25,855,538</u></u>

The accompanying notes are an integral part of the financial statements.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**District Wide Statement of Activities**  
**For the year ended December 31, 2021**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Total Governmental Activities</u>
Governmental activities:			
Operation appropriations:			
Administration	\$ 1,209,130	\$ -	\$ 1,209,130
Costs of operations and maintenance	5,255,169	-	5,255,169
Operating appropriations offset with revenues	593,232	579,265	13,967
Other financing sources and uses	41,612	-	41,612
Length of service awards program contribution	622,319	-	622,319
Total operating appropriations	<u>\$ 7,721,462</u>	<u>\$ 579,265</u>	<u>7,142,197</u>
General revenues:			
Miscellaneous revenue			1,275,023
Operating grant revenues			62,038
Amount raised by taxation			5,674,043
Total general revenues			<u>7,011,104</u>
Change in net position			(131,093)
Net position, January 1			<u>(10,395,817)</u>
Net position, December 31			<u>\$ (10,526,910)</u>

The accompanying notes are an integral part of the financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,148,868	\$ -	\$ 5,148,868
Investments	2,711,952	-	2,711,952
Accounts receivable	88,850	-	88,850
Other receivables	-	2,505,111	2,505,111
Total current assets	<u>7,949,670</u>	<u>2,505,111</u>	<u>10,454,781</u>
Non-current assets:			
Investment in length of service awards program	<u>7,355,226</u>	-	<u>7,355,226</u>
Total investment in length of service awards program	<u>7,355,226</u>	-	<u>7,355,226</u>
Total non-current assets	<u>7,355,226</u>	-	<u>7,355,226</u>
Total assets	<u>\$ 15,304,896</u>	<u>\$ 2,505,111</u>	<u>\$ 17,810,007</u>
Liabilities, equity and other credits:			
Accounts payable	\$ 206,944	\$ -	\$ 206,944
Payroll liabilities payable	2,908	-	2,908
Other payables	<u>2,505,111</u>	-	<u>2,505,111</u>
Total liabilities, equity and other credits	<u>2,714,963</u>	-	<u>2,714,963</u>
Fund balances			
Restricted for:			
Capital projects	-	785,650	785,650
Length of service awards program	7,355,226	-	7,355,226
Assigned for:			
Subsequent year's expenditures	800,000	-	800,000
Other purposes	133,275	1,719,461	1,852,736
Unassigned	<u>4,301,432</u>	-	<u>4,301,432</u>
Total fund balance	<u>12,589,933</u>	<u>2,505,111</u>	<u>15,095,044</u>
Total liabilities and fund balance	<u>\$ 15,304,896</u>	<u>\$ 2,505,111</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,040,235 and the accumulated depreciation is \$11,770,489.	5,269,746
Accrued pension payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(236,084)
Deferred outflows and inflows of resources related to pensions, net other post employment benefits liability, net length of service awards program liability are applicable to future reporting periods and, therefore, are not reported in the funds.	2,738,414
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<u>(33,394,030)</u>
Net position of governmental activities	<u>\$ (10,526,910)</u>

The accompanying notes are an integral part of the financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>December 31, 2021</u>
Revenues:			
Miscellaneous revenues:			
Joint purchase agreement	\$ 1,144,347	\$ -	\$ 1,144,347
Investment income - unrestricted cash and investments	399	-	399
Investment income - length of service awards program	209,912	-	209,912
Other revenue	127,301	-	127,301
Sale of assets	2,976	-	2,976
Total miscellaneous revenues	<u>1,484,935</u>	<u>-</u>	<u>1,484,935</u>
Operating grant revenues:			
Homeland security grant	41,941	-	41,941
Supplemental fire service act	20,097	-	20,097
Total operating grant revenues	<u>62,038</u>	<u>-</u>	<u>62,038</u>
Miscellaneous revenues offset with appropriations:			
Uniform fire safety act:			
Annual registration fees	369,793	-	369,793
Penalties and fines	9,984	-	9,984
Other revenues	146,366	-	146,366
Total uniform fire safety act	<u>526,143</u>	<u>-</u>	<u>526,143</u>
Other revenues offset with appropriations	53,122	-	53,122
Total miscellaneous revenues offset with appropriations	<u>579,265</u>	<u>-</u>	<u>579,265</u>
Total revenues	<u>2,126,238</u>	<u>-</u>	<u>2,126,238</u>
Amount raised by taxation to support district budget	<u>4,774,043</u>	<u>900,000</u>	<u>5,674,043</u>
Total anticipated revenues	<u>6,900,281</u>	<u>900,000</u>	<u>7,800,281</u>
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	443,272	-	443,272
Fringe benefits	370,115	-	370,115
Other expenditures:			
Contingencies	178	-	178
Dues and subscriptions	2,971	-	2,971
Elections	15,056	-	15,056
Insurance	80,226	-	80,226
Legal ads	2,213	-	2,213
Maintenance and repairs	16,355	-	16,355
Office supplies and postage	4,902	-	4,902
Other rentals	23,808	-	23,808
Operating materials and supplies	865	-	865
Other non-bondable assets	579	-	579
Payroll service	10,565	-	10,565
Permits, licenses and fees	4,502	-	4,502
Professional fees	219,799	-	219,799
Testimonials	1,696	-	1,696
Training and education	208	-	208
Travel expenses	2,182	-	2,182
Utilities	9,638	-	9,638
Total administration	<u>1,209,130</u>	<u>-</u>	<u>1,209,130</u>
Operating appropriations:			
Cost of operations and maintenance:			
Salaries and wages	1,243,430	-	1,243,430
Fringe benefits	737,257	-	737,257

The accompanying notes are an integral part of the financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**For the year ended December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>December 31, 2021</u>
Cost of operations and maintenance (continued):			
Other expenditures:			
Contingencies	343	-	343
Contracted services	68,680	-	68,680
Dues and subscriptions	3,573	-	3,573
Insurance	14,384	-	14,384
Maintenance and repairs	393,851	-	393,851
Legal ads	43	-	43
Office supplies and postage	7,983	-	7,983
Operating materials and supplies	40,803	-	40,803
Other non-bondable assets	309,602	-	309,602
Other rentals	215,564	-	215,564
Permits, licenses and fees	1,648	-	1,648
Professional services	45,143	-	45,143
Rental charges	344,924	-	344,924
Supplemental fire grant	64,048	-	64,048
Training and education	34,728	-	34,728
Travel expenses	19,165	-	19,165
Uniforms	212,311	-	212,311
Utilities	175,306	-	175,306
Total cost of operations and maintenance	<u>3,932,786</u>	<u>-</u>	<u>3,932,786</u>
Operating appropriations offset with revenues:			
Salaries and Wages	267,761	-	267,761
Fringe Benefits	131,299	-	131,299
Other Expenditures:			
Other expenses	194,172	-	194,172
Total operating appropriations offset with revenues	<u>593,232</u>	<u>-</u>	<u>593,232</u>
Length of service awards program			
Participant withdrawals	393,582	-	393,582
Total length of service awards program	<u>393,582</u>	<u>-</u>	<u>393,582</u>
Capital appropriations	<u>-</u>	<u>540,225</u>	<u>540,225</u>
Total operating appropriations	<u>6,128,730</u>	<u>540,225</u>	<u>6,668,955</u>
Other financing sources and uses:			
Unrealized loss on investments	(41,612)	-	(41,612)
Total other financing sources and uses	<u>(41,612)</u>	<u>-</u>	<u>(41,612)</u>
Total governmental expenditures	<u>6,170,342</u>	<u>540,225</u>	<u>6,710,567</u>
Excess of revenues over expenditures	729,939	359,775	1,089,714
Fund balance, January 1	11,859,994	2,145,336	14,005,330
Fund balance, December 31	<u>\$ 12,589,933</u>	<u>\$ 2,505,111</u>	<u>\$ 15,095,044</u>

The accompanying notes are an integral part of the financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance**  
**of the Governmental Funds of the District Wide Statement of Activities**  
**December 31, 2021**

Total net changes in Fund Balance - Governmental Funds (B-2) \$ 1,089,714

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

Length of service awards program contribution is not reported in governmental funds as expenditures. However, in the district wide statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government wide financial statements as it is payable to the volunteers in accordance with the plan benefits.

Length of service awards program expense	(651,962)	
District contribution	(622,319)	
Appreciation in fair value of investments	(209,912)	
Participant withdrawals	393,582	
		(1,090,611)

Capital Outlays are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays - General Fund	247,116	
Capital Outlays - Capital Projects Fund	540,224	
Depreciation expense	(876,485)	
Valuation Adjustment	(56,313)	
		(145,458)

In the district wide statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid this year, the decrease in sick leave paid was \$129,360.

129,360

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the district wide statement of activities.

Pension (expense) benefit	528,569	
		528,569

District other postemployment benefit contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net other postemployment benefit liability is measured a year before the District's report date. Other post employment expense, which is the change in the net other postemployment benefit liability adjusted for changes in deferred outflows and inflows of resources related to other postemployment benefits is reported in the district wide statement of activities.

Other postemployment (expense) benefit	(642,667)	
		(642,667)

Changes in net position of governmental activities		\$ (131,093)
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The accompanying notes are an integral part of the financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements**

**NOTE 1: GENERAL INFORMATION**

**Description of Reporting Entity**

Fire District No. 1 of the Township of Toms River (hereafter referred to as the “District”), is a political subdivision of the Township of Toms River, County of Ocean, State of New Jersey. A board of five fire commissioners oversees all of the operations of the Fire District. The length of each commissioner’s term is three years with the annual election held the third Saturday of February.

Fire districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the District hold the corporate powers of the organization;
- the District appoints a voting majority of the organization’s board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose financial benefit/burden on the District;
- there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**District Officials**

The District is governed by a board of five commissioners. The following were in office at December 31, 2021:

<b><u>Officials:</u></b>	<b><u>Term Expires</u></b> <b><u>March</u></b>
George Convery	2022
Leonard Minkler	2023
Mark Autenrieth	2023
Raymond Latshaw	2024
Richard Tutela	2022

**Accounting Records**

The official accounting records of the District are maintained in the office of the District.

**Minutes**

Minutes were recorded for meetings and contained approvals for disbursements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 1: GENERAL INFORMATION (continued)**

**Component Units**

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units*. The District did not have a component unit as of and for the year ended December 31, 2021.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of *N.J.A.C. 5:31-7-1*. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 2, *Fire District Taxes*) while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

**Fund Accounting**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Accounting (continued)**

**Governmental Funds:**

*General Fund*

The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

*Capital Projects Fund*

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as firehouses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question of the ballot either during the annual election or at a special election.

**District Wide and Fund Financial Statements**

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees. The district wide statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

*Fund Financial Statements*

The fund financial statements provide detail of the governmental funds.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**District Wide and Fund Financial Statements (continued)**

*Fund Financial Statements (continued)*

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction 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. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

**Budgets and Budgetary Accounting**

The District must adopt an annual budget in accordance with *N.J.S.A. 40A: 14-78.1 et al.*

The Board must introduce and adopt the annual budget no 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 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 majority vote, adopt the budget.

Amendments may be made to the District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the 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 Districts general-purpose financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. Encumbrances at December 31, 2021 totaled \$1,852,736.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks. Fire Districts 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 organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5-15.1* provides a list of investments that may be purchased by fire districts. *N.J.S.A. 17:9-42* requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision 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 the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which they are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If 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.

**Prepaid Expenses**

Prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

**Debt Limitation**

*N.J.S.A. 40A:14-84* governs procedures for the issuance of any debt related to capital purchases. In summary, Fire Districts may purchase firefighting apparatus, equipment, land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

**Capital Assets**

Capital assets, which include, buildings and improvement, land improvements and trucks and equipment reported in the district wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets (continued)**

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and improvements	10 to 50 Years
Land improvements	8 to 20 Years
Trucks and equipment	5 to 15 Years

**Inventory, Materials and Supplies**

The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

**Other Receivables and Payables**

Other receivables and payables are interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the periods in which the transaction is executed.

**Revenues and Expenditures – Governmental Funds**

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for un-matured interest on general long-term debt, which is recognized when due.

**Fire District Taxes**

Upon proper certification to the assessor of the municipality in which the District is located, the assessor shall assess the amount of taxes to be realized in support of the 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 District the taxes assessed in accordance with the following schedule: on or before April 1, and amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the district wide statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows and Deferred Inflows of Resources (continued)**

In addition to liabilities, the district wide statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Compensated Absences**

District employees are entitled to sick leave. Unused sick leave may be accumulated up to 910 hours for 35-hour employees and 1,040 hours for 40-hour employees and may be carried forward to subsequent years. Vacation days not used during the year by bureau and dispatch employees may be carried forward up to 35 hours; District No. 1 employees may not accumulate and carry forward. Benefits paid in any future year will be calculated according to formulas outlined in the District's agreement with the employee's union and included in the current year's budget. The liability for vested compensated absences is recorded as a non-current liability in the governmental activities fund. The current portion of the compensated absence balance is not considered material to the applicable fund's total liabilities and is therefore not shown separately from the long-term liability balance of compensated absences.

**Pension, other post-employment benefits and length of service awards program**

For purposes of measuring the net pension, other post-employment benefits liabilities and length of service awards program, deferred outflows of resources and deferred inflows of resources related to pensions, other post-employment benefits and length of service awards program, and pension, other post-employment benefits and length of service awards program expenses, information about the fiduciary net position of the Public Employees' Retirement System (PERS), the Other Post-Employment Benefits (OPEB) and Length of Service Awards Program (LOSAP) and additions to/deductions from the PERS, OPEB and LOSAP's fiduciary net positions have been determined on the same basis as they are reported by the plan. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Equity**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision 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 District 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.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Equity (continued)**

- Unassigned – includes balance within the General Fund which has not been classified within the aforementioned categories and negative fund balances in other governmental funds.

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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.

**Impact of Recently Issued Accounting Pronouncements**

*Recently Issued Accounting Pronouncements Adopted in the Current Year*

The following GASB Statements became effective for the fiscal year ended December 31, 2021:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments**

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance company. See Note 4 and Note 5 for discussion of fair value and contract value measurements, respectively.

**Subsequent Events**

The District has evaluated subsequent events occurring after December 31, 2021 through the date of September 21, 2022, which is the date the financial statements were available to be issued.

**NOTE 3: CASH**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2021, and reported at fair value are as follows:

<b>Type:</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand deposits	<u>\$ 5,148,868</u>
Total deposits	<u>\$ 5,148,868</u>
 <b>Reconciliation to the Governmental Funds:</b>	
Governmental Funds	<u>\$ 5,148,868</u>
Total	<u>\$ 5,148,868</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, the District's bank balance of \$5,282,314 was insured or collateralized as follows:

Insured	\$ 355,178
Collateralized in the District's name under GUDPA	<u>4,927,136</u>
Total	<u>\$ 5,282,314</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 4: INVESTMENTS HELD AT FAIR VALUE**

**Custodial Credit Risk**

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District.

**Investment Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Investment Credit Risk**

The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

**Fair Value Measurement**

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 4: INVESTMENTS HELD AT FAIR VALUE (continued)**

**Fair Value Measurement (continued)**

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

*Government Backed Securities* – Valued at the net asset value (NAV) of the security held by the District at year.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the value hierarchy, the District's investments at fair value at December 31, 2021.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Government backed securities</i>	<u>\$ 2,711,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,711,952</u>
Total investments held at fair value	<u>\$ 2,711,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,711,952</u>

**NOTE 5: INVESTMENTS HELD AT CONTRACT VALUE**

The District invests in the Empower Retirement general investment fund, which totaled \$7,355,226 as of December 31, 2021. Empower Retirement maintains the contributions in the general investment fund (GIA). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the District is a guaranteed investment contract.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 5: INVESTMENTS HELD AT CONTRACT VALUE (continued)**

The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP plan. The District's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Empower Retirement or the LOSAP plan. For this reason, such contracts are referred to as "evergreen" contracts and do not define a maturity date. No events are probable of occurring might limit the ability of the LOSAP plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value (See Note 2, *Investments*).

**NOTE 6: ACCOUNTS RECEIVABLE**

As of December 31, 2021, accounts receivables consisted of the following:

Due from Toms River Fire District No. 2	\$ 88,850
Total	<u>\$ 88,850</u>

**NOTE 7: CAPITAL ASSETS**

*N.J.S.A. 40A: 14-84* governs the procedures for the acquisition of property and equipment for fire districts, and the *N.J.S.A. 40A: 14-85-87* governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land, and buildings to house such property in an amount not exceeding five mills on the dollar of the least assessed valuation of property within the District upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger. Capital assets consisted of the following at December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments /Retirements</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Building and improvements	\$ 2,626,806	\$ 42,000	\$ 16,737	\$ 2,685,543
Land improvements	379,469	-	-	379,469
Trucks and equipment	<u>13,254,955</u>	<u>745,340</u>	<u>(25,072)</u>	<u>13,975,223</u>
Total capital assets being depreciated	<u>16,261,230</u>	<u>787,340</u>	<u>(8,335)</u>	<u>17,040,235</u>
Less: accumulated depreciation:				
Building and improvements	(639,893)	(60,436)	(1,136)	(701,465)
Land improvements	(332,919)	(4,900)	-	(337,819)
Trucks and equipment	<u>(9,873,214)</u>	<u>(811,149)</u>	<u>(46,842)</u>	<u>(10,731,205)</u>
Total accumulated depreciation	<u>(10,846,026)</u>	<u>(876,485)</u>	<u>(47,978)</u>	<u>(11,770,489)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 5,415,204</u>	<u>\$ (89,145)</u>	<u>\$ (56,313)</u>	<u>\$ 5,269,746</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 8: LONG-TERM OBLIGATIONS**

During the fiscal year ended December 31, 2021 the following changes occurred in liabilities reported in long-term debt:

	<b><u>Beginning Balance</u></b>	<b><u>Accrued/ increases</u></b>	<b><u>(Retired)/ (decreases)</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due within One Year</u></b>
Compensated absences	\$ 373,588	\$ -	\$ (129,360)	\$ 244,228	\$ -
Net pension liability	3,519,278	-	(939,749)	2,579,529	-
Net other postemployment benefit liability	15,477,754	-	(683,166)	14,794,588	-
Net length of service awards program	<u>15,117,869</u>	<u>657,816</u>	<u>-</u>	<u>15,775,685</u>	<u>-</u>
Total	<u>\$34,488,489</u>	<u>\$ 657,816</u>	<u>\$ (1,752,275)</u>	<u>\$ 33,394,030</u>	<u>\$ -</u>

**Vested Employee Benefits**

In accordance with GASB-16 and NCGA-1 (Governmental Accounting and Financial Reporting Principles), the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2021 the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consist of compensated absences totaling \$274,228.

**NOTE 9. PENSION OBLIGATIONS**

**Public Employees' Retirement System (PERS)**

**Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>. The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Plan Description (continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation**

The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions**

The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2021, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2021, the District's contractually required contribution to PERS plan was \$255,006.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Components of Net Pension Liability**

At December 31, 2021, the District's proportionate share of the PERS net pension liability was \$2,579,529. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, was 0.0217746108% which was an increase of 0.0001937255% from its proportion measured as of June 30, 2020.

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 196,739	\$ 530,916
Deferred Inflows of Resources	1,734,118	1,657,115
Net Pension Liability	2,579,529	3,519,278
District's portion of the plan's total Net Pension Liability	0.02177%	0.02158%

**Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources**

At December 31, 2021, the District's proportionate share of the PERS expense (benefit), calculated by the plan as of the June 30, 2021 measurement date is \$(267,478). At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 40,682	\$ 18,466
Changes of assumptions	13,434	918,329
Net difference between projected and actual earnings on pension plan investments	-	679,516
Changes in proportion and differences between the District's contributions and proportion share of contributions	<u>142,623</u>	<u>117,807</u>
	<u>\$ 196,739</u>	<u>\$ 1,734,118</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)**

The District will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes in assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	-	5.13
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)**

Changes in proportion and differences between  
The District's contributions and  
proportionate share of contributions

Year of Pension Plan Deferral:

June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>	<b><u>Amount</u></b>
<b>December 31,</b>	
2021	\$ (592,485)
2022	(435,914)
2023	(264,838)
2024	(209,577)
2025	<u>(34,565)</u>
Total	<u><u>\$ (1,537,379)</u></u>

**Actuarial Assumptions**

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Actuarial Assumptions (continued)**

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Age
Thereafter	3.00% - 7.00% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General Below – Median Income Employee Mortality table fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Long-Term Expected Rate of Return (continued)**

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long –Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Credit	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Public Employees' Retirement System (PERS) (continued)**

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate (continued)**

	<b>1 % Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the Net Pension Liability	\$ 3,550,242	\$ 2,579,529	\$ 1,806,575

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS**

For the year ended December 31, 2021, the District is recognizing its post-employment benefits based upon the implementation requirements of GASB 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

**Plan Description**

The District participates in one single-employer postemployment plan for medical, dental, vision and prescription drugs. The District has the authority for establishing and amending this plan. This plan has no assets that are accumulated in a trust and the plan does not have a separate report. Employees are eligible for these benefits provided they have:

- Retired on a disability pension;
- Retired after 25 years or more service credit in a state or locally administered retirement system and a period of service of five (5) years' service to the District or its predecessors; or
- Retired upon or after attaining the age of 62 years and at least 15 years of service to the District or its predecessors.

The District also provides full coverage towards the cost of health benefits for the spouses and/or dependents of eligible retired employees.

**Funding Policy**

The District finances this program on a pay-as-you-go basis. The District has the authority for establishing and amending the funding policy. For the year ended December 31, 2021 the District funded \$179,818 to the plan.

**Employees Covered by Benefit Terms**

As of December 31, 2021, there were 9 participants currently receiving retiree benefits, and 23 active participants of whom 4 are eligible to retire as of the valuation date.

**Total OPEB Liability**

The District's total Other Postemployment Benefits (OPEB) liability of \$14,794,588 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ Pensions Ultimate Withdrawal Rates – Prior to Benefit Eligibility
Assumed Retirement Age	At first eligibility after completing twenty-five (25) years of service
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	2.12% Based on Bond Buyer 20 Index at December 31, 2020 2.06% Based on Bond Buyer 20 Index at December 31, 2021
CPI Increase	2.5%
Rate of Salary Increase	3.0%
Trend	Medical: 5.5% in 2021, reducing 0.2% per annum, leveling at 4.5% per annum in 2026;  Drug: 7.0% in 2021, reducing 0.5% per annum, leveling at 4.5% per annum in 2026;  Medicare Advantage: 4.5% per annum  Dental and vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Total OPEB liability at December 31, 2020	\$ 15,477,754
Changes in the Total OPEB liability:	
Service costs	421,877
Interest	335,166
Difference between expected and actual experience	(797,433)
Change in assumptions	(462,958)
Benefit payments	(179,818)
Total OPEB liability at December 31, 2021	<u>\$ 14,794,588</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (1.06 percent) or 1-percentage-point higher (3.06 percent) than the current discount rate:

	<b>1 % Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b><u>(1.06%)</u></b>	<b><u>(2.06%)</u></b>	<b><u>(3.06%)</u></b>
Total OPEB liability	\$ 17,302,141	\$ 14,794,588	\$ 12,360,706

**Sensitivity of the Total OPEB Liability to Changes in the Medical Inflation Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a medical trend rate that is 1- percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1 % Decrease</b>	<b>Current Health Care Trend Rate</b>	<b>1% Increase</b>
	<b><u></u></b>	<b><u></u></b>	<b><u></u></b>
Total OPEB liability	\$ 12,132,590	\$ 14,794,588	\$ 17,489,555

**OPEB Expense**

For the year ended December 31, 2021, the District had a total OPEB expense of \$822,485 based on the discount rate of 2.06%.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,319,654	\$ 730,630
	<u>\$ 1,319,654</u>	<u>\$ 730,630</u>

**NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM**

The Fire District's Length of Service Awards Program (LOSAP) provides tax deferred income benefits to active volunteer firefighters. The plan is intended to comply with Section 457(e)(11)(A)(ii) of the Internal Service Code of 1986, as amended.

The assets of the plan are invested in a fixed-income Group Annuity Contract with Empower Retirement (Empower) which Empower funds invested for various Length of Service Awards Program customers along with funds in Empower's general account.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

The District has a contractual obligation to pay the LOSAP benefits to eligible members. Assets that are designated to pay the LOSAP benefits are available to the unsecured creditors of the District. As such, the assets and liabilities of the LOSAP are included in the financial statements of the District. For the year ended December 31, 2021 the District's contractually required contribution to the plan was \$622,319.

**Basis of Presentation**

The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of LOSAP to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Components of Net Pension Liability**

At December 31, 2021, the District's net pension liability relating to the length of service awards program was \$15,775,685. The net pension liability was measured as of December 31, 2021. The net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of January 1, 2021, which was rolled forward to December 31, 2021. The components of the net pension liability at December 31, 2021, were as follows:

**Collective Balances at December 31, 2021 and 2020**

Actuarial valuation date (including roll forward)	December 31, 2021	December 31, 2020
Deferred Outflows of Resources	\$ 3,764,503	\$ 4,210,764
Deferred Inflows of Resources	77,734	91,200
Net Pension Liability	15,775,685	15,117,869

The following table shows the changes in the net pension liability as follows:

	<b><u>Increase (Decrease)</u></b>		
	<b><u>Total Pension liability (a)</u></b>	<b><u>Plan Fiduciary net position (b)</u></b>	<b><u>Net Pension liability (a) - (b)</u></b>
Balance at December 31, 2020	\$ 15,117,869	\$ -	\$ 15,117,869
Changes for the year:			
Service costs	350,172	-	350,172
Interest	274,545	-	274,545
Differences in expected and actual experience	5,449	-	5,449
Changes in assumptions	425,362	-	425,362
Benefit payments and expenses	(397,712)	-	(397,712)
Net changes	657,816	-	657,816
Balance at December 31, 2021	<u>\$ 15,775,685</u>	<u>\$ -</u>	<u>\$ 15,775,685</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

**Pension Expense**

The pension expense, calculated by the plan as of the December 31, 2021 measurement date is \$1,488,323 as follows:

<b>Note:</b>	<b>Description:</b>	<b>Amount</b>
A	Service Costs	\$ 350,172
B	Interest on the total pension liability	274,545
C	Differences between expected and actual experience	(11,259)
C	Changes in assumptions	874,865
	Total pension expense related to length of service awards program	<u>\$ 1,488,323</u>

**Notes:**

- A Provided in the changes in net pension liability exhibit  
B Based on the following calculation:

	<b>Amount for Period (a)</b>	<b>Portion of Period (b)</b>	<b>Projected Rate of Return (c)</b>	<b>Projected Earnings (a) x (b) x (c)</b>
Beginning total				
pension liability	\$ 15,117,869	100%	1.84%	\$ 278,169
Service cost (yearend)	350,172	0%	1.84%	-
Benefit payments	(393,952)	50%	1.84%	<u>(3,624)</u>
Total interest on the total pension liability				<u>\$ 274,545</u>
C Provided in the schedules of deferrals				

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP**

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10,387	\$ 77,734
Changes of assumptions	<u>3,754,116</u>	<u>-</u>
	<u>\$ 3,764,503</u>	<u>\$ 77,734</u>

The District will amortize the above sources of deferred outflows and inflows related to the LOSAP over the following number of years:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	7	7
Changes of assumptions	7	7

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP (continued)**

<b>Year Ending December 31,</b>	<b><u>Amount</u></b>
2022	\$ 863,606
2023	863,606
2024	863,604
2025	547,763
2026	274,096
Thereafter	<u>274,094</u>
Total	<u>\$ 3,686,769</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.0%
Salary increases	Not applicable
Investment rate of return	1.84 % percent, net of pension plan investment expense, including inflation
Mortality	No pre-retirement mortality; post retirement RP2000 projected to 2030
Retirement	First eligible
Turnover	T5
Disability	None

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the December 31, 2021 actuarial valuation report.

**Discount Rate**

The discount rate used to measure the total pension liability was 1.84% which is based on the 20-year AA general obligation bond rate as of December 31, 2021.

**Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate**

	<b>1 % Decrease <u>(0.84%)</u></b>	<b>Current Discount Rate <u>(1.84%)</u></b>	<b>1% Increase <u>(2.84%)</u></b>
Total LOSAP liability	\$ <u>18,793,505</u>	\$ <u>15,775,685</u>	\$ <u>13,402,136</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 12: JOINT VENTURE**

Several functions of the two Fire Districts of the Township of Toms River are performed on a “pooled” or shared basis. Expenditures are paid by District No. 1. The allocated portion of the disbursements is billed for reimbursement to District No. 2. This allocation is determined by a formula based on the ratio agreed upon by both districts. The agreed ratio for District No. 1 was 64% for all expenses through the year ended December 31, 2021. For the year ended December 31, 2021, 36% of expenses were allocated to District No. 2. The joint activities produce revenue from fees charged at the Fire Academy and from fire inspection fees. These revenues are returned to each District, based on the agreed upon ratio as described above. The Board of Commissioners of Fire District No. 1 has been designated as the “lead agency.” As such, it is responsible for the bookkeeping of the joint activities. These financial statements are abstracted from the accounting records of Fire District No. 1.

**NOTE 13: COMMITMENTS**

The District entered into a contract with the Board of Education of Toms River Regional Schools for the leasing of premises at 1144 Hooper Avenue, Suite 306, which expires on February 28, 2022. The lease is a five-year lease with future payments at December 31 as follows:

<b>For the Year Ended December 31,</b>	<b><u>Amount</u></b>
2022	\$ <u>3,747</u>
Total	\$ <u>3,747</u>

**NOTE 14: FUNDING**

The activities of the District are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2021, the fire tax rate on the District was approximately \$.069 per \$100 of assessed valuation. The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$20,097.

**NOTE 15: OTHER RECEIVABLES AND PAYABLES**

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2021, the following interfund balances remained on the balance sheet:

<b><u>Fund</u></b>	<b><u>Interfund receivable</u></b>	<b><u>Interfund payable</u></b>
General	\$ -	\$ 2,505,111
Capital projects	<u>2,505,111</u>	<u>-</u>
Total	<u>\$ 2,505,111</u>	<u>\$ 2,505,111</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to Financial Statements (continued)**

**NOTE 15: OTHER RECEIVABLES AND PAYABLES (continued)**

Other receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental columns of the district wide statement of net position.

**NOTE 16: FUND BALANCE**

**General Fund** – Of the \$12,589,933 General Fund balance at December 31, 2021, \$7,355,266 is restricted for length of service award program, \$800,000 is assigned for subsequent years expenditures, \$133,275 is assigned for other purposes and \$4,301,432 is unassigned.

**Capital Projects Fund** – Of the \$2,505,111 Capital Projects Fund balance at December 31, 2021, \$1,719,461 is assigned for other purposes and \$785,650 is restricted for Capital.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

**NOTE 17: DEFICIT UNRESTRICTED NET POSITION**

As reflected on Exhibit A-1, district wide statement of net position, a deficit in unrestricted net position of \$(18,301,767) existed as of December 31, 2021 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension, long-term liability of other postretirement benefits and long-term liability for the LOSAP obligation. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, district wide statement of net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. If this was not required, the unrestricted net position before the net pension liability, net other postemployment benefit liability, long-term liability for LOSAP obligation and deferred outflows and inflows related to pensions and other postemployment benefits would be \$12,109,621 as of December 31, 2021. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2021**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance</b>
Revenues:				
Miscellaneous revenues:				
Joint purchase agreement	\$ 1,085,321	\$ 1,085,321	\$ 1,144,347	\$ 59,026
Investment income	20,000	20,000	399	(19,601)
Other revenue	50,000	50,000	127,301	77,301
Sale of assets	-	-	2,976	2,976
Total miscellaneous revenues	1,155,321	1,155,321	1,275,023	119,702
Operating grant revenues:				
Homeland security grant	-	-	41,941	41,941
Supplemental fire service act	20,097	20,097	20,097	-
Total operating grant revenue	20,097	20,097	62,038	41,941
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act:				
Annual registration fees	465,926	465,926	369,793	(96,133)
Penalties and fines	29,500	29,500	9,984	(19,516)
Other revenues	135,500	135,500	146,366	10,866
Total uniform fire safety act	630,926	630,926	526,143	(104,783)
Other revenues offset with appropriations	125,000	125,000	53,122	(71,878)
Total miscellaneous revenues offset with appropriations	755,926	755,926	579,265	(176,661)
Total revenues	1,931,344	1,931,344	1,916,326	(15,018)
Amount raised by taxation to support district budget	5,674,043	5,674,043	5,674,043	-
Total anticipated revenues	7,605,387	7,605,387	7,590,369	(15,018)
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	486,500	441,500	443,272	(1,772)
Fringe benefits	502,817	502,817	370,115	132,702
Other expenditures:				
Contingencies	1,500	1,500	178	1,322
Dues and subscriptions	4,000	4,000	2,971	1,029
Elections	55,000	16,000	15,056	944
Insurance	80,300	80,475	80,226	249
Legal ads	3,700	3,700	2,213	1,487
Maintenance and repairs	22,000	17,000	16,355	645
Office supplies and postage	15,000	10,000	4,902	5,098
Other rentals	26,050	26,050	23,808	2,242
Operating materials and supplies	3,500	3,500	865	2,635
Other non-bondable assets	22,500	4,003	579	3,424
Payroll service	11,000	11,000	10,565	435
Permits, licenses and fees	14,000	14,270	4,502	9,768
Professional fees	111,000	254,094	219,799	34,295
Testimonials	3,000	3,000	1,696	1,304
Training and education	3,000	3,000	208	2,792
Travel expenses	14,500	4,500	2,182	2,318
Uniforms	2,000	2,000	-	2,000
Utilities	13,000	13,000	9,638	3,362
Total administration	1,394,367	1,415,409	1,209,130	206,279

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Budgetary Comparison Schedule (continued)**  
**For the year ended December 31, 2021**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance</b>
Cost of operations and maintenance:				
Salaries and wages	1,365,000	1,406,250	1,243,430	162,820
Fringe benefits	1,001,591	993,091	737,257	255,834
Other expenditures:				
Contingencies	5,000	5,000	343	4,657
Contracted services	88,000	69,000	68,680	320
Dues and subscriptions	13,000	13,000	3,573	9,427
Insurance	20,000	19,888	14,384	5,504
Maintenance and repairs	458,000	491,657	393,851	97,806
Legal ads	250	662	43	619
Office supplies and postage	15,200	12,817	7,983	4,834
Operating materials and supplies	82,000	82,000	40,803	41,197
Other non-bondable assets	530,700	528,252	309,602	218,650
Other rentals	216,095	216,095	215,564	531
Permits, licenses and fees	3,250	3,250	1,648	1,602
Professional services	77,000	77,488	45,143	32,345
Rental charges	350,000	350,000	344,924	5,076
Supplemental fire grant	22,107	22,107	64,048	(41,941)
Training and education	53,400	57,150	34,728	22,422
Travel expenses	35,000	35,000	19,165	15,835
Uniforms	269,000	252,215	212,311	39,904
Utilities	185,500	185,500	175,306	10,194
Total cost of operations and maintenance	4,790,093	4,820,422	3,932,786	887,636
Operating appropriations offset with revenues:				
Salaries and Wages	294,000	294,000	267,761	26,239
Fringe Benefits	178,327	178,327	131,299	47,028
Other Expenditures:				
Other expenses	283,600	324,395	194,172	130,223
Total operating appropriations offset with revenues	755,927	796,722	593,232	203,490
Length of service awards program	650,000	650,000	622,319	27,681
Appropriations for first aid squad	15,000	15,000	-	15,000
Capital appropriations	900,000	1,424,871	540,225	884,646
Total operating appropriations	8,505,387	9,122,424	6,897,692	2,224,732

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER  
Budgetary Comparison Schedule (continued)  
For the year ended December 31, 2021

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Other financing sources and uses:				
Unrealized loss on investments	-	-	(41,612)	41,612
Total other financing sources and uses	-	-	(41,612)	41,612
Total governmental expenditures	8,505,387	9,122,424	6,939,304	2,183,120
Excess (deficiency) of revenues over (under) expenditures	(900,000)	(1,517,037)	651,065	2,168,102
Fund balance, January 1	7,088,753	7,088,753	7,088,753	-
Fund balance, December 31	\$ 6,188,753	\$ 5,571,716	\$ 7,739,818	\$ 2,168,102
<b>RECAPITULATION OF FUND BALANCE:</b>				
Fund balances:				
Restricted fund balance:				
Capital			\$ 785,650	
Assigned fund balance:				
Designated for subsequent year's expenditures			800,000	
Other purposes			1,852,736	
Unassigned fund balance			4,301,432	
Total fund balances - budgetary basis			7,739,818	
Reconciliation to Governmental Activities (GAAP) fund balance:				
Length of service awards program investment balance not recognized on the budgetary basis			7,355,226	
Total fund balance per Governmental Activities (GAAP)			\$ 15,095,044	

**EXHIBIT C-1A****FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER****Notes to the Required Supplementary Information****Budget-to-GAAP Reconciliation****For the year ended December 31, 2020**

	<b><u>Total Governmental Funds</u></b>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 7,590,369
Difference - Budget to GAAP:	
Budgetary basis differs from GAAP in that the District does not budget for length of service award program investment income. GASB 73 requires the investment appreciation in the length of service award program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:	
Appreciation in fair value of investments	<u>209,912</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 7,800,281</u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 6,897,692
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service award program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the Plan:	
District contribution	(622,319)
Participant withdrawals	<u>393,582</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 6,668,955</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee's Retirement System**  
**Last Nine Fiscal Years \***

	Measurement Date Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	
District's Proportion of the Net Pension Liability	0.02177%	0.02158%	0.02095%	0.02218%	0.02208%	0.02128%	0.01830%	0.01790%	0.01801%	
District's Proportionate Share of the Net Pension Liability	\$ 2,579,529	\$ 3,519,278	\$ 3,775,061	\$ 4,366,570	\$ 5,138,775	\$ 6,303,610	\$ 4,107,280	\$ 3,351,460	\$ 3,441,595	
District's Covered - Employee Payroll	\$ 1,614,972	\$ 1,565,686	\$ 1,501,378	\$ 1,542,493	\$ 1,552,597	\$ 1,466,691	\$ 1,364,118	\$ 1,321,059	\$ 273,996	
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered - Employee Payroll	159.73%	224.78%	251.44%	283.09%	330.98%	429.78%	301.09%	253.69%	1256.07%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Schedule of District Contributions**  
**Public Employee's Retirement System**  
**Last Nine Fiscal Years \***

	Year Ended December 31,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	
District's Contractually Required Contribution	\$ 255,006	\$ 236,084	\$ 203,792	\$ 220,591	\$ 205,504	\$ 189,081	\$ 157,304	\$ 147,569	\$ 135,683	
District's Contribution in Relation to the Contractually Required Contribution	(255,006)	(236,084)	(203,792)	(220,591)	(205,504)	(189,081)	(157,304)	(147,569)	(135,683)	
District's Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
District's Covered - Employee Payroll	\$ 1,582,129	\$ 1,614,972	\$ 1,565,686	\$ 1,501,378	\$ 1,542,493	\$ 1,552,597	\$ 1,466,691	\$ 1,364,118	\$ 1,321,059	
District's Contributions as a Percentage of it's Covered-Employee Payroll	16.12%	14.62%	13.02%	14.69%	13.32%	12.18%	10.73%	10.82%	10.27%	

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Schedule of the Changes in the District's Proportionate Share of**  
**Net Other Postemployment Benefit Liability**  
**Last Four Fiscal Years \***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Changes in assumptions	\$ (462,958)	\$ 635,672	\$ -	\$ -
Differences between expected and actual experience	(797,433)	-	1,569,828	-
Interest	335,166	399,041	511,175	491,210
Miscellaneous adjustments	-	-	-	(767)
Payments for benefits and admin expenses	(179,818)	(240,962)	(272,309)	(277,638)
Service cost	<u>421,877</u>	<u>271,479</u>	<u>271,479</u>	<u>302,564</u>
Net change in total OPEB liability	<u>(683,166)</u>	<u>1,065,230</u>	<u>2,080,173</u>	<u>515,369</u>
Total OPEB liability - beginning	<u>15,477,754</u>	<u>14,412,524</u>	<u>12,332,351</u>	<u>11,816,982</u>
Total OPEB liability - ending	<u>\$ 14,794,588</u>	<u>\$ 15,477,754</u>	<u>\$ 14,412,524</u>	<u>\$ 12,332,351</u>
Net OPEB liability	<u>\$ 14,794,588</u>	<u>\$ 15,477,754</u>	<u>\$ 14,412,524</u>	<u>\$ 12,332,351</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
District's covered payroll	\$ 1,582,129	\$ 1,614,972	\$ 1,565,686	\$ 1,501,378
Net OPEB liability as a percentage of covered payroll	935.11%	958.39%	920.52%	821.40%
Expected average remaining service years for all participants	8	8	8	8

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER****Schedule of Changes in the Net Pension Liability and Related Ratios****Length of Service Awards Program (LOSAP)****Last Five Fiscal Years \***

	2021	2020	2019	2018	2017
Total pension liability:					
Changes in assumptions	\$ 425,362	\$ 1,799,965	\$ 1,905,691	\$ 96,110	\$ 2,425,047
Differences between expected and actual experience	5,449	(99,554)	10,002	(7,156)	1
Interest	274,545	260,254	300,558	393,467	264,833
Payments for benefits and admin expenses	(397,712)	(405,283)	(412,100)	(294,465)	(333,360)
Service cost	350,172	349,074	275,902	194,235	238,963
Net change in total pension liability	657,816	1,904,456	2,080,053	382,191	2,595,484
Total pension liability - beginning	15,117,869	13,213,413	11,133,360	10,751,169	8,155,685
Total pension liability - ending	<u>\$ 15,775,685</u>	<u>\$ 15,117,869</u>	<u>\$ 13,213,413</u>	<u>\$ 11,133,360</u>	<u>\$ 10,751,169</u>
Net pension liability - LOSAP	<u>\$ 15,775,685</u>	<u>\$ 15,117,869</u>	<u>\$ 13,213,413</u>	<u>\$ 11,133,360</u>	<u>\$ 10,751,169</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
Expected average remaining service years for all participants	7	8	7	7	8

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to the Required Supplementary Information**  
**December 31, 2021**

**Public Employees' Retirement System (PERS)**

***Changes of Benefit Terms***

The June 30, 2021 measurement date includes one change in plan provisions as Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

***Changes of Assumptions***

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%
2019	6.28%	2016	3.98%		

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%
2019	7.00%	2016	7.65%		

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

**Health Benefit Local Retired Employees Plan (OPEB)**

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

The discount rate used as of December 31, is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.06%	2019	2.74%
2020	2.12%	2018	4.10%

The long-term expected rate of return used as of December 31, is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.50%	2019	2.50%
2020	2.50%	2018	2.50%

The medical trend rates were updated based on the direction of the State of New Jersey and Governmental Accounting Standards.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER**  
**Notes to the Required Supplementary Information (continued)**  
**December 31, 2021**

**Length of Service Awards Program (LOSAP)**

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

The discount rate used as of December 31, is as follows:

<b><u>Year</u></b>	<b><u>Rate</u></b>	<b><u>Year</u></b>	<b><u>Rate</u></b>
2021	1.84%	2018	3.71%
2020	2.00%	2017	4.50%
2019	2.75%		

To the Board of Fire Commissioners  
Fire District No. 1 of the Township of Toms River  
County of Ocean  
Township of Toms River, State of New Jersey

We have audited the basic financial statements of the Fire District No. 1 of the Township of Toms River (hereafter referred to as the District), County of Ocean, State of New Jersey, for the year ended December 31, 2021. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### **GENERAL COMMENTS**

#### **Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)**

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$44,000, except by contract or agreement. The District has a qualified purchasing agent on staff.

It is pointed out that the Board of Fire Commissioners have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Review of the minutes and financial transactions did not identify any bids requested by public advertising.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

## **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*), the supporting documentation indicated that quotes were requested for all items that required them.

## **Examination of Cash Receipts**

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

## **Examination of Bills**

A test check of paid bills was performed and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

## **Examination of Payroll**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the District employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

## **Capital Assets**

The Capital Asset subledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

## **Budget Adoption**

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on December 2, 2020 and adopted its operating budget on January 6, 2021.

## ***Current Year Finding***

There were no current year findings

## **Follow-up on Prior Year's Findings**

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. The previous year's audit findings have been corrected.

**Acknowledgment**

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please call us.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

September 21, 2022  
Lakewood, New Jersey