

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

Financial Statements and Supplementary Information

For the year ended December 31, 2022

(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, 2022, 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, 2022, 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 Supplementary Information

Management is responsible for the other information included in the annual report. The other information comprises the accompanying schedule of obligations under lease obligations but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2022 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023 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

October 20, 2023
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 the 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") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 have not been 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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* and 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 Auditing Standards* and 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, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 20, 2023
Lakewood, New Jersey

**TOMS RIVER FIRE DISTRICT NO. 1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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, 2022 by approximately \$3,879,900. During, 2021 the excess of liabilities and deferred inflows of resources over assets and deferred inflows of resources was approximately \$10,526,900. This is an increase of approximately \$14,406,900.
- During 2022 the District operated at a surplus of approximately \$14,406,900. During 2021 the Fire District operated at a deficit of approximately \$131,100. This is an increase of approximately \$14,538,000.
- The District's liabilities and deferred inflows of resources decreased approximately \$8,367,500 in 2022 and assets and deferred outflows of resources increased by approximately \$6,039,400.
- As described in Note 2 to the financial statements the District has adopted the provisions of GASB Statement to No. 87, *Leases*, for the year ended December 31, 2022. The adoption of this statement resulted the District recognizing right-of-use assets of \$918,215 in exchange for right-of-use liabilities of \$943,924.

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 8. 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 2022, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$3,879,900. 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

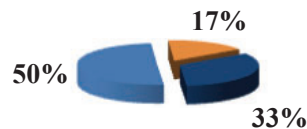
FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2022 AND 2021

	2022	2021	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and other assets	\$ 26,102,249	\$ 20,585,792	\$ 5,516,457	26.80%
Capital assets	5,792,663	5,269,746	522,917	9.92%
Total assets and deferred outflows of resources	31,894,912	25,855,538	6,039,374	23.36%
Total liabilities and deferred inflows of resources	(28,014,965)	(36,382,448)	(8,367,483)	(23.00%)
Net position	<u>\$ 3,879,947</u>	<u>\$ (10,526,910)</u>	<u>\$ 14,406,857</u>	136.86%

Analysis of net position

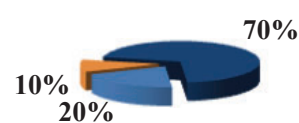
Invested in capital assets, net of related debt	\$ 5,792,663	\$ 5,269,746	\$ 522,917	9.92%
Restricted for:				
Capital projects	1,917,880	2,505,111	(587,231)	(23.44%)
Unrestricted	(3,830,596)	(18,301,767)	14,471,171	(79.07%)
Total net position	<u>\$ 3,879,947</u>	<u>\$ (10,526,910)</u>	<u>\$ 14,406,857</u>	136.86%

2022 Net Position



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

2021 Net Position



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

The net position of the District increased approximately \$14,406,900 as a result of the current year surplus. In 2022 the capital assets increased by approximately \$522,900 after depreciation expense.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

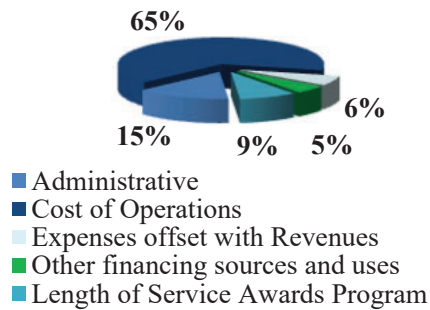
Governmental Activities

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:

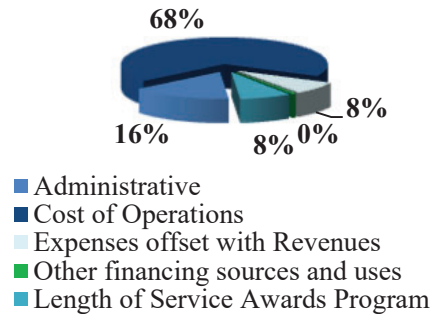
FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER DISTRICT WIDE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 1,090,025	\$ 1,209,130	\$ (119,105)	(9.85%)
Cost of operations and maintenance	4,841,930	5,255,169	(413,239)	(7.86%)
Operating appropriations offset with revenues	446,146	593,232	(147,086)	(24.79%)
Other financing sources and uses	366,974	41,612	325,362	781.89%
Length of service awards program contribution	670,492	622,319	48,173	7.74%
Total program expenses	<u>7,415,567</u>	<u>7,721,462</u>	<u>(305,895)</u>	<u>(3.96%)</u>

2022 Program Expenses



2021 Program Expenses

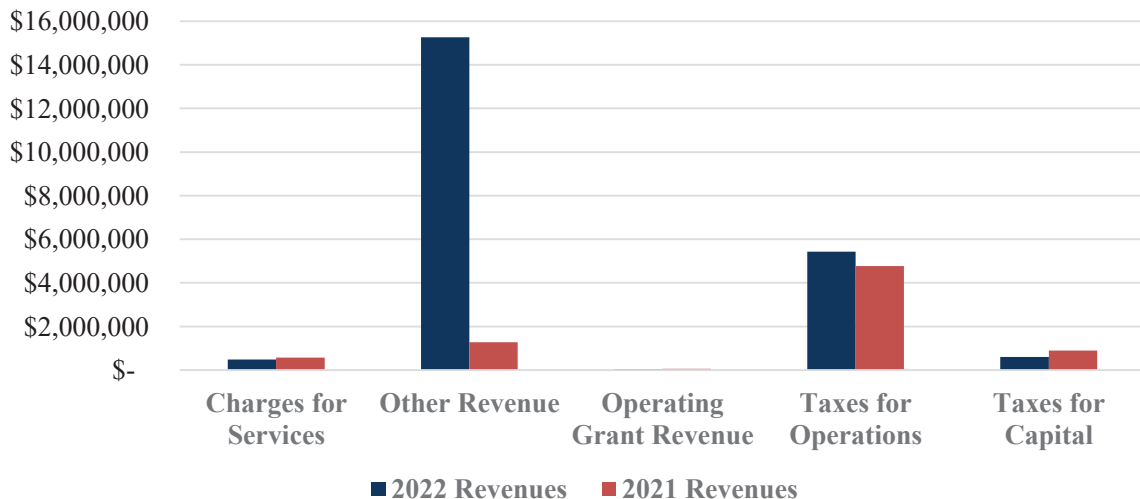


DISTRICT WIDE FINANCIAL ANALYSIS (continued)

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
YEAR ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Program revenues:				
Charges for services	490,578	579,265	(88,687)	(15.31%)
Total program revenues	490,578	579,265	(88,687)	(15.31%)
Net program expenses	6,924,989	7,142,197	(217,208)	(3.04%)
General revenues:				
Property taxes levied for:				
General purposes	5,430,534	4,774,043	656,491	13.75%
Capital purchases	600,000	900,000	(300,000)	(33.33%)
Total property taxes levied	6,030,534	5,674,043	356,491	6.28%
Other revenue	15,255,215	1,275,023	13,980,192	1096.47%
Operating grant revenue	46,097	62,038	(15,941)	(25.70%)
Total general revenues	21,331,846	7,011,104	14,320,742	204.26%
Increase (decrease) in net position	14,406,857	(131,093)	14,537,950	11089.80%
Net position, January 1	(10,526,910)	(10,395,817)	(131,093)	1.26%
Net position, December 31	\$ 3,879,947	\$ (10,526,910)	\$ 14,406,857	136.86%

Revenues



Property tax revenue constituted 28% of the total governmental activities revenues received by the District in 2022 and 75% in 2021.

The Cost of Operations & Maintenance comprised 65% and 68% of the District's total expenses in 2022 and 2021, respectively. Administration expenses comprised 15% and 16% of the total expenses in 2022 and 2021, 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, 2022, the combined balance of the governmental cash funds of the District was approximately \$5,532,200. This balance is approximately \$383,300 higher than last year's combined governmental funds balance.

The combined fund balance of the governmental funds of the District was approximately \$15,394,900. Of that total, funds of approximately \$1,242,700 have been restricted for capital, \$7,659,200 have been restricted for investment in length of service awards program, \$400,000 have assigned for subsequent year's expenditures, \$1,241,400 have assigned for other purposes (encumbrances) and \$4,851,600 is unassigned.

The general fund is the main operating fund of the District. At the end of 2022, the total fund balance of the general fund was approximately \$13,477,000. Of this balance, approximately \$4,851,600 of it was unassigned.

During 2022 the general fund balance of the District increased by approximately \$887,000. The primary reason for this increase are as follows:

- The Board had revenues in excess of expenses of approximately \$887,000.

At the end of 2022, the District had a capital projects fund balance of approximately \$1,917,900. This is a decrease of \$587,200. The primary reason for this decrease are as follows:

- The Board expenses in excess of revenues of approximately \$587,200.

General Fund Budgetary Highlights

The 2022 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 \$63,700 in 2022.
- Overall, the District's operating appropriations were approximately \$3,079,300 less than originally anticipated in the operating budget for 2022.

CAPITAL ASSETS

As of December 31, 2022 the District had invested in capital assets for government activities of approximately \$5,792,700 (net of accumulated depreciation). Capital assets consist of apparatus in progress, 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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Non-depreciable:			
Apparatus in progress	\$ 767,950	\$ -	767,950
Total non-depreciable assets	<u>767,950</u>	<u>-</u>	<u>767,950</u>
Depreciable:			
Buildings and improvements	\$ 2,685,543	\$ 2,685,543	\$ -
Land improvements	379,469	379,469	-
Trucks and equipment	<u>14,514,924</u>	<u>13,975,223</u>	<u>539,701</u>
Total depreciable assets	<u>17,579,936</u>	<u>17,040,235</u>	<u>539,701</u>
Accumulated depreciation	<u>(12,555,223)</u>	<u>(11,770,489)</u>	<u>(784,734)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 5,792,663</u>	<u>\$ 5,269,746</u>	<u>\$ 522,917</u>

Additional information on the District's capital assets can be found in Note 7 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2022, the District was able to fund its appropriations through the fire tax levy and other revenues. In 2022 the property tax revenue also constituted 28% of total revenues. The 2022 budget anticipated a deficit of \$800,000, but finished the year with a deficit of \$4,138.

The District adopted their 2023 budget on January 7, 2023. The voters subsequently voted to approve the budget at the February election. The 2023 adopted budget reflected an increase in the tax levy of \$439,002, in which the Board anticipates a \$0.003 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, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash (Note 3)	\$ 5,532,170
Investments (Note 4)	2,344,978
Accounts receivable (Note 6)	53,881
Total current assets	<u>7,931,029</u>
Non-current assets:	
Investment in length of service awards program (Note 5)	<u>7,659,173</u>
Total investment in length of service awards program	<u>7,659,173</u>
Capital assets, net:	
Nondepreciable (Note 7)	767,950
Depreciable (Note 7)	5,024,713
Total capital assets	<u>5,792,663</u>
Right of-use assets, net of accumulated amortization (Note 12)	<u>918,215</u>
Total non-current assets	<u>14,370,051</u>
Total assets	<u>22,301,080</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources:	
Deferred outflows related to pensions (Note 9)	249,218
Deferred outflows related to other post employment benefits (Note 10)	6,457,183
Deferred outflows related to length of service awards program (Note 11)	2,887,431
Total deferred outflow of resources	<u>9,593,832</u>
Total assets and deferred outflows of resources	<u><u>\$ 31,894,912</u></u>

EXHIBIT A-1
(continued)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
District Wide Statement of Net Position (continued)
December 31, 2022

LIABILITIES	Governmental Activities
Current liabilities:	
Accounts payable	\$ 192,240
Payroll liabilities payable	3,109
Pension payable	261,013
Current portion of right-of-use lease liability (Note 8)	226,242
Total current liabilities	<u>682,604</u>
Non-current liabilities:	
Compensated absences (Note 8)	248,181
Net pension liability (Note 9)	3,123,628
Net other postemployment benefits (Note 10)	4,711,644
Net length of service awards program (Note 11)	10,761,216
Right-of-use lease liability, net of current portions (Note 8)	717,682
Total non-current liabilities	<u>19,562,351</u>
Total liabilities	<u>20,244,955</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources:	
Deferred inflows related to pensions (Note 9)	716,247
Deferred inflows related to other post employment benefits (Note 10)	2,481,332
Deferred inflows related to length of service awards program (Note 11)	4,572,431
Total deferred inflows of resources	<u>7,770,010</u>
Total liabilities and deferred inflows of resources	<u>28,014,965</u>
 NET POSITION	
Net investment in capital assets	5,792,663
Restricted for:	
Capital Projects	1,917,880
Unrestricted (Note 17)	(3,830,596)
Total net position	<u>3,879,947</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 31,894,912</u></u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
District Wide Statement of Activities
For the year ended December 31, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Total Governmental Activities</u>
Governmental activities:			
Operating appropriations:			
Administration	\$ 1,090,025	\$ -	\$ 1,090,025
Costs of operations and maintenance	4,841,930	-	4,841,930
Operating appropriations offset with revenues	446,146	490,578	(44,432)
Other financing sources and uses	366,974	-	366,974
Length of service awards program contribution	670,492	-	670,492
Total operating appropriations	<u>\$ 7,415,567</u>	<u>\$ 490,578</u>	6,924,989
General revenues:			
Miscellaneous revenue			1,284,122
Operating grant revenues			46,097
Pension and Other Post-employment Benefits			13,971,093
Amount raised by taxation			<u>6,030,534</u>
Total general revenues			<u>21,331,846</u>
Change in net position			14,406,857
Net position, January 1			<u>(10,526,910)</u>
Net position, December 31			<u>\$ 3,879,947</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Governmental Funds
Balance Sheet
December 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Current assets:			
Cash	\$ 5,532,170	\$ -	\$ 5,532,170
Investments	2,344,978	-	2,344,978
Accounts receivable	53,881	-	53,881
Other receivables	-	1,917,880	1,917,880
Total current assets	<u>7,931,029</u>	<u>1,917,880</u>	<u>9,848,909</u>
Non-current assets:			
Investment in length of service awards program	7,659,173	-	7,659,173
Total investment in length of service awards program	<u>7,659,173</u>	<u>-</u>	<u>7,659,173</u>
Total non-current assets	<u>7,659,173</u>	<u>-</u>	<u>7,659,173</u>
Total assets	<u>\$ 15,590,202</u>	<u>\$ 1,917,880</u>	<u>\$ 17,508,082</u>
Liabilities, equity and other credits:			
Accounts payable	\$ 192,240	\$ -	\$ 192,240
Payroll liabilities payable	3,109	-	3,109
Other payables	1,917,880	-	1,917,880
Total liabilities, equity and other credits	<u>2,113,229</u>	<u>-</u>	<u>2,113,229</u>
Fund balances			
Restricted for:			
Capital projects	-	1,242,714	1,242,714
Length of service awards program	7,659,173	-	7,659,173
Assigned for:			
Subsequent year's expenditures	400,000	-	400,000
Other purposes	566,198	675,166	1,241,364
Unassigned	4,851,602	-	4,851,602
Total fund balance	<u>13,476,973</u>	<u>1,917,880</u>	<u>15,394,853</u>
Total liabilities and fund balance	<u>\$ 15,590,202</u>	<u>\$ 1,917,880</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 \$18,347,886 and the accumulated depreciation is \$12,555,223.	5,792,663
Accrued pension payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(261,013)
Right-to-use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,153,854 and the accumulated amortization is \$235,639.	918,215
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.	1,823,822
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<u>(19,788,593)</u>
Net position of governmental activities	<u>\$ 3,879,947</u>

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, 2022

	General Fund	Capital Projects Fund	December 31, 2022
Revenues:			
Miscellaneous revenues:			
Joint purchase agreement	\$ 1,202,126	\$ -	\$ 1,202,126
Investment income - unrestricted cash and investments	478	-	478
Investment income - length of service awards program	220,336	-	220,336
Other revenue	49,421	-	49,421
Sale of assets	32,097	-	32,097
Total miscellaneous revenues	1,504,458	-	1,504,458
Operating grant revenues:			
Homeland security grant	26,000	-	26,000
Supplemental fire service act	20,097	-	20,097
Total operating grant revenues	46,097	-	46,097
Miscellaneous revenues offset with appropriations:			
Uniform fire safety act:			
Annual registration fees	344,618	-	344,618
Penalties and fines	19,905	-	19,905
Other revenues	118,855	-	118,855
Total uniform fire safety act	483,378	-	483,378
Other revenues offset with appropriations	7,200	-	7,200
Total miscellaneous revenues offset with appropriations	490,578	-	490,578
Total revenues	2,041,133	-	2,041,133
Amount raised by taxation to support district budget	5,430,534	600,000	6,030,534
Total anticipated revenues	7,471,667	600,000	8,071,667
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	368,664	-	368,664
Fringe benefits	335,319	-	335,319
Other expenditures:			
Contingencies	91	-	91
Dues and subscriptions	4,709	-	4,709
Elections	18,548	-	18,548
Insurance	82,769	-	82,769
Legal ads	1,870	-	1,870
Maintenance and repairs	12,717	-	12,717
Office supplies and postage	11,131	-	11,131
Other rentals	21,623	-	21,623
Operating materials and supplies	2,733	-	2,733
Other non-bondable assets	13,376	-	13,376
Payroll service	12,118	-	12,118
Permits, licenses and fees	5,740	-	5,740
Professional fees	175,270	-	175,270
Testimonials	617	-	617
Training and education	588	-	588
Travel expenses	11,696	-	11,696
Uniforms	608	-	608
Utilities	9,838	-	9,838
Total administration	1,090,025	-	1,090,025
Operating appropriations:			
Cost of operations and maintenance:			
Salaries and wages	1,298,227	-	1,298,227
Fringe benefits	665,271	-	665,271

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, 2022

	General Fund	Capital Projects Fund	December 31, 2022
Cost of operations and maintenance (continued):			
Other expenditures:			
Contingencies	1,609	-	1,609
Contracted services	69,374	-	69,374
Dues and subscriptions	467	-	467
Insurance	15,671	-	15,671
Maintenance and repairs	484,565	-	484,565
Legal ads	567	-	567
Office supplies and postage	12,569	-	12,569
Operating materials and supplies	87,676	-	87,676
Other non-bondable assets	431,741	-	431,741
Other rentals	234,844	-	234,844
Permits, licenses and fees	1,763	-	1,763
Professional services	52,969	-	52,969
Rental charges	339,499	-	339,499
Training and education	48,850	-	48,850
Travel expenses	30,157	-	30,157
Uniforms	130,590	-	130,590
Utilities	188,192	-	188,192
Total cost of operations and maintenance	4,094,601	-	4,094,601
Operating appropriations offset with revenues:			
Salaries and Wages	170,916	-	170,916
Fringe Benefits	94,866	-	94,866
Other Expenditures:			
Other expenses	180,364	-	180,364
Total operating appropriations offset with revenues	446,146	-	446,146
Length of service awards program			
Participant withdrawals	586,881	-	586,881
Total length of service awards program	586,881	-	586,881
Capital appropriations	-	1,187,231	1,187,231
Total operating appropriations	6,217,653	1,187,231	7,404,884
Other financing sources and uses:			
Unrealized loss on investments	(366,974)	-	(366,974)
Total other financing sources and uses	(366,974)	-	(366,974)
Total governmental expenditures	6,584,627	1,187,231	7,771,858
Excess of revenues over expenditures	887,040	(587,231)	299,809
Fund balance, January 1	12,589,933	2,505,111	15,095,044
Fund balance, December 31	\$ 13,476,973	\$ 1,917,880	\$ 15,394,853

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 to the District Wide Statement of Activities
December 31, 2022

Total net changes in Fund Balance - Governmental Funds (B-2) \$ 299,809

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

Certain activity related to length of service awards program (LOSAP) is not reported in governmental funds, whereas such activity is a component of the investment in length of service awards program payable reported on the district wide statement of net position.

Length of service awards program expense	(53,353)	
District contribution	(670,492)	
Appreciation in fair value of investments	(220,336)	
Participant withdrawals	586,881	
		(357,300)

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	185,544	
Capital Outlays - Capital Projects Fund	1,155,160	
Depreciation expense	(794,525)	
Valuation Adjustment	(23,262)	
		522,917

Certain activity related to right-of-use assets and liabilities is not reported in governmental funds, whereas such activity is reported on the district wide statement of net position.

Amortization of Right-to-use Leased Assets	(235,639)	
Imputed Interest	(1,322)	
Repayment of Right-to-use Lease Liability	211,252	
		(25,709)

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 increase in sick leave paid was \$3,953.

(3,953)

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 benefit (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	501,322	
		501,322

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 benefit (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	13,469,771	
		13,469,771

Changes in net position of governmental activities		\$ 14,406,857
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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, 2022:

Officials	Term Expires: March
Mark Autenrieth	2024
James Golden	2025
Raymond Latshaw	2024
Leonard Minkler	2024
Richard Tutela	2025

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, 2022.

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, 2022 totaled \$1,241,364.

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.

Accounts Receivable

Accounts receivable represents amounts due from registration fees associated with the District's fire prevention bureau. The District evaluates its receivables to determine if any portion is uncollectable. Management has determined all receivables to be collectible for the year ended December 31, 2022.

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.

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

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. 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:

<u>Description:</u>	<u>Useful Lives</u>
Building and improvements	10 – 50 Years
Land improvements	8 – 20 Years
Trucks and equipment	5 – 15 Years

Right-of-use Assets and Liabilities

The District has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87: *Leases* for the year ended December 31, 2022. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

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, an 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.

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

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.

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.

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)

- 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.
- 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 Adopted Accounting Pronouncements

In the current year, the District adopted GASB Statement No. 87: *Leases*, which requires the District to recognize most leases on the district wide statement of net position. Adoption of this statement resulted in the recognition of right-to-use assets of \$918,215 and right-to-use lease liabilities of \$943,924. These amounts were determined based on the present value of remaining minimum lease payments, discounted rate (3.25%) as of the date of adoption. There was no material impact to the timing of expense or income recognition in the district wide statement of activities. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures regarding the District's leasing activities are presented in Note 12: *Right-of-use Lease Obligations* for more information.

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, 2022 through the date of October 20, 2023, 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, 2022, and reported at fair value are as follows:

<u>Type:</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 5,531,970
Petty cash	<u>200</u>
Total deposits	<u>\$ 5,532,170</u>
 Reconciliation to the Governmental Funds:	
Governmental Funds	\$ 5,532,170
Total	<u>\$ 5,532,170</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, 2022, the District's bank balance of \$5,650,154 was insured or collateralized as follows:

Insured	\$ 383,250
Collateralized in the District's name under GUDPA	<u>5,266,904</u>
Total	<u>\$ 5,650,154</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, 2022.

	Level I	Level II	Level III	Total
<i>Government backed securities</i>	\$ 2,344,978	\$ -	\$ -	\$ 2,344,978
Total investments held at fair value	\$ 2,344,978	\$ -	\$ -	\$ 2,344,978

NOTE 5: INVESTMENTS HELD AT CONTRACT VALUE

The District invests in the Empower Retirement general investment fund, which totaled \$7,659,173 as of December 31, 2022. 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, 2022, accounts receivables consisted of the following:

Homeland Security Grant	\$ 26,000
Due from Toms River Fire District No. 2	21,793
Other receivables	6,088
Total	<u>\$ 53,881</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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments /Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Apparatus in progress	\$ -	\$ 767,950	\$ -	\$ 767,950
Total capital assets not being depreciated	-	767,950	-	767,950
Capital assets being depreciated:				
Building and improvements	2,685,543	-	-	2,685,543
Land improvements	379,469	-	-	379,469
Trucks and equipment	13,975,223	572,754	(33,053)	14,514,924
Total capital assets being depreciated	17,040,235	572,754	(33,053)	17,579,936
Total capital assets	17,040,235	1,340,704	(33,053)	18,347,886
Less: accumulated depreciation:				
Building and improvements	(701,465)	(61,486)	-	(762,951)
Land improvements	(337,819)	(4,900)	-	(342,719)
Trucks and equipment	(10,731,205)	(728,139)	9,791	(11,449,553)
Total accumulated depreciation	(11,770,489)	(794,525)	(23,262)	(12,555,223)
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 5,269,746</u>	<u>\$ 558,895</u>	<u>\$ (23,262)</u>	<u>\$ 5,792,663</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, 2022 the following changes occurred in liabilities reported in long-term debt:

	Beginning Balance	Accrued/ increases	(Retired)/ (decreases)	Ending Balance	Due within One Year
Compensated absences	\$ 244,228	\$ 3,953	\$ -	\$ 248,181	\$ -
Net pension liability	2,579,529	544,099	-	3,123,628	-
Net other postemployment benefit liability	14,794,588	-	(10,082,944)	4,711,644	-
Net length of service awards program	15,775,685	-	(5,014,469)	10,761,216	-
Right-of-use lease liability	-	1,155,176	(211,252)	943,924	226,242
Total	\$33,394,030	\$ 1,703,228	\$(15,308,665)	\$19,788,593	\$ 226,242

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, 2022 the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consist of compensated absences totaling \$248,181.

Net Pension Liability

For details on the net pension liability, see Note 9: *Pension Obligations*. The District's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Other Postemployment Benefits Liability

For details on the other postemployment benefits liability, see Note 10: *Postemployment Benefits Other Than Pensions*. The District's contribution into the postemployment benefits plan is budgeted and paid on an annual basis.

Length of Service Awards Program

For details on the length of service awards program liability, refer to Note 11: *Length of Service Awards Program*. The District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

Right-of-use Lease Liability

The District has entered into agreements to lease District offices and firehouses. These lease agreements qualify as other than short-term leases under GASB Statement No. 87: *Leases* and, therefore, have been recorded at the present value of the future minimum lease payments as the date of its inception.

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

NOTE 8: LONG-TERM OBLIGATIONS (continued)

Right-of-use Lease Liability (continued)

The required payments range from \$2,068 to \$11,803. The lease liability is measured at a discount rate of 3.25%. As a result of these leases, the District has recorded a lease liability with the net book value of \$943,924. The right-to-use asset is described in more detail at Note 12: *Right-of-use Asset*. The following is a schedule of the remaining future minimum lease payments under these lease obligations and the present value of the net minimum lease payments at December 31, 2022:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 226,242	\$ 32,892	\$ 259,134
2024	224,410	24,380	248,790
2025	237,645	15,624	253,270
2026	251,541	6,298	257,839
2027	4,085	50	4,135
Total	\$ 943,924	\$ 79,244	\$ 1,023,168

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.

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

Service retirement benefits of 1/55th 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 1/60th 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.

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

NOTE 9: PENSION OBLIGATIONS (continued)

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 2022, 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, 2022, the District's contractually required contribution to PERS plan was \$261,013.

Components of Net Pension Liability

At December 31, 2022, the District's proportionate share of the PERS net pension liability was \$3,123,628. The net pension liability was measured as of June 30, 2022. 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, 2021, which was rolled forward to June 30, 2022. 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, 2022, was 0.0206981015% which was a decrease of 0.0010765093% from its proportion measured as of June 30, 2021.

	Balance December 31,	
	2022	2021
	June 30, 2022	June 30, 2021
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 249,218	\$ 196,739
Deferred Inflows of Resources	716,247	1,734,118
Net Pension Liability	3,123,628	2,579,529
District's portion of the plan's total Net Pension Liability	0.02070%	0.02177%

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

NOTE 9: PENSION OBLIGATIONS (continued)

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

At December 31, 2022, the District's proportionate share of the PERS expense (benefit), calculated by the plan as of the June 30, 2022 measurement date is \$(262,231). At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,545	\$ 19,881
Changes of Assumptions	9,678	467,731
Net difference between projected and actual earnings on pension plan investments	129,284	-
Changes in proportion and differences between the District's contributions and proportion share of contributions	87,711	228,635
	<u>\$ 249,218</u>	<u>\$ 716,247</u>

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
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	-
June 30, 2022	-	5.04
Changes in assumptions		
Year of pension plan deferral:		
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	-
June 30, 2022	-	5.04
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2018	-	5.00
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
June 30, 2022	5.00	-

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

NOTE 9: PENSION OBLIGATIONS (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, 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
June 30, 2022	5.04	5.04

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:

Year Ending December 31,	Amount
2023	\$ (296,127)
2024	(164,692)
2025	(94,757)
2026	117,050
2027	(28,503)
Total	<u>\$ (467,029)</u>

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. At December 31, 2022, the State's proportionate share of the PERS expense, associated with the District, calculated by the plan as of the June 30, 2021 measurement date was \$6,572.

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)

Actuarial Assumptions (continued)

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75% - 6.55%
	Based on Years of Service
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, 2018 - June 30, 2021

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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. 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, 2022 are summarized in the following table:

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

NOTE 9: PENSION OBLIGATIONS (continued)

Long-Term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long –Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Credit	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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:

	<u>1 % Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the Net Pension Liability	<u>\$ 4,046,933</u>	<u>\$ 3,123,628</u>	<u>\$ 2,386,826</u>

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

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

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

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The components of the collective net OPEB liability of the plan as of June 30, 2022 is as follows:

Total OPEB liability	\$ 16,090,925,144
Plan fiduciary net position	(58,670,334)
Net OPEB liability	<u>\$ 16,149,595,478</u>

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases*:

PERS:

Rate for all future years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS):

Rate of all future years 3.25% to 16.25%

Mortality Rate Table:

PERS

Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

PFRS

Pub-2010 safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

* Salary increases are based on years of service within the respective plan

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

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

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Obligation and OPEB (Benefit) Expense

The District's proportionate share of the total Other Post-Employment Benefits Obligations was \$4,711,644. The OPEB Obligation was measured as of June 30, 2022, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2022, the State proportionate share of the OPEB Obligation attributable to the District was 0.029175%.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$862,786 for the State's proportionate share of the OPEB (benefit) expense attributable to the District. This OPEB (benefit) expense was based on the OPEB plans June 30, 2022 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the trend rate is initially (1.89%) for PPO plans and (1.99%) for HMO plans with both increasing to a 4.5% long-term trend rate after seven years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 4.5% long-term trend rate after seven years.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1 % Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
State's proportionate share of the Net OPEB Liability associated with the District	\$ 3,997,030	\$ 4,711,644	\$ 5,626,865
State's Total Nonemployer OPEB Liability	<u>\$ 13,700,188,049</u>	<u>\$ 16,149,595,478</u>	<u>\$ 19,286,596,671</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

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

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate (continued)

	1 % Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
State's proportionate share of the Net OPEB Liability associated with the District	\$ 5,461,744	\$ 4,711,644	\$ 4,108,119
State's Total Nonemployer OPEB Liability	\$ 18,720,632,230	\$ 16,149,595,478	\$ 14,080,955,857

Additional Information

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2022:

	Balance December 31,	
	2022	2021
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 6,457,183	\$ 1,319,654
Deferred Inflows of Resources	2,481,332	730,630
Net Pension Liability	4,711,644	14,794,588
District's portion of the plan's total Net Pension Liability	0.02918%	n/a

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2022, the District's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2022 measurement date is \$6,457,183 and \$2,481,332, respectively. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 243,314	\$ 873,339
Changes of Assumptions	628,788	1,607,993
Net difference between projected and actual earnings on pension plan investments	1,240	-
Changes in proportion	5,583,841	-
	<u>\$ 6,457,183</u>	<u>\$ 2,481,332</u>

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

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Deferred Outflows/Inflows of Resources (continued)

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

Year Ending December 31,	Amount
2023	\$ 370,751
2024	370,374
2025	460,245
2026	646,986
2027	763,904
2028 – 2029	1,363,591
Total	<u>\$ 3,975,851</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At July 1, 2021, the Program membership consisted of the following:

Active plan members	65,360
Retirees currently receiving benefits	<u>33,684</u>
Total plan members	<u>99,044</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the measurement date June 30, 2022 is as follows:

Service cost	\$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Changes in benefit terms	402,474,416
Differences in expected and actual experience	572,046,963
Changes in assumptions	(3,599,550,175)
Contributions from the employer	(389,490,003)
Contributions from non-employer contributing entities	(45,792,081)
Net investment income	(235,962)
Administrative expenses	<u>12,334,441</u>
Net changes	(1,850,185,757)
Total OPEB Liability (Beginning)	<u>17,999,781,235</u>
Total OPEB Liability (Ending)	<u>\$ 16,149,595,478</u>

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

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM

The 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. 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, 2022 the District's contractually required contribution to the plan was \$670,492.

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, 2022, the District's net pension liability relating to the length of service awards program was \$10,761,216. The net pension liability was measured as of December 31, 2022. The net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of January 1, 2022, which was rolled forward to December 31, 2022. The components of the net pension liability at December 31, 2022, were as follows:

	Collective Balances December 31,	
	2022	2021
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 2,887,431	\$ 3,764,503
Deferred Inflows of Resources	4,572,431	77,734
Net Pension Liability	10,761,216	15,775,685

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

	Increase (Decrease)		
	Total Pension liability (a)	Plan Fiduciary net position (b)	Net Pension liability (a) - (b)
Balance at December 31, 2021	\$ 15,775,685	\$ -	\$ 15,775,685
Changes for the year:			
Service costs	172,997	-	172,997
Interest	627,738	-	627,738
Differences in expected and actual experience	(650,791)	-	(650,791)
Changes in assumptions	(4,608,732)	-	(4,608,732)
Benefit payments and expenses	(555,681)	-	(555,681)
Net changes	(5,014,469)	-	(5,014,469)
Balance at December 31, 2022	\$ 10,761,216		\$ 10,761,216

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, 2022 measurement date is \$912,981 as follows:

Note:	Description:	Amount
A	Service Costs	\$ 172,997
B	Interest on the total pension liability	627,738
C	Differences between expected and actual experience	(104,229)
C	Changes in assumptions	216,475
	Total pension expense related to length of service awards program	<u>\$ 912,981</u>

Notes:

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

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) x (b) x (c)
Beginning total pension liability	\$ 15,775,685	100%	4.05%	\$ 638,915
Service cost (yearend)	172,997	0%	4.05%	-
Benefit payments	(551,971)	50%	4.05%	(11,177)
Total interest on the total pension liability				<u>\$ 627,738</u>

- C Provided in the schedules of deferrals

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

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,180	\$ 622,089
Changes of assumptions	2,879,251	3,950,342
	<u>\$ 2,887,431</u>	<u>\$ 4,572,431</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
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)

Year Ending December 31,	Amount
2023	\$ 112,246
2024	112,244
2025	(203,597)
2026	(477,264)
2027	(477,266)
Thereafter	(751,363)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.0%
Salary increases	Not applicable
Investment rate of return	4.05% 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, 2022 actuarial valuation report.

Discount Rate

The discount rate used to measure the total pension liability was 4.05% which is based on the 20-year AA general obligation bond rate as of December 31, 2022.

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

	1 % Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total LOSAP liability	<u>\$ 12,494,154</u>	<u>\$ 10,761,216</u>	<u>\$ 9,365,728</u>

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

NOTE 12: RIGHT-OF-USE LEASE ASSETS

The District has recorded a right-of-use leased assets for leased offices and firehouses. The related leases are discussed in the lease liability subsection of Note 8: *Long-Term Obligations*. The right-to-use leased assets are amortized on a straight-line basis over the terms of the related leases. Right-of-use asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Right-of-use leased assets:				
Board of Fire Commissioners Offices	\$ -	\$ 97,877	-	\$ 97,877
Bureau of Fire Prevention Offices	-	27,100	-	27,100
Firehouse	-	107,838	-	107,838
Firehouse	-	158,319	-	158,319
Firehouse	-	132,234	-	132,234
Firehouse	-	196,661	-	196,661
Firehouse	-	221,961	-	221,961
Firehouse	-	211,864	-	211,864
Total right-of-use leased assets	-	1,153,854	-	1,153,854
Less: accumulated amortization	-	(235,639)	-	(235,639)
Total right-of-use leased assets net of accumulated amortization	<u>\$ -</u>	<u>\$ 918,215</u>	<u>\$ -</u>	<u>\$ 918,125</u>

NOTE 13: 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 63.50% for all expenses through the year ended December 31, 2022. For the year ended December 31, 2022, 36.50% 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 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, 2022, 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.

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

NOTE 15: OTHER RECEIVABLES AND PAYABLES

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2022, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ -	\$ 1,917,880
Capital projects	1,917,880	-
Total	<u>\$ 1,917,880</u>	<u>\$ 1,917,880</u>

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 \$13,476,973 General Fund, fund balance at December 31, 2022, \$7,659,173 is restricted for length of service awards program, \$400,000 is assigned for subsequent years expenditures, \$566,198 is assigned for other purposes and \$4,851,602 is unassigned.

Capital Projects Fund – Of the \$1,917,880 Capital Projects Fund, fund balance at December 31, 2022, \$675,166 is assigned for other purposes and \$1,242,714 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 \$(3,830,596) existed as of December 31, 2022 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 \$12,942,070 as of December 31, 2022. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

NOTE 18: RISKS, CONCENTRATIONS AND UNCERTAINTIES

Pending Litigation

There are actions, which have been instituted against the District. The outcomes of these cases cannot be determined at the present time. The final outcomes, if unfavorable to the District, will be covered through insurance or the budgetary process.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Budgetary Comparison Schedule
For the year ended December 31, 2022

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous revenues:				
Joint purchase agreement	\$ 1,181,414	\$ 1,181,414	\$ 1,202,126	\$ 20,712
Investment income	20,000	20,000	478	(19,522)
Other revenue	30,000	30,000	49,421	19,421
Sale of assets	-	-	32,097	32,097
Total miscellaneous revenues	1,231,414	1,231,414	1,284,122	52,708
Operating grant revenues:				
Homeland security grant	26,000	26,000	26,000	-
Supplemental fire service act	20,097	20,097	20,097	-
Total operating grant revenue	46,097	46,097	46,097	-
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act:				
Annual registration fees	440,000	440,000	344,618	(95,382)
Penalties and fines	25,000	25,000	19,905	(5,095)
Other revenues	142,000	142,000	118,855	(23,145)
Total uniform fire safety act	607,000	607,000	483,378	(123,622)
Other revenues offset with appropriations	-	-	7,200	7,200
Total miscellaneous revenues offset with appropriations	607,000	607,000	490,578	(116,422)
Total revenues	1,884,511	1,884,511	1,820,797	(63,714)
Amount raised by taxation to support district budget	6,030,534	6,030,534	6,030,534	-
Total anticipated revenues	7,915,045	7,915,045	7,851,331	(63,714)
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	433,500	433,500	368,664	64,836
Fringe benefits	536,395	536,395	335,319	201,076
Other expenditures:				
Contingencies	1,500	1,500	91	1,409
Dues and subscriptions	4,000	4,000	4,709	(709)
Elections	30,000	30,000	18,548	11,452
Insurance	85,300	85,300	82,769	2,531
Legal ads	3,700	3,700	1,870	1,830
Maintenance and repairs	19,000	19,000	12,717	6,283
Office supplies and postage	15,000	15,000	11,131	3,869
Other rentals	26,050	26,050	21,623	4,427
Operating materials and supplies	3,500	3,500	2,733	767
Other non-bondable assets	22,500	22,500	13,376	9,124
Payroll service	12,000	12,000	12,118	(118)
Permits, licenses and fees	14,000	14,000	5,740	8,260
Professional fees	141,000	141,000	175,270	(34,270)
Testimonials	3,000	3,000	617	2,383
Training and education	3,000	3,000	588	2,412
Travel expenses	13,000	13,000	11,696	1,304
Uniforms	2,000	2,000	608	1,392
Utilities	13,000	13,000	9,838	3,162
Total administration	1,381,445	1,381,445	1,090,025	291,420

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2022

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Cost of operations and maintenance:				
Salaries and wages	1,527,000	1,527,000	1,298,227	228,773
Fringe benefits	1,064,461	1,064,461	665,271	399,190
Other expenditures:				
Contingencies	5,000	5,000	1,609	3,391
Contracted services	89,000	89,000	69,374	19,626
Dues and subscriptions	13,000	13,000	467	12,533
Homeland security grant	26,000	26,000	-	26,000
Insurance	20,000	20,000	15,671	4,329
Maintenance and repairs	487,500	487,500	484,565	2,935
Legal ads	250	250	567	(317)
Office supplies and postage	15,200	15,200	12,569	2,631
Operating materials and supplies	83,500	216,775	87,676	129,099
Other non-bondable assets	895,100	895,100	431,741	463,359
Other rentals	220,282	220,282	234,844	(14,562)
Permits, licenses and fees	3,500	3,500	1,763	1,737
Professional services	74,000	74,000	52,969	21,031
Rental charges	350,000	350,000	339,499	10,501
Supplemental fire grant	22,107	22,107	-	22,107
Training and education	57,500	57,500	48,850	8,650
Travel expenses	36,500	36,500	30,157	6,343
Uniforms	264,500	264,500	130,590	133,910
Utilities	207,200	207,200	188,192	19,008
Total cost of operations and maintenance	5,461,600	5,594,875	4,094,601	1,500,274
Operating appropriations offset with revenues:				
Salaries and Wages	201,000	201,000	170,916	30,084
Fringe Benefits	151,700	151,700	94,866	56,834
Other Expenditures:				
Other expenses	254,300	254,300	180,364	73,936
Total operating appropriations offset with revenues	607,000	607,000	446,146	160,854
Length of service awards program	650,000	650,000	670,492	(20,492)
Appropriations for first aid squad	15,000	15,000	-	15,000
Capital appropriations	600,000	2,319,461	1,187,231	1,132,230
Total operating appropriations	8,715,045	10,567,781	7,488,495	3,079,286

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2022

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Other financing sources and uses:				
Unrealized gain/(loss) on investments	-	-	(366,974)	366,974
Total other financing sources and uses	-	-	(366,974)	366,974
Total governmental expenditures	8,715,045	10,567,781	7,855,469	2,712,312
Excess (deficiency) of revenues over (under) expenditures	(800,000)	(2,652,736)	(4,138)	2,648,598
Fund balance, January 1	7,739,818	7,739,818	7,739,818	-
Fund balance, December 31	<u>\$ 6,939,818</u>	<u>\$ 5,087,082</u>	<u>\$ 7,735,680</u>	<u>\$ 2,648,598</u>

RECAPITULATION OF FUND BALANCE:

Fund balances:	
Restricted fund balance:	
Capital	\$ 1,242,714
Assigned fund balance:	
Designated for subsequent year's expenditures	400,000
Other purposes	1,241,364
Unassigned fund balance	<u>4,851,602</u>
Total fund balances - budgetary basis	<u>7,735,680</u>
Reconciliation to Governmental Activities (GAAP) fund balance:	
Length of service awards program investment balance not recognized on the budgetary basis	<u>7,659,173</u>
Total fund balance per Governmental Activities (GAAP)	<u>\$ 15,394,853</u>

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, 2022

	<u>Total Governmental Funds</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 7,851,331
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 value of investments	<u>220,336</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 8,071,667</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 7,488,495
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	(670,492)
Participant withdrawals	<u>586,881</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 7,404,884</u></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 Ten Fiscal Years

	Measurement Date Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.02070%	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	\$ 3,123,628	\$ 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	\$ 1,582,129	\$ 1,614,972	\$ 1,565,686	\$ 1,501,378	\$ 1,542,493	\$ 1,552,597	\$ 1,466,691	\$ 1,364,118	\$ 1,321,059	\$ 273,996
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Employee Payroll	197.43%	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	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

	Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Contractually Required Contribution	\$ 261,013	\$ 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	(261,013)	(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	\$ 1,475,717	\$ 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	17.69%	16.12%	14.62%	13.02%	14.69%	13.32%	12.18%	10.73%	10.82%	10.27%

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.

** For the year ended December 31, 2022, the District changed from a private Other Postemployment Benefit plan to a group Other Postemployment Benefit plan administered by the State of New Jersey, Division of Pension and Benefits. See Exhibit L-4 for changes in the District's proportionate share of Net Other Postemployment Benefit Liability.

EXHIBIT L-4

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

	Measurement Date Ended June 30,
	2022
Authority's proportion of the other postemployment benefit liability (asset)	0.02918%
Authority's proportionate share of the net other postemployment benefit liability (asset)	\$ 4,711,644
Authority's covered-employee payroll	\$ 1,582,129
Authority's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	297.80%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	-0.36%

* 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 Six Fiscal Years *

	2022	2021	2020	2019	2018	2017
Total pension liability:						
Changes in assumptions	\$ (4,608,732)	\$ 425,362	\$ 1,799,965	\$ 1,905,691	\$ 96,110	\$ 2,425,047
Differences between expected and actual experience	(650,791)	5,449	(99,554)	10,002	(7,156)	1
Interest	627,738	274,545	260,254	300,558	393,467	264,833
Payments for benefits and admin expenses	(555,681)	(397,712)	(405,283)	(412,100)	(294,465)	(333,360)
Service cost	172,997	350,172	349,074	275,902	194,235	238,963
Net change in total pension liability	(5,014,469)	657,816	1,904,456	2,080,053	382,191	2,595,484
Total pension liability - beginning	15,775,685	15,117,869	13,213,413	11,133,360	10,751,169	8,155,685
Total pension liability - ending	<u>\$ 10,761,216</u>	<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>\$ 10,761,216</u>	<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%	0.00%
District's covered payroll	N/A	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	N/A
Expected average remaining service years for all participants	7	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

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

The June 30, 2022 measurement date includes three changes in plan provisions, one of which had an impact on the State's total net pension liability. Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

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>
2022	7.00%	2019	6.28%	2016	3.98%
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%

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>
2022	7.00%	2019	7.00%	2016	7.65%
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%

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

Other Post-Employment Benefits (OPEB)

Changes in Benefits

The increase in benefit terms from June 30, 2021 to June 30, 2022 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

Differences Between Expected and Actual Experiences

The increase in differences between expected and actual experiences from June 30, 2021 to June 30, 2022 was a result of changes to the census, claims and premiums experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2021 to June 30, 2022 is a result of a change in the discount rate, trend update, and the mortality projection scale update.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Notes to the Required Supplementary Information (continued)
December 31, 2022

Changes of Assumptions (continued)

The discount rate used as of June 30, measurement date for the last six fiscal years is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	3.54%	2019	3.50%	2016	2.85%
2021	2.16%	2018	3.87%		
2020	2.21%	2017	3.58%		

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:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	4.05%	2019	2.75%
2021	1.84%	2018	3.71%
2020	2.00%	2017	4.50%

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Schedule of Obligations Under Lease Obligations
For the year ended December 31, 2022

Description	Date of Lease	Term of Lease	Annual Maturities		Interest Rate	Balance		Issued	Retired	Balance		
			Date	Amount		January 1, 2022	December 31, 2022					
Property Lease - Board of Commissioners	January 1, 2022	Five Years	December 31, 2023	\$ 17,315	3.250%	\$ -	\$ -	\$ 97,877	\$ 13,199	\$	84,678	
			December 31, 2024	19,081								
			December 31, 2025	21,027								
			December 31, 2026	23,171								
			December 31, 2027	4,084								
Property Lease - Bureau of Fire Prevention	January 1, 2019	Five Years	December 31, 2023	14,441	3.250%	-	-	28,422	13,981		14,441	
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2023	20,384	3.250%			107,838	19,293		88,545	
			December 31, 2024	21,521								
			December 31, 2025	22,704								
			December 31, 2026	23,936								
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2023	29,927	3.250%	-	-	158,319	28,324		129,995	
			December 31, 2024	31,595								
			December 31, 2025	33,332								
			December 31, 2026	35,141								
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2023	24,996	3.250%	-	-	132,234	23,657		108,577	
			December 31, 2024	26,389								
			December 31, 2025	27,840								
			December 31, 2026	29,352								
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2023	37,174	3.250%	-	-	196,661	35,184		161,477	
			December 31, 2024	39,247								
			December 31, 2025	41,405								
			December 31, 2026	43,651								
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2023	41,957	3.250%	-	-	221,961	39,710		182,251	
			December 31, 2024	44,296								
			December 31, 2025	46,731								
			December 31, 2026	49,267								
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2023	40,048	3.250%	-	-	211,864	37,904		173,960	
			December 31, 2024	42,281								
			December 31, 2025	44,606								
			December 31, 2026	47,025								
Total					\$	-	\$	1,155,176	\$	211,252	\$	943,924

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, 2022. 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 1, 2021 and adopted its operating budget on January 5, 2022.

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. There were no prior year findings.

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

October 20, 2023
Lakewood, New Jersey